

Unaudited Balance Sheet at 30 June 2003

	JUNE 2003 RM000	Group DEC 2002 RM000	JUNE 2003 RM000	Bank DEC 2002 RM000
ASSETS				
Cash and short term funds	1,155,412	2,188,366	1,155,412	2,188,366
Deposits and placements with financial institutions	107,500	33,890	107,500	33,890
Dealing securities	607,316	482,531	607,316	482,531
Investment securities	2,653,722	1,973,288	2,653,722	1,973,288
Loans, advances and financing	17,586,590	17,115,275	17,586,590	17,115,275
Other assets	1,055,343	299,584	1,055,323	299,564
Statutory deposits with Bank Negara Malaysia	422,704	433,402	422,704	433,402
Investment in subsidiary companies	-	20	-	20
Fixed assets	113,309	128,076	113,309	128,076
TOTAL ASSETS	23,701,896	22,654,412	23,701,896	22,654,412
LIABILITIES AND SHAREHOLDERS' FUNDS				
Deposits from customers	16,626,472	15,322,301	16,626,472	15,322,301
Deposits and placements of banks and other financial institutions	306,947	382,378	306,947	382,378
Obligations on securities sold under repurchase agreements	1,290,800	1,428,135	1,290,800	1,428,135
Bills and acceptances payable	268,025	402,252	268,025	402,252
Recourse obligations on loans sold to Cagamas	2,481,231	2,440,535	2,481,231	2,440,535
Other liabilities	978,591	979,710	978,591	979,710
TOTAL LIABILITIES	21,952,066	20,955,311	21,952,066	20,955,311
SHARE CAPITAL	121,697	121,697	121,697	121,697
RESERVES	1,628,133	1,440,404	1,628,133	1,440,404
PROPOSED DIVIDEND	-	137,000	-	137,000
SHAREHOLDERS' FUNDS	1,749,830	1,699,101	1,749,830	1,699,101
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	23,701,896	22,654,412	23,701,896	22,654,412
COMMITMENTS AND CONTINGENCIES	76,140,963	63,975,229	76,140,963	63,975,229
CAPITAL ADEQUACY				
Core capital ratio	8.57%	9.79%	8.57%	9.79%
Risk-weighted capital ratio	10.01%	11.29%	10.01%	11.29%

Unaudited Profit And Loss Account Of The Group And Bank for the financial period ending 30 June 2003

	Group and Bank	
	JUNE 2003 RM000	JUNE 2002 RM000
Interest income	727,929	654,226
Interest expense	(322,557)	(306,869)
Net interest income	405,372	347,357
Net Islamic Banking operating income	4,358	4,944
Non-interest income	184,741	201,122
Operating income	594,471	553,423
Staff cost and overheads	(241,346)	(228,699)
Profit before provision	353,125	324,724
Loan and financing loss and provision	(69,256)	(70,361)
Profit before taxation	283,869	254,363
Taxation	(96,140)	(84,844)
Profit after taxation	187,729	169,519
Retained profit brought forward	938,404	735,501
Profit attributable to shareholders' fund	1,126,133	905,020
Earnings per share - basic (sen)	309	279

EXPLANATORY NOTES:

1. ACCOUNTING POLICIES

The accounting policies and methods of computation applied for the financial statements are consistent with those applied for the annual financial statements.

There have been no significant changes to these policies.

2. EXCEPTIONAL ITEMS

There were no exceptional items for the financial period.

3. EXTRAORDINARY ITEMS

There were no extraordinary items for the financial period.

4. TAXATION

There were no material adjustments or transfers in respect of deferred taxation and no material over or under provisions for taxation in respect of prior years.

5. PRE-ACQUISITION PROFITS

No pre-acquisition profits were reported for the financial period.

6. PROFIT ON SALE OF INVESTMENTS AND PROPERTIES

Profit on sale of investment securities for the period is RM14,102,000. There were no properties sold during the financial period.

7. PURCHASE AND SALE OF QUOTED SECURITIES

This note is not applicable to financial institutions per BNM guidelines.

8. EFFECT OF CHANGES IN COMPOSITION OF THE BANK

There were no changes in the composition of the Bank during the financial period.

9. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced which were not completed at the reporting date.

10. SEASONALLY OR CYCLICALLY OF OPERATIONS

The operation of the Bank was not subjected to any material cyclical or seasonality effects during the financial period.

11. ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

There were no issuance and repayment of debts and equity securities during the financial period.

12. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	JUNE 2003 RM000	DEC 2002 RM000
Deposits from customers		
Fixed deposits and negotiable instruments		
- One year or less (short-term)	10,777,564	9,997,370
- More than one year (medium/long term)	875,359	786,534
	<hr/> 11,652,923	<hr/> 10,783,904
Deposits and placements of banks and other financial institutions		
- One year or less (short-term)	306,947	382,378
- More than one year (medium/long term)	-	-
	<hr/> 306,947	<hr/> 382,378

13. COMMITMENTS AND CONTINGENCIES

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

Risk Weighted Exposure of the Group and Bank as at:

	Principal Amount RM000	JUNE 2003 Credit Equivalent RM000	Principal Amount RM000	DEC 2002 Credit Equivalent RM000
Direct credit substitutes	1,083,560	1,083,560	1,097,418	1,097,418
Certain transaction-related contingent items	502,139	251,069	601,936	300,968
Short-term self liquidating trade-related contingencies	394,590	78,918	418,190	83,638

Forward asset purchase	95,000	95,000	75,000	75,000
Irrevocable commitments to extend credit				
- maturity exceeding one year	2,063,809	1,031,905	2,135,840	1,067,920
- maturity not exceeding one year	17,213,167	-	15,961,438	-
Foreign exchange related contracts	16,928,943	231,814	14,193,309	227,865
Interest rate related contracts	37,687,330	744,641	29,098,264	510,606
Other obligations	172,425	-	393,834	-
	<u>76,140,963</u>	<u>3,516,907</u>	<u>63,975,229</u>	<u>3,363,415</u>

14. VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/NEXT REPRICING DATE (WHICHEVER IS EARLIER)

Group and Bank (RM million)

Items	Principal Amount	1 mth or less	>1-3 mths	>3-6 mths	>6-12 mths	>1-5 years	>5 years
Foreign exchange related contracts							
-forward	14,034	4,641	5,359	3,220	812	2	-
-swap	462	-	-	-	462	-	-
-option	2,433	1,630	425	257	121	-	-
Interest rate related contracts							
-forward	6,973	-	-	415	386	6,172	-
-swap	30,652	1,808	608	1,906	6,384	17,142	2,804
-option	63	63	-	-	-	-	-
Total	<u>54,617</u>	<u>8,142</u>	<u>6,392</u>	<u>5,798</u>	<u>8,165</u>	<u>23,316</u>	<u>2,804</u>

Foreign exchange, interest rate and equity and commodity related contracts are subjected to market and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged and hence exposed to market risk was RM33,422 million (Dec 2002 -RM29,001 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at the end of the financial period, the amounts of credit risk, measured in term of the cost to replace the profitable contracts, was RM189 million (Dec 2002 - RM478.3 million). The amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

(i) Forward Exchange Contracts

Spot and forward contracts are valued using the net present value (NPV) method. Under the NPV method, the revalued gain/loss is discounted based on the forward rate to consider the time value of money. The unrealised gains and losses are recognised in the income statement for the financial year.

(ii) Interest Rate Swaps, Futures and Option Contracts

The Bank acts as an intermediary with counter-parties who wish to swap their interest rate obligations. The Bank also uses interest rate swaps, futures and option contracts in its trading account activities as well as a mean for hedging its own exposure.

Gains and losses on interest rate swaps, futures and option contracts whether they are for trading or hedging purpose are recognized in the current year using the mark-to-market method.

15. MATERIAL LITIGATION

There is no material litigation at the date of the report.

16. SEGMENTAL REPORTING ON REVENUE, PROFIT AND ASSETS

Commercial Bank

	JUNE 2003 RM000	JUNE 2002 RM000
Turnover	917,027	860,292
Profit Before Taxation	283,869	254,363
Total Assets	23,701,896	22,203,155

SEGMENTAL REPORTING ON LOANS, ADVANCES AND FINANCING ANALYZED BY THEIR ECONOMIC PURPOSES

	Group and Bank	
	JUNE 2003 RM000	DEC 2002 RM000
Agriculture	68,109	64,731
Mining and quarrying	3,623	487
Manufacturing	2,288,126	2,128,020
Electricity, gas and water	326,645	324,392
Construction	146,082	137,263
Real estate	80,498	92,218
Purchase of landed property	9,891,623	9,381,994
- Residential	9,168,801	8,595,316
- Non-residential	722,822	786,678
General commerce	782,544	781,621
Transport, storage and communication	422,337	498,076
Finance, insurance and business services	526,072	569,803
Purchase of securities	197,950	192,330
Consumption credit	3,438,019	3,477,900
Others	37,956	28,660
	<hr/> 18,209,584	<hr/> 17,677,495

NON-PERFORMING LOANS

	Group and Bank	
	JUNE	DEC
	2003	2002
	RM000	RM000
Balance at 1 January	629,440	617,011
Non-performing during the period	227,073	449,861
Less: Recoveries	(63,145)	(223,075)
Amount written off	(29,739)	(93,353)
Reclassified as performing loans	(101,841)	(121,004)
Others	4,670	-
Balance at 30 June/31 Dec	<u>666,458</u>	<u>629,440</u>
Percentage of net non-performing loans to total loans (net of specific provision and interest-in-suspense)	1.8%	1.9%

LOAN LOSS PROVISION

Movements in the provision for bad and doubtful debts/(and financing) and interest-in-suspense/(income-in-suspense) accounts are as follows:

	Group and Bank	
	JUNE	DEC
	2002	2001
	RM000	RM000
General provision		
Balance at 1 January	261,933	225,507
Provisions made during the period/year	8,345	36,426
Balance at 30 June/31 Dec	<u>270,278</u>	<u>261,933</u>
Specific provision		
Balance at 1 January	214,528	194,968
Provisions made during the period/year	78,465	108,819
Amount written back in respect of recoveries	(17,554)	(30,585)
Amount written off/adjustment	(20,290)	(58,674)
Balance at 30 June/31 Dec	<u>255,149</u>	<u>214,528</u>
Interest-in-suspense/income-in-suspense		
Balance at 1 January	85,759	71,279
Provisions made during the period/year	26,691	51,825
Amount written back in respect of recoveries	(9,100)	(18,118)
Amount written off	(5,783)	(19,227)
Balance at 30 June/31 Dec	<u>97,567</u>	<u>85,759</u>

16. COMPARISON WITH THE CORRESPONDING PRECEDING HALF YEAR RESULTS

The marginal increase of profit before tax in the 1st half of 2003 of RM284 million as compared to the preceding half year ended 31 Dec 2002 of RM260 million was mainly attributable to the increased in loan base.

17. REVIEW OF PERFORMANCE

The income and expenditure arising from the activities of the subsidiaries have been recognised in the Bank's profit before tax of RM 284 million. The material factors affecting the earnings or profit of the Bank are the interest rate levels, the quality of portfolio and the overall economic conditions.

18. CURRENT YEAR'S PROSPECTS

2003 is a challenging year for the Bank especially with the first phase of the local banks consolidation in place. In order to stay ahead in the increasingly competitive banking sector, and continue to grow the franchise, the Bank continues to be innovative in its product offerings, maintains competitive pricing structure and improves customer service delivery standards.

With the stable economic outlook for the rest of the year and the focus on consumer financing, commercial lending to small & medium sized enterprises as well as capital market services, the Bank is confident that it will be able to maintain a healthy loan growth for 2003. In addition, the use of online banking to lower cost base and improve productivity is progressing per plan. For 2003, the Bank is optimistic that the financial results will be maintained as per previous year.

20. EXPLANATORY OF VARIANCES BETWEEN ACTUAL AND FORECAST

This is not applicable to the Bank.

21. DIVIDEND

No interim dividend is declared for the period ending 30 June 2003.
