

**ABN AMRO BANK BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS AS AT 30 SEPTEMBER 2007**

|   | Group                    |                          | Bank                     |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 30-Sep<br>2007<br>RM'000 | 31-Dec<br>2006<br>RM'000 | 30-Sep<br>2007<br>RM'000 | 31-Dec<br>2006<br>RM'000 |
| <b>ASSETS</b>   |                          |                          |                          |                          |
| Cash and short-term funds   | 2,923,261                | 1,490,189                | 2,923,261                | 1,490,189                |
| Deposits and placements<br>with banks and other<br>financial institutions | -                        | 362,252                  | -                        | 362,252                  |
| Securities purchased under<br>resale agreements                           | -                        | -                        | -                        | -                        |
| Securities - Held for trading   | 531,924                  | 789,454                  | 531,924                  | 789,454                  |
| Securities - Available for sale   | 411,601                  | 640,033                  | 411,601                  | 640,033                  |
| Loans, advances and financing   | 8,069,238                | 430,400                  | 8,069,238                | 430,400                  |
| Other assets  | 792,962                  | 607,047                  | 792,962                  | 607,047                  |
| Deferred tax assets   | 14,292                   | 14,292                   | 14,292                   | 14,292                   |
| Statutory deposits with<br>Bank Negara Malaysia                           | 258,263                  | 29,051                   | 258,263                  | 29,051                   |
| Investments in subsidiary<br>companies                                    | -                        | -                        | 20                       | 20                       |
| Property, plant and equipment   | 18,891                   | 3,554                    | 18,891                   | 3,554                    |
| <b>TOTAL ASSETS</b>   | <b>13,020,432</b>        | <b>4,366,272</b>         | <b>13,020,452</b>        | <b>4,366,292</b>         |
| <b>LIABILITIES AND<br/>SHAREHOLDERS' FUNDS</b>                            |                          |                          |                          |                          |
| Deposits from customers   | 3,462,878                | 1,339,150                | 3,462,898                | 1,339,170                |
| Deposits and placements<br>of banks and other<br>financial institutions   | 7,876,367                | 1,709,772                | 7,876,367                | 1,709,772                |
| Subordinated debt capital   | 200,000                  | -                        | 200,000                  | -                        |
| Other liabilities   | 1,129,335                | 873,596                  | 1,129,335                | 873,596                  |
| <b>TOTAL LIABILITIES</b>  | <b>12,668,580</b>        | <b>3,922,518</b>         | <b>12,668,600</b>        | <b>3,922,538</b>         |

**ABN AMRO BANK BERHAD**  
**(Incorporated in Malaysia)**

**BALANCE SHEETS AS AT 30 SEPTEMBER 2007 (CONTD.)**

|  | <b>Group</b>                      |                                   | <b>Bank</b>                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | <b>30-Sep<br/>2007<br/>RM'000</b> | <b>31-Dec<br/>2006<br/>RM'000</b> | <b>30-Sep<br/>2007<br/>RM'000</b> | <b>31-Dec<br/>2006<br/>RM'000</b> |
| Share capital  | 203,000                           | 203,000                           | 203,000                           | 203,000                           |
| Reserves   | 148,852                           | 240,754                           | 148,852                           | 240,754                           |
| <b>SHAREHOLDERS' FUNDS</b>                               | <b>351,852</b>                    | <b>443,754</b>                    | <b>351,852</b>                    | <b>443,754</b>                    |
| <b>TOTAL LIABILITIES<br/>AND SHAREHOLDERS'<br/>FUNDS</b> | <b>13,020,432</b>                 | <b>4,366,272</b>                  | <b>13,020,452</b>                 | <b>4,366,292</b>                  |
|  | -                                 | -                                 | -                                 | -                                 |
| <b>COMMITMENTS AND<br/>CONTINGENCIES</b>                 | <b>122,251,101</b>                | <b>68,144,624</b>                 | <b>122,251,101</b>                | <b>68,144,624</b>                 |

**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

|   | <b>Group/Bank</b>                 |                                   |
|---|-----------------------------------|-----------------------------------|
|   | <b>30-Sep<br/>2007<br/>RM'000</b> | <b>30-Sep<br/>2006<br/>RM'000</b> |
| Interest income                             | 216,112                           | 132,762                           |
| Interest expense                            | (167,685)                         | (105,660)                         |
| Other operating income                      | 42,721                            | 83,530                            |
| Other operating expenses                    | (69,241)                          | (70,074)                          |
| Allowance for losses on loans and financing | (108,827)                         | 36                                |
| Provision for commitments and contingencies | -                                 | -                                 |
| Impairment Loss                             | -                                 | -                                 |
| Profit before taxation                      | <u>(86,920)</u>                   | <u>40,594</u>                     |
| Taxation                                    | 5,448                             | (11,366)                          |
| <b>Profit after taxation</b>                | <b><u>(92,368)</u></b>            | <b><u>29,228</u></b>              |

**ABN AMRO BANK BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

| Group and Bank   | Note | Share<br>capital<br>RM'000 | Share<br>premium<br>RM'000 | Non-distributable               |                                  | Distributable                  | Total<br>RM'000 |
|--|------|----------------------------|----------------------------|---------------------------------|----------------------------------|--------------------------------|-----------------|
|  |      |                            |                            | Statutory<br>reserves<br>RM'000 | Unrealised<br>reserves<br>RM'000 | Retained<br>earnings<br>RM'000 |                 |
| At 1 January 2006  |      | 203,000                    | 76,182                     | 110,451                         | 298                              | 18,137                         | 408,068         |
| Profit for the year  |      | -                          | -                          | -                               | -                                | 33,474                         | 33,474          |
| Unrealised net gain on revaluation of<br>securities available-for-sale |      | -                          | -                          | -                               | 2,212                            | -                              | 2,212           |
| Dividends  |      | -                          | -                          | -                               | -                                | -                              | -               |
| Transfer to reserves   |      | -                          | -                          | 8,368                           | -                                | (8,368)                        | -               |
| At 31 December 2006  |      | 203,000                    | 76,182                     | 118,819                         | 2,510                            | 43,243                         | 443,754         |
| At 1 January 2007  |      | 203,000                    | 76,182                     | 118,819                         | 2,510                            | 43,243                         | 443,754         |
| Profit for the year  |      | -                          | -                          | -                               | -                                | (92,368)                       | (92,368)        |
| Unrealised net gain on revaluation of<br>securities available-for-sale |      | -                          | -                          | -                               | 466                              | -                              | 466             |
| Dividends  |      | -                          | -                          | -                               | -                                | 0                              | -               |
| Transfer to reserves   |      | -                          | -                          | -                               | -                                | -                              | -               |
| At 30 September 2007   |      | 203,000                    | 76,182                     | 118,819                         | 2,976                            | (49,125)                       | 351,852         |

The accompanying notes form an integral part of the financial statements.

**ABN AMRO BANK BERHAD**  
**(Incorporated in Malaysia)**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

|  | <b>Group/Bank</b> |                    |
|--|-------------------|--------------------|
|  | <b>30-Sep</b>     | <b>30-Sep</b>      |
|  | <b>2007</b>       | <b>2006</b>        |
|  | <b>RM'000</b>     | <b>RM'000</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                    |
| Profit before taxation   | (86,920)          | 40,594             |
| Adjustments for:   |                   |                    |
| Depreciation of property, plant and equipment  | 2,750             | 1,993              |
| Loss/ (Gain) on disposal of property, plant and equipment                                | (6)               | (408)              |
| Loan loss and write back   | 108,827           | (36)               |
| Provision for commitments and contingencies  | -                 | -                  |
| (Writeback)/provision for diminution in value of investment securities                   | -                 | (213)              |
|  | <u>111,571</u>    | <u>1,336</u>       |
| Operating profit before working capital changes  | 24,651            | 41,930             |
| Decrease/(Increase) in securities held-for-trading                                       | 418,754           | (520,233)          |
| Decrease/(Increase) in loans, advances and financing                                     | (7,686,084)       | 25,455             |
| Decrease/(Increase) in securities purchased under resale agreements                      | -                 | -                  |
| Increase in other assets   | (413,158)         | (81,086)           |
| Decrease/(Increase) in statutory deposits with Bank Negara Malaysia                      | (205,712)         | 200                |
| (Decrease)/Increase in deposits from customers   | 2,577,346         | (774,986)          |
| (Decrease)/Increase in deposits and placements of banks and other financial institutions | 5,553,133         | 15,950             |
| Increase in subordinated debt capital  | 200,000           | -                  |
| Increase in other liabilities  | 605,949           | 98,554             |
| Cash (used in)/generated from operations   | <u>1,074,879</u>  | <u>(1,194,216)</u> |
| Income taxes paid  | (12,750)          | (19,228)           |
| Dividends paid   | -                 | (14,176)           |
| <b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>                            | <u>1,062,129</u>  | <u>(1,227,620)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                    |
| Purchase of property, plant and equipment  | (18,489)          | (1,158)            |
| Proceeds from disposal of property, plant and equipment                                  | -                 | 408                |
| Decrease/(Increase) in securities available-for-sale                                     | 159,273           | 608,428            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <u>140,784</u>    | <u>607,678</u>     |

**ABN AMRO BANK BERHAD**  
**(Incorporated in Malaysia)**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007 (CONTD.)**

|   | <b>Group/Bank</b> |                  |
|---|-------------------|------------------|
|   | <b>2007</b>       | <b>2006</b>      |
|   | <b>RM'000</b>     | <b>RM'000</b>    |
| <b>NET (DECREASE)/INCREASE IN CASH AND<br/>CASH EQUIVALENTS</b> | 1,202,913         | (619,942)        |
| <b>CASH AND CASH EQUIVALENTS<br/>AT 1 JANUARY</b>               | <u>1,720,348</u>  | <u>2,340,290</u> |
| <b>CASH AND CASH EQUIVALENTS AT<br/>30 SEPTEMBER</b>            | <u>2,923,261</u>  | <u>1,720,348</u> |

**ABN AMRO BANK BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2007**

**a) PERFORMANCE REVIEW**

Lower profit before taxes compared to same period last year due to timing of revenue, higher operating expenses arising from investments made in new business lines and general provision on release of loans.

**b) CURRENT YEAR PROSPECTS**

With the establishment of Northern and Southern economic region, ABN AMRO have relocated its branch in Penang to better serve and reach out to customers as well as opened a new branch in Johor Bahru and position itself to future high growth areas like Iskandar Development Region. Another new branch will be opened in Sitiawan by the end of this year. This will position ABN AMRO in strong demand areas like wealth management and its exclusive Van Gogh Preferred Banking services besides existing products like cash management, working capital facilities, trade services, derivatives, structured finance, fixed income, foreign exchange, capital market and tailor made hedging solutions.

**c) DEPOSITS FROM CUSTOMERS**

|                                   | Group                     |                               | Bank                      |                               |
|-----------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                                   | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| <b>i) By type of deposit</b>      |                           |                               |                           |                               |
| Demand deposits                   | 528,633                   | 429,588                       | 528,653                   | 429,608                       |
| Saving deposits                   | 4,635                     | 6,212                         | 4,635                     | 6,212                         |
| Fixed deposits                    | 2,508,465                 | 456,751                       | 2,508,465                 | 456,751                       |
| Negotiable instruments of deposit | 421,145                   | 290,000                       | 421,145                   | 290,000                       |
| Repurchase agreements             | -                         | 156,599                       | -                         | 156,599                       |
|                                   | <b>3,462,878</b>          | <b>1,339,150</b>              | <b>3,462,898</b>          | <b>1,339,170</b>              |

**(ii) By type of customer**

|                                 | Group                     |                               | Bank                      |                               |
|---------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                                 | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| Government and Statutory bodies | 220,040                   | 525                           | 220,040                   | 525                           |
| Business enterprises            | 3,029,798                 | 1,192,490                     | 3,029,798                 | 1,192,490                     |
| Individuals                     | 182,326                   | 55,802                        | 182,326                   | 55,802                        |
| Others                          | 30,714                    | 90,333                        | 30,734                    | 90,353                        |
|                                 | <b>3,462,878</b>          | <b>1,339,150</b>              | <b>3,462,898</b>          | <b>1,339,170</b>              |

**d) CASH AND SHORT-TERM FUND**

|  | Group/Bank                |                               |
|--|---------------------------|-------------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| Cash and balances with banks and other Financial institutions  | 701,819                   | 24,272                        |
| Money at call and deposit placements maturing within one month | 2,221,442                 | 1,465,917                     |
|  | <b>2,923,261</b>          | <b>1,490,189</b>              |

## e) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

|  | Group/Bank                |                               |
|--|---------------------------|-------------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| Deposits from licensed banks   | 7,876,367                 | 1,361,559                     |
| Negotiable instruments of deposits issued<br>to other financial institutions | -                         | 348,213                       |
|  | <u>7,876,367</u>          | <u>1,709,772</u>              |

## f) SECURITIES PORTFOLIO

## i) SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resale agreements are as follows:

|              | Group/Bank                |                               |
|--------------|---------------------------|-------------------------------|
|              | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| Reverse Repo | -                         | -                             |

## ii) SECURITIES - HELD FOR TRADING

|  | Group/Bank                |                               |
|--|---------------------------|-------------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| <b>At Fair Value</b>                     |                           |                               |
| Money market instruments:                |                           |                               |
| Malaysian Government securities          | 188,250                   | 102,752                       |
| Cagamas                                  | 58,911                    | 81,258                        |
| Government Investment Issues (GI)        | -                         | 246,706                       |
| Khazanah                                 | -                         | 3,010                         |
| BNM Bills                                | -                         | -                             |
| Private debt securities                  | 284,763                   | 355,728                       |
| <b>Total securities held-for-trading</b> | <u>531,924</u>            | <u>789,454</u>                |



## iii) SECURITIES - AVAILABLE FOR SALE

|   | Group/Bank                |                               |
|---|---------------------------|-------------------------------|
|   | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| <b>At Fair Value</b>                              |                           |                               |
| Malaysian Government securities                   | 90,132                    | 90,336                        |
| Khazanah bonds                                    | -                         | -                             |
| Danaharta bonds                                   | -                         | -                             |
| Treasury Bills                                    | -                         | -                             |
| BNM Bills   | -                         | -                             |
| NID's Held  | -                         | 238,991                       |
| Bankers Acceptance                                | -                         | -                             |
| Prasarana bonds                                   | -                         | -                             |
| Government Investment Issues                      | 159,362                   | 157,752                       |
| Private debt securities                           | 151,885                   | 151,235                       |
| Shares  | 12,118                    | 3,615                         |
|   | <u>413,497</u>            | <u>641,929</u>                |
| less: Provision for diminution in value of shares | (1,896)                   | (1,896)                       |
| <b>Total securities available-for-sale</b>        | <b><u>411,601</u></b>     | <b><u>640,033</u></b>         |

## g) LOANS, ADVANCES AND FINANCING

|   | Group/Bank       |                |
|---|------------------|----------------|
|   | 30 Sept          | 31 December    |
|   | 2007             | 2006           |
|   | RM'000           | RM'000         |
| <b>i) By type</b>   |                  |                |
| Overdrafts  | 6,887            | 11,647         |
| Term loans/financing                                      | 50,268           | 48,752         |
| Housing loans/financing                                   | 46,762           | 43,376         |
| Syndicated term loan/financing                            | -                | -              |
| Hire purchase receivables                                 | -                | -              |
| Other term loans/financing                                | 3,506            | 5,376          |
| Bills receivable  | 45,981           | 37,194         |
| Trust receipts  | -                | 35             |
| Claims on customers under acceptance credits              | 18,110           | 15,588         |
| Staff loans   | 11,536           | 10,320         |
| Loans/financing to banks and other financial institutions | -                | -              |
| Credit/charge cards                                       | -                | -              |
| Revolving credit  | 8,065,256        | 344,769        |
| Less: Unearned interest and income                        | (1,511)          | (6,485)        |
| Other loans/financing                                     | -                | -              |
| <b>Gross loans, advances and financing</b>                | <b>8,196,527</b> | <b>461,820</b> |
| Less: Allowance for bad and doubtful debts                |                  |                |
| - general   | (122,882)        | (15,783)       |
| - specific  | (4,407)          | (15,637)       |
| <b>Total net loans, advances and financing</b>            | <b>8,069,238</b> | <b>430,400</b> |

## i) By type of customer

|  | Group/Bank       |                |
|--|------------------|----------------|
|  | 30 Sept          | 31 December    |
|  | 2007             | 2006           |
|  | RM'000           | RM'000         |
| Domestic banking institutions            | -                | -              |
| Domestic non-bank financial institutions |                  |                |
| Stockbroking companies                   | -                | -              |
| Domestic business enterprises            |                  |                |
| Small medium enterprises                 | 5,506            | 9,683          |
| Others                                   | 8,123,732        | 387,154        |
| Government and statutory bodies          | -                | -              |
| Individuals                              | 67,285           | 64,978         |
| Foreign entities                         | 4                | 5              |
|  | <b>8,196,527</b> | <b>461,820</b> |

## iii) By interest/profit rate sensitivity

|                                 |                  |                |
|---------------------------------|------------------|----------------|
| Fixed rate                      |                  |                |
| Housing loans/financing         | 8,429            | 7,972          |
| Other fixed rate loan/financing | 3,107            | 2,348          |
| Variable rate                   |                  |                |
| BLR plus                        | 56,732           | 59,766         |
| Cost plus                       | 8,128,259        | 391,734        |
|                                 | <u>8,196,527</u> | <u>461,820</u> |

| Group/Bank      |                     |
|-----------------|---------------------|
| 30 Sept<br>2007 | 31 December<br>2006 |
| RM'000          | RM'000              |

## iii) By sector

|   |                  |                |
|---|------------------|----------------|
| Mining and Quarrying                        | -                | 14             |
| Agriculture, hunting, forestry & fishing    | 4,966            | -              |
| Electricity, Gas & Water                    | -                | -              |
| Manufacturing                               | 96,985           | 136,495        |
| Construction                                | 54,848           | 19,002         |
| Real estate                                 | 108,181          | 4,383          |
| Purchase of landed properties (Residential) | 50,404           | 47,977         |
| Transport, storage and communication        | 7,730,546        | 108,677        |
| Finance, insurance and business services    | 17,467           | 13,403         |
| Purchase of securities                      | 6,957            | 10,000         |
| Purchase of transport vehicles              | 7                | 24             |
| Wholesale and retail                        | 116,245          | 114,863        |
| Consumption credit                          | 9,917            | 6,977          |
| Others                                      | 4                | 5              |
|   | <u>8,196,527</u> | <u>461,820</u> |

| Group/Bank      |                     |
|-----------------|---------------------|
| 30 Sept<br>2007 | 31 December<br>2006 |
| RM'000          | RM'000              |

## h) NON-PERFORMING LOANS/FINANCING (NLF/NPF)

## i) Movements in non-performing loans, advances and financing

|  |              |               |
|--|--------------|---------------|
| At beginning of year                                       | 17,879       | 15,690        |
| Classified as non-performing during the year               | 749          | 4,693         |
| Reclassified as performing during the year                 | -            | -             |
| Loans/financing converted to securities                    | -            | -             |
| Amount Recovered   | (318)        | (527)         |
| Amount written off   | (11,670)     | (1,977)       |
| Other adjustments  | -            | -             |
| At end of year   | <u>6,640</u> | <u>17,879</u> |
| Specific allowance   | (4,407)      | (15,637)      |
| Net non-performing loans, advances and financing           | <u>2,233</u> | <u>2,242</u>  |
| Ratio of net NPLs and financing to net loans and financing | <u>0.03%</u> | <u>0.51%</u>  |

## ii) Movements in allowance for bad and doubtful debts

|   | Group/Bank                |                               |
|---|---------------------------|-------------------------------|
|   | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| <b>General allowance:</b>   |                           |                               |
| At beginning of year  | 15,783                    | 15,783                        |
| Allowance made/ (written back) during the year                      | 107,099                   | -                             |
| Amount transferred to specific allowance                            | -                         | -                             |
| At end of year  | <u>122,882</u>            | <u>15,783</u>                 |
| As % of gross loans, advances and financing less specific allowance | <u>1.50%</u>              | <u>3.54%</u>                  |
| <b>Specific allowance:</b>  |                           |                               |
| At beginning of year  | 15,637                    | 14,415                        |
| Allowance made during the year                                      | 2,246                     | 3,636                         |
| Transferred from general allowance                                  | -                         | -                             |
| Transferred from provision for commitments and contingencies        | -                         | -                             |
| Transferred to accumulated impairment loss in value of securities   | -                         | -                             |
| Amount recovered  | (148)                     | (650)                         |
| Amount written off  | (11,671)                  | (1,976)                       |
| Others (received from written off debtors)                          | (1,657)                   | 212                           |
| At end of year  | <u>4,407</u>              | <u>15,637</u>                 |

## iii) NPL/NPF by sector

|   | Group/Bank                |                               |
|---|---------------------------|-------------------------------|
|   | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| Agriculture, hunting, forestry & fishing    | -                         | -                             |
| Mining and Quarrying                        | -                         | -                             |
| Manufacturing                               | -                         | 2,654                         |
| Construction                                | 102                       | 5,160                         |
| Real estate                                 | -                         | -                             |
| Purchase of landed properties (Residential) | 6,468                     | 5,785                         |
| Transport, storage and communication        | -                         | 3,789                         |
| Finance, insurance and business services    | -                         | -                             |
| Purchase of securities                      | -                         | -                             |
| Purchase of transport vehicles              | -                         | -                             |
| Wholesale and retail                        | 70                        | 491                           |
| Consumption credit                          | -                         | -                             |
| Others                                      | -                         | -                             |
|   | <u>6,640</u>              | <u>17,879</u>                 |

## i) INTEREST INCOME

|   | Group/Bank            |                       |
|---|-----------------------|-----------------------|
|   | 30 Sept               | 30 Sept               |
|   | 2007                  | 2006                  |
|   | RM'000                | RM'000                |
| Loans, advances and financing   | 82,046                | 18,049                |
| - Interest income other than recoveries from NPL                                    | 81,971                | 17,944                |
| - Recoveries from NPL   | 75                    | 105                   |
| Money at call and deposit placements with<br>banks and other financial institutions | 99,174                | 72,581                |
| Securities - Available for sale   | 7,264                 | 8,968                 |
| Securities - Held for trading   | 16,273                | 16,507                |
| Others  | -                     | 765                   |
|   | <u>204,757</u>        | <u>116,870</u>        |
| Amortisation of premium less accretion of discount                                  | 11,650                | 16,074                |
| Interest suspended  | (295)                 | (182)                 |
| <b>Total interest income</b>  | <b><u>216,112</u></b> | <b><u>132,762</u></b> |

## j) INTEREST EXPENSE

|  | Group/Bank            |                       |
|--|-----------------------|-----------------------|
|  | 30 Sept               | 30 Sept               |
|  | 2007                  | 2006                  |
|  | RM'000                | RM'000                |
| Deposits and placements of banks and other<br>financial institutions | 108,572               | 68,161                |
| Deposits from other customers  | 59,113                | 37,499                |
| Loans sold to Cagamas  | -                     | -                     |
| Others   | -                     | -                     |
| <b>Total interest expense</b>  | <b><u>167,685</u></b> | <b><u>105,660</u></b> |

## k) OTHER OPERATING INCOME

|  | Group/Bank                |                           |
|--|---------------------------|---------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 30 Sept<br>2006<br>RM'000 |
| Fee income:  |                           |                           |
| Commission   | 6,344                     | 28,490                    |
| Service charges and fees   | 1,762                     | 7,846                     |
| Guarantee fees   | 796                       | 621                       |
| Other fee income   | -                         | -                         |
|  | <u>8,902</u>              | <u>36,957</u>             |
| Gain arising from sale of securities:                                  |                           |                           |
| Net gain from sale of securities<br>held-for-trading                   | 2,855                     | 21,346                    |
|  | <u>2,855</u>              | <u>21,346</u>             |
| Unrealised(loss)/gain on revaluation of<br>securities held-for-trading | 415                       | (9,153)                   |
|  | <u>415</u>                | <u>(9,153)</u>            |
| Gross dividend income from:<br>Securities available-for-sale           | 39                        | 39                        |
|  | <u>39</u>                 | <u>39</u>                 |
| Other income:  |                           |                           |
| Foreign exchange profit  | 25,616                    | 21,008                    |
| Unrealised   | (78,492)                  | 15,802                    |
| Realised   | 104,108                   | 5,206                     |
| Gain on disposal of property, plant and equipment                      | -                         | -                         |
| Profit on derivatives trading  | 4,894                     | 11,050                    |
| Unrealised   | (25,208)                  | (404,374)                 |
| Realised   | 30,102                    | 415,424                   |
| Premium earned from currency option trading                            | -                         | -                         |
| Writeback of restructuring costs                                       | -                         | -                         |
| Writeback of provision in diminution in value of shares                | -                         | -                         |
| Others   | -                         | 2,283                     |
|  | <u>30,510</u>             | <u>34,341</u>             |
| <b>Total</b>   | <b><u>42,721</u></b>      | <b><u>83,530</u></b>      |

## l) OTHER OPERATING EXPENSES

|  | Group/Bank                |                           |
|--|---------------------------|---------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 30 Sept<br>2006<br>RM'000 |
| Personnel costs (Note a)                     | 29,773                    | 28,624                    |
| Establishment costs (Note b)                 | 8,183                     | 4,216                     |
| Marketing expenses (Note c)                  | 3,310                     | 846                       |
| Administration and general expenses (Note d) | 27,975                    | 36,388                    |
|  | <u>69,241</u>             | <u>70,074</u>             |

## OTHER OPERATING EXPENSES (CONTD.)

|   | Group/Bank    |               |
|---|---------------|---------------|
|   | 30 Sept       | 30 Sept       |
|   | 2007          | 2006          |
|   | RM'000        | RM'000        |
| <b>a) Personnel costs</b>               |               |               |
| Salaries, bonuses and allowances        | 24,185        | 22,707        |
| Social security costs                   | 509           | 1,927         |
| Pension costs-defined contribution plan | 2,392         | 1,475         |
| Other staff related expenses            | 2,687         | 2,515         |
|   | <u>29,773</u> | <u>28,624</u> |

|   | Group/Bank   |              |
|---|--------------|--------------|
|   | 30 Sept      | 30 Sept      |
|   | 2007         | 2006         |
|   | RM'000       | RM'000       |
| <b>b) Establishment costs</b>                 |              |              |
| Premises rental                               | 2,438        | 991          |
| Depreciation of property, plant and equipment | 3,112        | 1,517        |
| Repairs and maintenance                       | 133          | 186          |
| Others  | 2,500        | 1,522        |
|   | <u>8,183</u> | <u>4,216</u> |

|                              | Group/Bank   |            |
|------------------------------|--------------|------------|
|                              | 30 Sept      | 30 Sept    |
|                              | 2007         | 2006       |
|                              | RM'000       | RM'000     |
| <b>c) Marketing Expenses</b> |              |            |
| Advertising                  | 2,794        | 546        |
| Others                       | 516          | 300        |
|                              | <u>3,310</u> | <u>846</u> |

|   | Group/Bank    |               |
|---|---------------|---------------|
|   | 30 Sept       | 30 Sept       |
|   | 2007          | 2006          |
|   | RM'000        | RM'000        |
| <b>d) Administration and general expenses</b> |               |               |
| Management fees                               | 20,359        | 30,513        |
| Communication and transportation              | 2,570         | 1,723         |
| Others  | 5,046         | 4,152         |
|   | <u>27,975</u> | <u>36,388</u> |

**m) ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

|   | Group/Bank     |             |
|---|----------------|-------------|
|   | 30 Sept        | 30 Sept     |
|   | 2007           | 2006        |
|   | RM'000         | RM'000      |
| Provision for bad and doubtful debts and financing: |                |             |
| Specific provision                                  |                |             |
| - Made in the financial year                        | 2,325          | 914         |
| - Written back                                      | (596)          | (950)       |
| General allowance                                   |                |             |
| - Made in the financial year                        | 107,098        |             |
| - Written back in the financial year                | 0              | 0           |
|   | <u>108,827</u> | <u>(36)</u> |

## n) CAPITAL ADEQUACY

The components of Tier I and Tier II capital are as follows:

|  | Bank                      |                               |
|--|---------------------------|-------------------------------|
|  | 30 Sept<br>2007<br>RM'000 | 31 December<br>2006<br>RM'000 |
| <b>Tier-I capital</b>                                      |                           |                               |
| Paid-up share capital                                      | 203,000                   | 203,000                       |
| Share premium  | 76,182                    | 76,182                        |
| Statutory reserves   | 118,819                   | 118,819                       |
| Retained earnings  | (49,125)                  | 43,243                        |
|  | 348,876                   | 441,244                       |
| Less : Deferred tax assets                                 | (14,292)                  | (14,292)                      |
| Total Tier-I capital                                       | 334,584                   | 426,952                       |
| <b>Tier-II Capital</b>                                     |                           |                               |
| General provision for bad and doubtful debts and financing | 122,882                   | 15,783                        |
| Subordinated Debt Capital                                  | 44,410                    | 0                             |
| Total Tier-II capital                                      | 167,292                   | 15,783                        |
| Total capital funds  | 501,876                   | 442,735                       |
| Less: Investment in subsidiary companies                   | (20)                      | (20)                          |
| <b>Capital base</b>  | <b>501,856</b>            | <b>442,715</b>                |
| <b>Capital Ratios</b>                                      |                           |                               |
| Core capital ratio   | 6.33%                     | 13.08%                        |
| Risk-weighted capital ratio                                | 9.51%                     | 13.56%                        |

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

|                            | 2007<br>RM'000 | 2006<br>RM'000 |
|----------------------------|----------------|----------------|
| 0%                         | -              | -              |
| 10%                        | -              | -              |
| 20%                        | 2,421,140      | 688,830        |
| 50%                        | 305,556        | 237,586        |
| 100%                       | 505,661        | 1,064,652      |
| Total                      | 3,232,357      | 1,991,068      |
| Total Risk Weighted Assets |                |                |
| Credit Risk                | 3,232,357      | 1,991,068      |
| Market Risk                | 2,043,655      | 1,272,929      |
|                            | 5,276,012      | 3,263,997      |



## o) COMMITMENTS AND CONTINGENCIES

Risk Weighted Exposures of the Group and the Bank as at:

|  | 30 September 2007          |                                      |                                | 31 Dec 2006                |                                      |                                |
|--|----------------------------|--------------------------------------|--------------------------------|----------------------------|--------------------------------------|--------------------------------|
|  | Principal amount<br>RM'000 | Credit equivalent amount *<br>RM'000 | Risk weighted amount<br>RM'000 | Principal amount<br>RM'000 | Credit equivalent amount *<br>RM'000 | Risk weighted amount<br>RM'000 |
| Direct credit substitutes  | 16,764                     | 16,764                               | 16,764                         | 21,760                     | 21,760                               | 21,760                         |
| Transaction-related contingent items   | 257,123                    | 128,562                              | 94,834                         | 176,571                    | 88,286                               | 56,202                         |
| Short-term self-liquidating trade-related contingencies  | 20,468                     | 4,094                                | 4,093                          | 25,579                     | 5,116                                | 5,116                          |
| Other assets sold with recourse and commitments with certain drawdown                                | 15,167                     | 15,167                               | 15,167                         | 4,687                      | 4,687                                | 4,687                          |
| Irrevocable commitments to extend credit:  |                            |                                      |                                |                            |                                      |                                |
| - maturity less than one year  | 428,877                    | -                                    | -                              | 63,097                     | -                                    | -                              |
| - maturity more than one year  | 6,162                      | 3,081                                | 1,541                          | 10,313                     | 5,157                                | 2,579                          |
| Foreign exchange related contracts:  |                            |                                      |                                |                            |                                      |                                |
| - Forward contracts contracts - less than one year   | 23,483,120                 | 545,334                              | 116,308                        | 14,366,257                 | 357,069                              | 85,124                         |
| - Forward contracts contracts - more than one year to less than five years                           | 5,001,895                  | 371,125                              | 78,583                         | 3,186,840                  | 242,953                              | 48,942                         |
| - Forward contracts contracts - more than five years   | 1,854,033                  | 199,858                              | 45,104                         | 566,479                    | 62,113                               | 12,423                         |
| - Interest rate related contracts and futures contracts - less than one year                         | 30,104,170                 | 84,510                               | 18,913                         | 15,468,885                 | 154,026                              | 34,530                         |
| - Interest rate related contracts and futures contracts - more than one year less to than five years | 47,486,289                 | 1,205,013                            | 265,162                        | 24,291,356                 | 754,736                              | 152,599                        |
| - Interest rate related contracts more than five years   | 13,577,033                 | 1,382,262                            | 398,673                        | 9,962,800                  | 979,338                              | 304,481                        |
|  | <b>122,251,101</b>         | <b>3,955,769</b>                     | <b>1,055,142</b>               | <b>68,144,624</b>          | <b>2,675,240</b>                     | <b>728,443</b>                 |

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

## p) INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 SEPTEMBER 2007.

|   | Non-Trading Book  |                  |                  |                |               |                        |                  | SPI-related items | Trading book | Total             |
|---|-------------------|------------------|------------------|----------------|---------------|------------------------|------------------|-------------------|--------------|-------------------|
|   | Up to 1 month     | 1 - 3 months     | 3 - 12 months    | 1 - 5 years    | Over 5 years  | Non-interest sensitive | Provisions       |                   |              |                   |
| Assets  | RM'000            | RM'000           | RM'000           | RM'000         | RM'000        | RM'000                 | RM'000           | RM'000            | RM'000       | RM'000            |
| Cash and short-term funds   | 2,923,261         | -                | -                | -              | -             | -                      | -                | -                 | -            | 2,923,261         |
| Deposits and placements with banks and other financial institutions | -                 | -                | -                | -              | -             | -                      | -                | -                 | -            | -                 |
| Securities purchased under resale agreements                        | -                 | -                | -                | -              | -             | -                      | -                | -                 | -            | -                 |
| Securities - Held For Trading                                       | -                 | -                | -                | -              | -             | -                      | -                | -                 | 531,924      | 531,924           |
| Securities - Available For Sale                                     | 10,013            | -                | 63,879           | 275,056        | 62,653        | -                      | -                | -                 | -            | 411,601           |
| Loans, advances and financing                                       | 7,823,740         | 35,965           | 314,989          | 23,344         | -             | -                      | (128,800)        | -                 | -            | 8,069,238         |
| Other assets  | -                 | -                | -                | -              | -             | 792,962                | -                | -                 | -            | 792,962           |
| Deferred tax assets   | -                 | -                | -                | -              | -             | 14,292                 | -                | -                 | -            | 14,292            |
| Statutory deposits with Bank Negara Malaysia                        | -                 | -                | -                | -              | -             | 258,263                | -                | -                 | -            | 258,263           |
| Investment in subsidiary companies                                  | -                 | -                | -                | -              | -             | 20                     | -                | -                 | -            | 20                |
| Property, plant and equipment                                       | -                 | -                | -                | -              | -             | 18,891                 | -                | -                 | -            | 18,891            |
| <b>Total Assets</b>   | <b>10,757,014</b> | <b>35,965</b>    | <b>378,868</b>   | <b>298,400</b> | <b>62,653</b> | <b>1,084,428</b>       | <b>(128,800)</b> | <b>-</b>          | <b>-</b>     | <b>13,020,452</b> |
| <b>Liabilities</b>  |                   |                  |                  |                |               |                        |                  |                   |              |                   |
| Deposits from customers   | 2,810,671         | 393,423          | 53,668           | 205,136        | -             | -                      | -                | -                 | -            | 3,462,898         |
| Deposits and placements of banks and other financial institutions   | 6,627,087         | 254,825          | 994,455          | -              | -             | -                      | -                | -                 | -            | 7,876,367         |
| Subordinated debt capital   | -                 | -                | -                | -              | -             | 200,000                | -                | -                 | -            | 200,000           |
| Other liabilities   | -                 | -                | -                | -              | -             | 1,129,335              | -                | -                 | -            | 1,129,335         |
| <b>Total Liabilities</b>  | <b>9,437,758</b>  | <b>648,248</b>   | <b>1,048,123</b> | <b>205,136</b> | <b>-</b>      | <b>1,329,335</b>       | <b>-</b>         | <b>-</b>          | <b>-</b>     | <b>12,668,600</b> |
| On balance sheet interest rate gap                                  | 1,319,256         | (612,283)        | (669,255)        | 93,264         | 62,653        | (244,907)              | (128,800)        | -                 | -            | 351,852           |
| Off balance sheet interest rate gap                                 | -                 | -                | -                | -              | -             | -                      | -                | -                 | -            | -                 |
| <b>Net interest rate gap</b>  | <b>1,319,256</b>  | <b>(612,283)</b> | <b>(669,255)</b> | <b>93,264</b>  | <b>62,653</b> | <b>(244,907)</b>       | <b>(128,800)</b> | <b>-</b>          | <b>-</b>     | <b>351,852</b>    |

**p) INTEREST RATE RISK**

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2006.

|   | Non-Trading Book |                  |                |                |               | SPI-related items | Trading book    | Total            |
|---|------------------|------------------|----------------|----------------|---------------|-------------------|-----------------|------------------|
|   | Up to 1 month    | 1 - 3 months     | 3 - 12 months  | 1 - 5 years    | Over 5 years  |                   |                 |                  |
|   | RM'000           | RM'000           | RM'000         | RM'000         | RM'000        | RM'000            | RM'000          | RM'000           |
| <b>Assets</b>   |                  |                  |                |                |               |                   |                 |                  |
| Cash and short-term funds   | 1,490,189        | -                | -              | -              | -             | -                 | -               | 1,490,189        |
| Deposits and placements with banks and other financial institutions | -                | 287,775          | 74,477         | -              | -             | -                 | -               | 362,252          |
| Securities purchased under resale agreements                        | -                | -                | -              | -              | -             | -                 | -               | -                |
| Securities held-for-trading   | 14,998           | 167,215          | 507,125        | 100,116        | -             | -                 | -               | 789,454          |
| Securities available-for-sale                                       | 186,719          | 53,991           | 10,292         | 336,823        | 52,208        | -                 | -               | 640,033          |
| Loans, advances and financing                                       | 195,989          | 150,121          | 51,494         | 70,701         | -             | (37,905)          | -               | 430,400          |
| Other assets  | -                | -                | -              | -              | -             | 607,047           | -               | 607,047          |
| Deferred tax assets   | -                | -                | -              | -              | -             | 14,292            | -               | 14,292           |
| Statutory deposits with Bank Negara Malaysia                        | -                | -                | -              | -              | -             | -                 | -               | -                |
| Investment in subsidiary companies                                  | -                | -                | -              | -              | -             | 29,051            | -               | 29,051           |
| Property, plant and equipment                                       | -                | -                | -              | -              | -             | 20                | -               | 20               |
|   | -                | -                | -              | -              | -             | 3,554             | -               | 3,554            |
| <b>Total Assets</b>   | <b>1,887,895</b> | <b>659,102</b>   | <b>643,388</b> | <b>507,640</b> | <b>52,208</b> | <b>653,964</b>    | <b>(37,905)</b> | <b>4,366,292</b> |
| <b>Liabilities</b>  |                  |                  |                |                |               |                   |                 |                  |
| Deposits from customers   | 905,430          | 383,838          | 29,738         | 20,164         | -             | -                 | -               | 1,339,170        |
| Deposits and placements of banks and other financial institutions   | 826,533          | 554,368          | 328,871        | -              | -             | -                 | -               | 1,709,772        |
| Other liabilities   | -                | -                | -              | -              | -             | 873,596           | -               | 873,596          |
| <b>Total Liabilities</b>  | <b>1,731,963</b> | <b>938,206</b>   | <b>358,609</b> | <b>20,164</b>  | <b>-</b>      | <b>873,596</b>    | <b>-</b>        | <b>3,922,538</b> |
| On balance sheet interest rate gap                                  | 155,932          | (279,104)        | 284,779        | 487,476        | 52,208        | (219,632)         | (37,905)        | 443,754          |
| Off balance sheet interest rate gap                                 | -                | -                | -              | -              | -             | -                 | 232,000         | 232,000          |
| <b>Net interest rate gap</b>  | <b>155,932</b>   | <b>(279,104)</b> | <b>284,779</b> | <b>487,476</b> | <b>52,208</b> | <b>(219,632)</b>  | <b>(37,905)</b> | <b>675,754</b>   |