

**Hong Leong Islamic Bank Berhad**  
**Unaudited Balance Sheet As At 31 December 2006**

|  | Note    | Financial<br>Period Ended<br>31/12/2006<br>RM'000 | Financial<br>Year Ended<br>30/06/2006<br>RM'000 |
|--|---------|---|---|
| <b><u>ASSETS</u></b>   |         |   |   |
| Cash and short-term funds  | 4       | 1,405,484   | 1,370,943                                       |
| Deposits and placements with banks<br>and other financial institutions | 5       | 370,000   | -   |
| Securities Held-for-trading  | 6 (i)   | 158,902   | 129,027   |
| Securities Available-for-sale  | 6 (ii)  | 155,609   | 178,524   |
| Securities Held-to-maturity  | 6 (iii) | 436,086   | 589,337   |
| Financing, advances and other financing                                | 7       | 3,777,769   | 3,944,758                                       |
| Other assets   |         | 24,610  | 36,525  |
| Statutory deposits with Bank Negara Malaysia                           |         | 144,124   | 163,424   |
| Property, plant and equipment  |         | 1,829   | 2,060   |
| Tax Recoverable  |         | 4,406   | -   |
| Deferred tax assets  |         | 17,812  | 19,063  |
| <b>Total Assets</b>  |         | <b>6,496,631</b>                                  | <b>6,433,661</b>                                |
| <b><u>LIABILITIES AND<br/>SHAREHOLDERS' FUND</u></b>                   |         |   |   |
| Deposits from customers  | 9       | 5,665,437   | 5,701,544                                       |
| Deposits and placements of banks<br>and other financial institutions   | 10      | 185,291   | 135,000   |
| Bills and acceptance payable   |         | 898   | 1,424   |
| Other liabilities  | 11      | 75,760  | 52,037  |
| Provision for taxation   |         | -   | 2,373   |
| <b>Total Liabilities</b>   |         | <b>5,927,386</b>                                  | <b>5,892,378</b>                                |
| Share Capital  |         | 500,000   | 500,000   |
| Reserves   |         | 69,245  | 41,283  |
| <b>Total Shareholders' Fund</b>  |         | <b>569,245</b>                                    | <b>541,283</b>                                  |
| <b>Total Liabilities and<br/>Shareholders' Fund</b>                    |         | <b>6,496,631</b>                                  | <b>6,433,661</b>                                |
| <b><u>COMMITMENTS AND CONTINGENCIES</u></b>                            | 17      | <b>416,711</b>                                    | <b>427,370</b>                                  |
| <b><u>CAPITAL ADEQUACY</u></b>   |         |   |   |
| Core capital ratio   | 16      | 14.08%  | 12.60%  |
| Risk-weighted capital ratio  | 16      | 15.63%  | 14.04%  |

**Hong Leong Islamic Bank Berhad**  
**Unaudited Income Statements**  
**For The Financial Period Ended 31 December 2006**

|   | Current<br>Quarter Ended | Corresponding<br>Quarter Ended | Current<br>Period Ended | Corresponding<br>Period Ended |                |
|---|--------------------------|--------------------------------|-------------------------|-------------------------------|----------------|
| Note  | 31/12/2006               | 31/12/2005                     | 31/12/2006              | 31/12/2005                    |                |
|   | RM'000                   | RM'000                         | RM'000                  | RM'000                        |                |
| Income derived from investment<br>of depositors' funds and others | 12                       | 75,454                         | 72,523                  | 152,255                       | 140,490        |
| Income derived from investment<br>of shareholders' funds          | 13                       | 7,233                          | 6,735                   | 14,820                        | 13,393         |
| Allowance for losses on financing                                 | 14                       | (1,027)                        | (6,901)                 | 539                           | (9,154)        |
| Profit equalisation reserve                                       |                          | (5,611)                        | 3,975                   | (4,611)                       | 3,975          |
| <b>Total distributable income</b>                                 |                          | <b>76,049</b>                  | <b>76,332</b>           | <b>163,003</b>                | <b>148,704</b> |
| Income attributable to the depositors                             | 15                       | (46,457)                       | (39,711)                | (95,674)                      | (74,312)       |
| <b>Total net income</b>   |                          | <b>29,592</b>                  | <b>36,621</b>           | <b>67,329</b>                 | <b>74,392</b>  |
| Other operating expenses  |                          | (12,551)                       | (21,379)                | (31,400)                      | (42,037)       |
| <b>Profit before zakat and taxation</b>                           |                          | <b>17,041</b>                  | <b>15,242</b>           | <b>35,929</b>                 | <b>32,355</b>  |
| Zakat   |                          | (9)                            | (15)                    | (18)                          | (30)           |
| Taxation  |                          | (4,601)                        | (4,309)                 | (9,701)                       | (9,131)        |
| <b>Profit after zakat and taxation</b>                            |                          | <b>12,431</b>                  | <b>10,918</b>           | <b>26,210</b>                 | <b>23,194</b>  |
| <br>  |                          |                                |                         |                               |                |
| Earnings per share - basic (sen)                                  |                          | <b>2.49</b>                    | <b>2.18</b>             | <b>5.24</b>                   | <b>4.64</b>    |
| Earnings per share - fully diluted (sen)                          |                          | <b>2.49</b>                    | <b>2.18</b>             | <b>5.24</b>                   | <b>4.64</b>    |

Hong Leong Islamic Bank Berhad

Unaudited Statements Of Changes In Equity

For The Financial Period Ended 31 December 2006

|   | ←                          | Non distributable Reserves      | →                                | Distributable                |                 |
|---|----------------------------|---------------------------------|----------------------------------|------------------------------|-----------------|
|   | Share<br>Capital<br>RM'000 | Statutory<br>Reserves<br>RM'000 | Fair Value<br>Reserves<br>RM'000 | Retained<br>Profit<br>RM'000 | Total<br>RM'000 |
| Balance as at 01/07/2006  | 500,000                    | 21,548                          | (1,813)                          | 21,548                       | 541,283         |
| Net profit for the period   | -                          | -                               | -                                | 26,210                       | 26,210          |
| Transfer to statutory reserves                                      | -                          | 13,105                          | -                                | (13,105)                     | -               |
| Net fair value changes in available-for-sale securities, net of tax | -                          | -                               | 1,753                            | -                            | 1,753           |
| <b>Balance as at 31 December 2006</b>                               | <b>500,000</b>             | <b>34,653</b>                   | <b>(60)</b>                      | <b>34,653</b>                | <b>569,245</b>  |

Hong Leong Islamic Bank Berhad

Unaudited Statements Of Changes In Equity

For The Financial Period Ended 30 June 2006

|   | ←                          | Non distributable Reserves      | →                                | Distributable                |                 |
|---|----------------------------|---------------------------------|----------------------------------|------------------------------|-----------------|
|   | Share<br>Capital<br>RM'000 | Statutory<br>Reserves<br>RM'000 | Fair Value<br>Reserves<br>RM'000 | Retained<br>Profit<br>RM'000 | Total<br>RM'000 |
| Issued and Paid-Up Capital  | 500,000                    | -                               | -                                | -                            | 500,000         |
| Net profit for the financial period                                 | -                          | -                               | -                                | 43,096                       | 43,096          |
| Transfer to statutory reserves                                      | -                          | 21,548                          | -                                | (21,548)                     | -               |
| Net fair value changes in available-for-sale securities, net of tax | -                          | -                               | (1,813)                          | -                            | (1,813)         |
| <b>Balance as at 30 June 2006</b>                                   | <b>500,000</b>             | <b>21,548</b>                   | <b>(1,813)</b>                   | <b>21,548</b>                | <b>541,283</b>  |

**Hong Leong Islamic Bank Berhad**  
**Unaudited Cash Flow Statements**  
**For The Financial Period Ended 31 December 2006**

|   | <b>Current<br/>Period Ended<br/>31/12/2006<br/>RM'000</b> | <b>Corresponding<br/>Period Ended<br/>31/12/2005<br/>RM'000</b> |
|---|---|---|
| <b>Cash Flows From Operating Activities</b>   |   |   |
| Profit before zakat and taxation for the financial period   | 35,929  | 32,355  |
| Adjustments for :   |   |   |
| Depreciation  | 261   | 95  |
| Gain/loss from securities available-for-sale  | (782)   | (234)   |
| Gain/loss from securities held-for-trading  | (127)   | 492   |
| Allowance for losses on financing and advances  | (539)   | 9,154   |
| Net unrealised gain on revaluation of securities held-for-trading<br>and derivative financial instruments | (282)   | (754)   |
| Amortisation of premium less accretion of discounts   | (1,449)   | (2,607)   |
| Finance income from securities available-for-sale   | (3,941)   | (1,874)   |
| Finance income from securities held-to-maturity   | (6,198)   | (4,315)   |
| Operating profit before working capital changes   | 22,872  | 32,312  |
| <b>(Increase)/Decrease In Operating Assets</b>  |   |   |
| Financing, advances and other financing   | 167,528   | (3,751,517)   |
| Statutory deposits with Bank Negara Malaysia  | 19,300  | (124,924)   |
| Other assets  | 10,170  | (42,387)  |
| Deposit and placement with banks and other financial<br>institutions                                      | (370,000)   | (937,215)   |
| Securities held-for-trading   | (29,466)  | 262   |
| <b>(Increase)/Decrease In Operating Liabilities</b>   |   |   |
| Deposits from customers   | (36,107)  | 5,277,540   |
| Deposits and placements of banks and others financial<br>institutions                                     | 50,291  | 198,126   |
| Bills and acceptance payable  | (526)   | 857   |
| Other liabilities   | 26,046  | 133,096   |
| Net cash from operating activities  | (139,892)   | 786,150   |
| Cash generated from/(used in) operations  |   |   |
| Income taxes paid   | (16,036)  | (2,310)   |
| Net cash generated from/(used in) operating activities  | (155,928)   | 783,840   |
| <b>Cash Flows From Investing Activities</b>   |   |   |
| Net purchase of securities available-for-sale   | 29,602  | 608,551   |
| Net purchase of securities held-to-maturity   | 160,897   | (1,456,113)   |
| Purchase of property, plant and equipment   | (30)  | (2,278)   |
| Net cash generated from/(used in) investing activities  | 190,469   | (849,840)   |
| <b>Cash Flows From Financing Activities</b>   |   |   |
| Proceeds from share issuance  | -   | 500,000   |
| Net cash from/(used in) financing activities  | -   | 500,000   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>   | 34,541  | 434,000   |
| <b>Cash and Cash Equivalents at Beginning of Financial Period</b>   | 1,370,943   | -   |
| <b>Cash and Cash Equivalents at End of Financial Period</b>   | 1,405,484   | 434,000   |

# **HONG LEONG ISLAMIC BANK BERHAD ("HLIB" or "Bank")**

## **Notes To The Unaudited Financial Statements For The Financial Period Ended 31 December 2006**

### **1 Basis of preparation**

The financial statements of the Bank are prepared in accordance with the provision of the Companies Act 1965, Bank Negara Malaysia Guidelines (GP8-i), applicable approved accounting standards in Malaysia (MASB-i) and Shariah requirements.

### **2 Performance review**

HLIB is a full-fledged Islamic bank and a wholly owned subsidiary of Hong Leong Bank Berhad (HLB) offering commercial products and services to retail and corporate customers.

With an authorized capital of RM 1 billion and paid up capital of RM500 million, HLIB is poised towards reaching out to the needs of customers seeking an alternative to conventional banking.

For financial period ended 31 December 2006, HLIB posted financing base of RM3.8 billion and deposits from customer of RM5.7 billion. Financing to deposit ratio stood at 68%.

The core capital ratio and risk-weighted capital ratio stood at 14.08% and 15.63% respectively as at 31 December 2006, supported by an initial share capital base of RM 500 million. The ratio was maintained above the regulatory minimum of 4% and 8% respectively.

### **3 Current year prospects - outlook for financial year ending 30/06/2007**

HLIB's business further been repositioned towards Islamic investment banking and wealth management. Pulling all these parts together into an intergrated regional business is the next phase for the bank.

|  | Financial<br>Period Ended<br>31/12/2006<br>RM'000 | Financial<br>Year Ended<br>30/06/2006<br>RM'000 |
|--|---|---|
| <b>4 Cash and short-term funds</b>   |   |   |
| Cash and balances with banks and others<br>financial institutions            | 7,893   | 4,943   |
| Money at call and deposit placements<br>maturing within one month            | 1,397,591   | 1,366,000                                       |
|  | <u>1,405,484</u>                                  | <u>1,370,943</u>                                |
| <b>5 Deposits and placements with banks and other financial institutions</b> |   |   |
| Licensed Islamic banks   | 65,000  | -   |
| Bank Negara Malaysia   | 305,000   | -   |
|  | <u>370,000</u>                                    | <u>-</u>  |
| <b>6 Securities</b>  |   |   |
| <b>(i) Securities Held-for-trading</b>                                       |   |   |
| BNM Bills  | 93,406  | 19,897  |
| Malaysian Government treasury bills  | 14,990  | 7,950   |
| Negotiable Islamic Debt Certificates   | 9,948   | 101,180   |
| BAs & Islamic accepted bills   | 40,558  | -   |
|  | <u>158,902</u>                                    | <u>129,027</u>                                  |
| <b>(ii) Securities Available-for-sale</b>                                    |   |   |
| Cagamas bonds  | 99,646  | 98,359  |
| Malaysia Government investment certificates                                  | -   | 24,615  |
| <b>Unquoted securities</b>   |   |   |
| Private and Islamic debt securities  | 55,963  | 55,550  |
|  | <u>155,609</u>                                    | <u>178,524</u>                                  |
| <b>(iii) Securities Held-to-maturity</b>                                     |   |   |
| Malaysia Government investment certificates                                  | 135,143   | 123,208   |
| Cagamas bonds  | 275,178   | 440,360   |
| Khazanah bonds   | 4,963   | 4,874   |
| <b>Unquoted securities</b>   |   |   |
| Shares   | 575   | 575   |
| Private and Islamic debt securities  | 20,227  | 20,320  |
|  | <u>436,086</u>                                    | <u>589,337</u>                                  |

|   | <b>Financial<br/>Period Ended<br/>31/12/2006<br/>RM'000</b> | <b>Financial<br/>Year Ended<br/>30/06/2006<br/>RM'000</b> |
|---|---|---|
| <b>7 Financing, advances and other financing</b>  |   |   |
| <b>(i) By type</b>                                |   |   |
| Cashline  | 9,532   | 10,196  |
| Term financing                                    |   |   |
| - House financing                                 | 1,499,378   | 1,045,491   |
| - Hire purchase receivables                       | 3,002,805   | 3,343,399   |
| - Lease receivables                               | 28,105  | 15,098  |
| - Other term financing                            | 540,292   | 548,171   |
| Claims on customers under acceptance credits      | 22,917  | 103,291   |
| Staff financing                                   | 105   | 123   |
| Revolving Financing                               | 2,782   | 2,900   |
| Others  | 480   | 1,096   |
|   | <u>5,106,396</u>  | <u>5,069,765</u>  |
| Less: Unearned income                             | <u>(1,240,622)</u>  | <u>(1,037,941)</u>  |
|   | 3,865,774   | 4,031,824   |
| Less : Allowance for bad and doubtful financing   |   |   |
| - General   | (57,530)  | (60,158)  |
| - Specific  | <u>(30,475)</u>   | <u>(26,908)</u>   |
| Total net financing, advances and other financing | <u><b>3,777,769</b></u>                                     | <u><b>3,944,758</b></u>                                   |
| <b>(ii) By contract</b>                           |   |   |
| Bai' Bithaman Ajil                                | 1,160,913   | 979,754   |
| Ijarah  | 25,702  | 13,794  |
| Ijarah Muntahia Bittamlik/AITAB                   | 2,656,242   | 2,934,985   |
| Murabahah   | 22,917  | 103,291   |
| Gross financing, advances and other financing     | <u><b>3,865,774</b></u>                                     | <u><b>4,031,824</b></u>                                   |
| <b>(iii) By type of customer</b>                  |   |   |
| Domestic non-bank financial institutions          |   |   |
| - Others  | 47,879  | 47,526  |
| Domestic business enterprises                     |   |   |
| - Small medium enterprise                         | 305,121   | 304,939   |
| - Others  | 557,783   | 675,536   |
| Government and statutory body                     |   |   |
| - Individuals                                     | 2,926,546   | 2,985,206   |
| - Other domestic entities                         | 1,604   | 1,053   |
| - Foreign entities                                | 26,841  | 17,564  |
| Gross financing, advances and other financing     | <u><b>3,865,774</b></u>                                     | <u><b>4,031,824</b></u>                                   |
| <b>(iv) By profit rate sensitivity</b>            |   |   |
| Fixed rate  |   |   |
| - House financing                                 | 508,577   | 508,189   |
| - Hire purchase receivables                       | 2,656,242   | 2,934,985   |
| - Others fixed rate financing                     | 302,581   | 376,575   |
| Variable rate                                     |   |   |
| - Others  | 398,374   | 212,075   |
| Gross financing, advances and other financing     | <u><b>3,865,774</b></u>                                     | <u><b>4,031,824</b></u>                                   |

|  | Financial<br>Period Ended<br>31/12/2006<br>RM'000 | Financial<br>Year Ended<br>30/06/2006<br>RM'000 |
|--|---|---|
| <b>(v) By sector</b>                             |   |   |
| Agriculture, hunting, forestry & fishing         | 78,246  | 80,406  |
| Mining and quarrying                             | 3,191   | 3,567   |
| Manufacturing                                    | 156,668   | 166,479   |
| Electricity, gas and water                       | 6,911   | 8,351   |
| Construction                                     | 65,482  | 78,196  |
| Real estate                                      | 35,852  | 40,336  |
| Purchase of landed property:                     |   |   |
| - Residential                                    | 628,804   | 483,382   |
| - Non-residential                                | 135,210   | 101,662   |
| Wholesale & retail trade and restaurant & hotels | 180,045   | 172,665   |
| Transport, storage and communication             | 68,319  | 73,497  |
| Finance, insurance and business services         | 76,141  | 187,862   |
| Purchase of securities                           | 2,876   | 3,575   |
| Purchase of transport vehicles                   | 2,344,130   | 2,567,419                                       |
| Consumption credit                               | 44,368  | 17,140  |
| Others   | 39,531  | 47,287  |
|  | <b>3,865,774</b>                                  | <b>4,031,824</b>                                |

## 8 Non-performing financing

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

|  |               |               |
|--|---------------|---------------|
| As at beginning of the year  | 75,637        | -             |
| Amount transferred from Hong Leong Bank  | -             | 70,437        |
| Classified as non-performing during the period   | 132,995       | 240,128       |
| Reclassified as performing   | (106,753)     | (195,844)     |
| Amount recovered   | (19,748)      | (32,270)      |
| Amount written off   | -             | (6,814)       |
| As at end of the period  | <b>82,131</b> | <b>75,637</b> |
| Less: Specific allowance   | (30,475)      | (26,908)      |
| Net non-performing financing,<br>advances and other financing  | <b>51,656</b> | <b>48,729</b> |
| Ratio of net non-performing financing, advance<br>and other financing to total net financing<br>advances and other financing | <b>1.3%</b>   | <b>1.2%</b>   |

|  | Financial<br>Period Ended<br>31/12/2006<br>RM'000 | Financial<br>Year Ended<br>30/06/2006<br>RM'000 |
|--|---|---|
| <b>(ii) Movements in allowance for bad and doubtful financing</b>                |   |   |
| <b>General allowance</b>   |   |   |
| As at beginning of the year  | 60,158  | -   |
| Amount transferred from Hong Leong Bank  | -   | 55,009  |
| Allowance made during the period   | -   | 5,341   |
| Allowance written back during the period   | (2,628)   | (192)   |
| As at end of the period  | <u>57,530</u>                                     | <u>60,158</u>                                   |
| As % of gross financing, advances and other financing<br>less specific allowance | <u>1.5%</u>                                       | <u>1.5%</u>                                     |
| <b>Specific allowance</b>  |   |   |
| As at beginning of the year  | 26,908  | -   |
| Amount transferred from Hong Leong Bank  | -   | 13,063  |
| Allowance made during the period   | 12,900  | 26,771  |
| Allowance written back during the period   | (9,333)   | (6,111)   |
| Amount written off   | -   | (6,815)   |
| As at end of the period  | <u>30,475</u>                                     | <u>26,908</u>                                   |
| <b>(iii) Non-performing financing, advances and other financing by sector</b>    |   |   |
| Agriculture, hunting, forestry & fishing   | 8   | 7   |
| Mining and quarrying   | -   | -   |
| Manufacturing  | 1,633   | 1,161   |
| Electricity, gas and water   | 84  | 118   |
| Construction   | 1,086   | 538   |
| Real estate  | 37  | 685   |
| Purchase of landed property:   |   |   |
| - Residential  | 25,287  | 24,725  |
| - Non-residential  | 9,526   | 13,044  |
| Wholesale & retail trade and restaurant & hotels                                 | 1,757   | 1,840   |
| Transport, storage and communication   | 347   | 281   |
| Finance, insurance and business services   | 537   | 695   |
| Purchase of securities   | 1,769   | 2,092   |
| Purchase of transport vehicles   | 39,327  | 29,747  |
| Consumption credit   | 543   | 561   |
| Others   | 190   | 143   |
|  | <u>82,131</u>                                     | <u>75,637</u>                                   |

|   | Financial<br>Period Ended<br>31/12/2006<br>RM'000 | Financial<br>Year Ended<br>30/06/2006<br>RM'000 |
|---|---|---|
| <b>9 Deposits from customer</b>   |   |   |
| <b>(i) By type of deposit</b>   |   |   |
| <b>Non-Mudharabah</b>   |   |   |
| Demand deposits   | 317,058   | 127,218   |
| Savings deposits  | 488,003   | 433,735   |
| Negotiable islamic debt certificate   | 68,090  | 1,739,230                                       |
|   | <u>873,151</u>                                    | <u>2,300,183</u>                                |
| <b>Mudharabah</b>   |   |   |
| Savings deposits  | 370,800   | 292,243   |
| General investment deposits   | 2,229,989   | 2,094,070                                       |
| Special investment deposits   | 2,190,239   | 1,013,613                                       |
| Others  | 1,258   | 1,435   |
|   | <u>4,792,286</u>                                  | <u>3,401,361</u>                                |
|   | <u><b>5,665,437</b></u>                           | <u><b>5,701,544</b></u>                         |
| <b>(ii) By type of customer</b>   |   |   |
| Government and statutory bodies   | 262,440   | 434,955   |
| Business enterprise   | 3,423,037   | 3,572,117                                       |
| Individuals   | 1,088,627   | 925,347   |
| Others  | 891,333   | 769,125   |
|   | <u>5,665,437</u>                                  | <u>5,701,544</u>                                |
| <b>10 Deposits and placements of banks and other financial institutions</b> |   |   |
| <b>Non-Mudharabah</b>   |   |   |
| Other financial institutions - Outside Malaysia Foreign Currency            | 5,291   | -   |
| <b>Mudharabah</b>   |   |   |
| Licensed islamic banks  | 20,000  | 15,000  |
| Licensed finance companies  | 100,000   | 120,000   |
| Other financial institutions  | 60,000  | -   |
|   | <u>185,291</u>                                    | <u>135,000</u>                                  |
| <b>11 Other Liabilities</b>   |   |   |
| Amount due to holding company   | 13,455  | 4,989   |
| Profit equalisation reserves  | 7,049   | 2,438   |
| Provision for zakat   | 62  | 44  |
| Profit payable  | 28,513  | 32,611  |
| Others  | 26,681  | 11,955  |
|   | <u>75,760</u>                                     | <u>52,037</u>                                   |

|  | Current<br>Quarter Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Quarter Ended<br>31/12/2005<br>RM'000 | Current<br>Period Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Period Ended<br>31/12/2005<br>RM'000 |
|--|--|--|---|---|
| <b>12 Income derived from investment of depositors' funds and others</b> |  |  |   |   |
| Income derived from investment of :                                      |  |  |   |   |
| - General investment deposits  | 60,291   | 49,259   | 115,029   | 94,989  |
| - Other deposits   | 15,163   | 23,264   | 37,226  | 45,501  |
|  | <u>75,454</u>                                    | <u>72,523</u>  | <u>152,255</u>                                  | <u>140,490</u>  |
| <br>(i) Income derived from investment of general investment deposits    |  |  |   |   |
| <b>Finance income and hibah</b>  |  |  |   |   |
| Financing, advances and other financing                                  | 42,933   | 35,588   | 81,855  | 70,410  |
| Securities Held-for-trading  | 1,909  | 2,339  | 3,422   | 3,961   |
| Securities Available- for-sale   | 1,389  | 741  | 2,714   | 1,157   |
| Securities Held-to-maturity  | 2,033  | 1,654  | 4,267   | 2,919   |
| Money at call and deposit with financial institutions                    | 9,746  | 6,854  | 18,601  | 13,081  |
|  | <u>58,010</u>                                    | <u>47,176</u>  | <u>110,859</u>                                  | <u>91,528</u>   |
| Amortisation of premium less accretion of discount                       | 547  | 755  | 998   | 1,609   |
| Total finance income and hibah   | <u>58,557</u>                                    | <u>47,931</u>  | <u>111,857</u>                                  | <u>93,137</u>   |
| <b>Other operating income</b>  |  |  |   |   |
| Fee and commission   |  |  |   |   |
| - Commission   | 181  | 71   | 344   | 118   |
| - Service Charges & fees   | 586  | 459  | 1,013   | 673   |
| - Other fees income  | 489  | 400  | 964   | 822   |
| Gain/(loss) from sale of held-for-trading securities                     | 87   | (2)  | 87  | (304)   |
| Gain/(loss) from sale of available-for-sale securities                   | 323  | 75   | 538   | 48  |
| Unrealised gain/(loss) on revaluation<br>of held-for-trading securities  | 39   | 307  | 194   | 466   |
| Others   | 29   | 18   | 32  | 29  |
|  | <u>1,734</u>                                     | <u>1,328</u>   | <u>3,172</u>                                    | <u>1,852</u>  |
|  | <u>60,291</u>                                    | <u>49,259</u>  | <u>115,029</u>                                  | <u>94,989</u>   |

|  | Current<br>Quarter Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Quarter Ended<br>31/12/2005<br>RM'000 | Current<br>Period Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Period Ended<br>31/12/2005<br>RM'000 |
|--|--|--|---|---|
|--|--|--|---|---|

(ii) Income derived from investment of other deposits

**Finance income and hibah**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Financing, advances and other financing               | 10,801        | 16,794        | 26,490        | 33,728        |
| Securities Held-for-trading                           | 497           | 1,108         | 1,107         | 1,897         |
| Securities Available- for-sale                        | 344           | 352           | 878           | 554           |
| Securities Held-to-maturity                           | 481           | 783           | 1,381         | 1,398         |
| Money at call and deposit with financial institutions | 2,451         | 3,238         | 6,020         | 6,266         |
|   | <u>14,574</u> | <u>22,275</u> | <u>35,876</u> | <u>43,843</u> |

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Amortisation of premium less accretion of discount | 141           | 356           | 323           | 771           |
| Total finance income and hibah                     | <u>14,715</u> | <u>22,631</u> | <u>36,199</u> | <u>44,614</u> |

**Other operating income**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Fee and commission  |               |               |               |               |
| - Commission  | 45            | 33            | 111           | 56            |
| - Service Charges & fees  | 156           | 218           | 328           | 322           |
| - Other fees income   | 121           | 189           | 312           | 394           |
| Gain/(loss) from sale of held-for-trading securities                    | 28            | 2             | 28            | (145)         |
| Gain/(loss) from sale of available-for-sale securities                  | 87            | 36            | 174           | 23            |
| Unrealised gain/(loss) on revaluation<br>of held-for-trading securities | 1             | 146           | 63            | 223           |
| Others  | 10            | 9             | 11            | 14            |
|   | <u>448</u>    | <u>633</u>    | <u>1,027</u>  | <u>887</u>    |
|   | <u>15,163</u> | <u>23,264</u> | <u>37,226</u> | <u>45,501</u> |

13 Income derived from investment of shareholders' fund

**Finance income and hibah**

|   |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| Financing, advances and other financing               | 5,154        | 4,859        | 10,546        | 9,926         |
| Securities Held-for-trading                           | 232          | 324          | 441           | 559           |
| Securities Available- for-sale                        | 165          | 102          | 349           | 163           |
| Securities Held-to-maturity                           | 240          | 227          | 550           | 412           |
| Money at call and deposit with financial institutions | 1,169        | 939          | 2,396         | 1,845         |
|   | <u>6,960</u> | <u>6,451</u> | <u>14,282</u> | <u>12,905</u> |

|  |              |              |               |               |
|--|--------------|--------------|---------------|---------------|
| Amortisation of premium less accretion of discount | 65           | 102          | 128           | 227           |
| Total finance income and hibah                     | <u>7,025</u> | <u>6,553</u> | <u>14,410</u> | <u>13,132</u> |

**Other operating income**

|   |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| Fee and commission  |              |              |               |               |
| - Commission  | 22           | 10           | 45            | 17            |
| - Service Charges & fees  | 70           | 63           | 130           | 95            |
| - Other fees income   | 58           | 54           | 124           | 116           |
| Gain/(loss) from sale of held-for-trading securities                    | 12           | -            | 12            | (43)          |
| Gain/(loss) from sale of available-for-sale securities                  | 40           | 11           | 70            | 7             |
| Unrealised gain/(loss) on revaluation<br>of held-for-trading securities | 3            | 42           | 25            | 65            |
| Others  | 3            | 2            | 4             | 4             |
|   | <u>208</u>   | <u>182</u>   | <u>410</u>    | <u>261</u>    |
|   | <u>7,233</u> | <u>6,735</u> | <u>14,820</u> | <u>13,393</u> |

|  | Current<br>Quarter Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Quarter Ended<br>31/12/2005<br>RM'000 | Current<br>Period Ended<br>31/12/2006<br>RM'000 | Corresponding<br>Period Ended<br>31/12/2005<br>RM'000 |
|--|--|--|---|---|
| <b>14 Allowance for losses on financing</b>                          |  |  |   |   |
| Allowance for bad and doubtful financing                             |  |  |   |   |
| (a) Specific allowance   |  |  |   |   |
| - Made during the period   | 5,601  | 6,380  | 12,900  | 10,826  |
| - Written back   | (1,917)  | (1,376)  | (9,333)   | (2,631)   |
| (b) General allowance  |  |  |   |   |
| - Made during the period   | -  | 2,209  | -   | 2,209   |
| - Written back   | (1,645)  | -  | (2,628)   | (192)   |
| Bad debts on financing   |  |  |   |   |
| - Recovered  | (1,060)  | (359)  | (1,587)   | (1,191)   |
| - Written off  | 48   | 47   | 109   | 133   |
|  | <u>1,027</u>                                     | <u>6,901</u>   | <u>(539)</u>                                    | <u>9,154</u>  |
| <b>15 Income attributable to the depositors</b>                      |  |  |   |   |
| Deposits from customers  |  |  |   |   |
| - Mudharabah   | 39,216   | 30,833   | 74,594  | 56,791  |
| - Non-Mudharabah   | 3,930  | 1,411  | 16,036  | 2,873   |
| Deposits and placements of banks and<br>other financial institutions |  |  |   |   |
| - Mudharabah   | 3,311  | 7,467  | 5,044   | 14,648  |
|  | <u>46,457</u>                                    | <u>39,711</u>  | <u>95,674</u>                                   | <u>74,312</u>   |

|  | <b>Financial<br/>Period Ended<br/>31/12/2006<br/>RM'000</b> | <b>Financial<br/>Year Ended<br/>30/06/2006<br/>RM'000</b> |
|--|---|---|
| <b>16 Capital adequacy</b>                       |   |   |
| <b>Tier I capital</b>                            |   |   |
| Paid-up share capital                            | 500,000   | 500,000   |
| Other reserves *                                 | 43,096  | 43,096  |
|  | <u>543,096</u>  | <u>543,096</u>  |
| Less: Deferred tax assets/(liabilities)          | (19,063)  | (19,063)  |
| Total Tier I capital                             | <u>524,033</u>  | <u>524,033</u>  |
| <b>Tier II capital</b>                           |   |   |
| General allowance for bad and doubtful financing | 57,530  | 60,158  |
| Total Tier II capital                            | <u>57,530</u>   | <u>60,158</u>   |
| <b>Capital base</b>                              | <u>581,563</u>  | <u>584,191</u>  |
| Core capital ratio                               | 14.08%  | 12.60%  |
| Risk-weighted capital ratio                      | 15.63%  | 14.04%  |

\* Fair value reserve has been excluded from the Bank's capital base in accordance with BNM/GP8-i.

17 Commitments and contingencies

|  | Financial Period Ended<br>31/12/2006 |  |                                      |
|--|--------------------------------------|--|--------------------------------------|
|  | Principal<br>amount<br>RM'000        | Credit<br>equivalent<br>amount<br>RM'000 | Risk<br>weighted<br>amount<br>RM'000 |
| Transaction-related contingent items                                 | 108                                  | 54                                       | 54                                   |
| Short-term self-liquidating trade-related contingencies              | 7,899                                | 1,580                                    | 1,580                                |
| Other assets sold with recourse and commitment with certain drawdown | 65,658                               | 65,658                                   | 65,658                               |
| Irrecoverable commitments to extend credit:                          |                                      |  |                                      |
| - Maturity less than one year  | 15,854                               | -  | -                                    |
| - Maturity more than one year  | 326,297                              | 163,149                                  | 163,149                              |
| Foreign exchange related contracts:                                  |                                      |  |                                      |
| - Less than one year   | 895                                  | 14                                       | -                                    |
|  | <b>416,711</b>                       | <b>230,455</b>                           | <b>230,440</b>                       |

|  | Financial Year Ended<br>30/06/2006 |  |                                      |
|--|------------------------------------|--|--------------------------------------|
|  | Principal<br>amount<br>RM'000      | Credit<br>equivalent<br>amount<br>RM'000 | Risk<br>weighted<br>amount<br>RM'000 |
| Transaction-related contingent items                                 | 238                                | 119                                      | 119                                  |
| Short-term self-liquidating trade-related contingencies              | 5,771                              | 1,154                                    | 1,154                                |
| Other assets sold with recourse and commitment with certain drawdown | 1,810                              | 1,810                                    | 1,810                                |
| Commitment on securities sold under sell and buy back agreements     | 30,177                             | 30,177                                   | 30,177                               |
| Irrecoverable commitments to extend credit:                          |                                    |  |                                      |
| - Maturity less than one year  | 13,881                             | -  | -                                    |
| - Maturity more than one year  | 374,586                            | 187,293                                  | 187,293                              |
| Foreign exchange related contracts:                                  |                                    |  |                                      |
| - Less than one year   | 907                                | -  | -                                    |
|  | <b>427,370</b>                     | <b>220,553</b>                           | <b>220,553</b>                       |

18 Profit rate risk

|   | Non-trading book        |                        |                         |                     |                        | Effective profit rate % |                                |                        |
|---|-------------------------|------------------------|-------------------------|---------------------|------------------------|-------------------------|--------------------------------|------------------------|
|   | Up to 1 month<br>RM'000 | > 1-3 months<br>RM'000 | > 3-12 months<br>RM'000 | 1-5 years<br>RM'000 | Over 5 years<br>RM'000 |                         | Non-profit sensitive<br>RM'000 | Trading book<br>RM'000 |
| <b>31/12/2006</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| <b>Assets</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| Cash and short term funds                                     | 1,397,591               | -                      | -                       | -                   | -                      | 7,893                   | -                              | 1,405,484              |
| Deposits & placement with bank & other financial institutions | -                       | 370,000                | -                       | -                   | -                      | -                       | -                              | 370,000                |
| Securities Held-for-trading                                   | -                       | -                      | -                       | -                   | -                      | -                       | 158,902                        | 158,902                |
| Securities Available-for-sale                                 | -                       | 10,129                 | -                       | 111,009             | 35,000                 | (529)                   | -                              | 185,609                |
| Securities Held-for-maturity                                  | -                       | 4,962                  | 275,479                 | 144,829             | -                      | 10,816                  | -                              | 436,086                |
| Financing, advances and other financing                       | 31,388                  | 10,691                 | 261,568                 | 2,174,599           | 1,305,397              | (56,755)                | -                              | 3,726,888              |
| - performing  | -                       | -                      | -                       | -                   | -                      | 50,881                  | -                              | 50,881                 |
| - non-performing  | -                       | -                      | -                       | -                   | -                      | 192,781                 | -                              | 192,781                |
| Other assets  | 1,428,979               | 395,782                | 537,047                 | 2,430,437           | 1,340,397              | 205,087                 | 158,902                        | 6,496,631              |
| <b>Total assets</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| <b>Liabilities</b>  |                         |                        |                         |                     |                        |                         |                                |                        |
| Deposits from customer's                                      | 3,655,907               | 784,258                | 1,089,932               | 135,340             | -                      | -                       | -                              | 5,665,437              |
| Deposits & placement of bank & other financial institutions   | 5,291                   | 180,000                | -                       | -                   | -                      | -                       | -                              | 185,291                |
| Bills and acceptance payable                                  | 58                      | 118                    | 33                      | -                   | -                      | 689                     | -                              | 898                    |
| Other liabilities   | -                       | -                      | -                       | -                   | -                      | 75,760                  | -                              | 75,760                 |
| <b>Total liabilities</b>                                      | <b>3,661,256</b>        | <b>964,376</b>         | <b>1,089,965</b>        | <b>135,340</b>      | <b>-</b>               | <b>76,449</b>           | <b>-</b>                       | <b>5,927,366</b>       |
| Shareholder's funds   | -                       | -                      | -                       | -                   | -                      | 969,245                 | -                              | 969,245                |
| <b>Total liabilities and shareholder's funds</b>              | <b>3,661,256</b>        | <b>964,376</b>         | <b>1,089,965</b>        | <b>135,340</b>      | <b>-</b>               | <b>645,694</b>          | <b>-</b>                       | <b>6,496,631</b>       |
| On-balance sheet profit sensitivity gap                       | (2,232,277)             | (568,594)              | (552,918)               | 2,295,097           | 1,340,397              | (440,607)               | 158,902                        | -                      |
| Off-balance sheet profit sensitivity gap                      | -                       | -                      | -                       | -                   | -                      | -                       | -                              | -                      |
| <b>Total profit sensitivity gap</b>                           | <b>(2,232,277)</b>      | <b>(568,594)</b>       | <b>(552,918)</b>        | <b>2,295,097</b>    | <b>1,340,397</b>       | <b>(440,607)</b>        | <b>158,902</b>                 | <b>-</b>               |

|   | Non-trading book        |                        |                         |                     |                        | Effective profit rate % |                                |                        |
|---|-------------------------|------------------------|-------------------------|---------------------|------------------------|-------------------------|--------------------------------|------------------------|
|   | Up to 1 month<br>RM'000 | > 1-3 months<br>RM'000 | > 3-12 months<br>RM'000 | 1-5 years<br>RM'000 | Over 5 years<br>RM'000 |                         | Non-profit sensitive<br>RM'000 | Trading book<br>RM'000 |
| <b>30/06/2006</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| <b>Assets</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| Cash and short term funds                                   | 1,366,361               | -                      | -                       | -                   | -                      | 4,592                   | -                              | 1,370,943              |
| Securities Held-for-trading                                 | -                       | -                      | -                       | -                   | -                      | -                       | 129,027                        | 129,027                |
| Securities Available-for-sale                               | -                       | 165,041                | 10,128                  | 136,004             | 35,000                 | (2,608)                 | -                              | 178,524                |
| Securities Held-for-maturity                                | -                       | -                      | 4,875                   | 418,846             | -                      | 575                     | -                              | 589,337                |
| Financing, advances and other financing                     | 30,225                  | 3,374                  | 286,220                 | 2,232,396           | 1,403,973              | (59,028)                | -                              | 3,897,160              |
| - performing  | -                       | -                      | -                       | -                   | -                      | 47,598                  | -                              | 47,598                 |
| - non-performing  | -                       | -                      | -                       | -                   | -                      | 221,072                 | -                              | 221,072                |
| Other assets  | 1,396,586               | 168,415                | 301,223                 | 2,787,246           | 1,438,973              | 212,191                 | 129,027                        | 6,433,661              |
| <b>Total assets</b>   |                         |                        |                         |                     |                        |                         |                                |                        |
| <b>Liabilities</b>  |                         |                        |                         |                     |                        |                         |                                |                        |
| Deposits from customers                                     | 3,064,970               | 2,109,755              | 493,026                 | 32,857              | -                      | 1,436                   | -                              | 5,701,544              |
| Deposits & placement of bank & other financial institutions | 75,000                  | 60,000                 | -                       | -                   | -                      | -                       | -                              | 135,000                |
| Bills and acceptance payable                                | 223                     | 729                    | 80                      | -                   | -                      | 392                     | -                              | 1,424                  |
| Other liabilities   | -                       | -                      | -                       | -                   | -                      | 54,410                  | -                              | 54,410                 |
| <b>Total liabilities</b>                                    | <b>3,140,193</b>        | <b>2,170,484</b>       | <b>493,106</b>          | <b>32,857</b>       | <b>-</b>               | <b>56,238</b>           | <b>-</b>                       | <b>5,892,378</b>       |
| Shareholder's funds   | -                       | -                      | -                       | -                   | -                      | 541,283                 | -                              | 541,283                |
| <b>Total liabilities and shareholder's funds</b>            | <b>3,140,193</b>        | <b>2,170,484</b>       | <b>493,106</b>          | <b>32,857</b>       | <b>-</b>               | <b>597,521</b>          | <b>-</b>                       | <b>6,433,661</b>       |
| On-balance sheet profit sensitivity gap                     | (1,743,607)             | (2,002,069)            | (191,883)               | 2,754,889           | 1,438,973              | (365,330)               | 129,027                        | -                      |
| Off-balance sheet profit sensitivity gap                    | -                       | -                      | -                       | -                   | -                      | -                       | -                              | -                      |
| <b>Total profit sensitivity gap</b>                         | <b>(1,743,607)</b>      | <b>(2,002,069)</b>     | <b>(191,883)</b>        | <b>2,754,889</b>    | <b>1,438,973</b>       | <b>(365,330)</b>        | <b>129,027</b>                 | <b>-</b>               |