

BUMIPUTRA-COMMERCE HOLDINGS BERHAD
(formerly known as Commerce Asset-Holding Berhad)

CONDENSED AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

ASSETS	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Cash and short term funds	12,078,145	16,634,934
Securities purchased under resale agreements	4,473,563	4,498,908
Deposits and placements with banks and other financial institutions	1,354,952	1,443,047
Securities held-for-trading	9,556,127	6,556,140
Securities available-for-sale	7,759,349	11,621,682
Securities held-to-maturity	2,420,509	2,691,566
Derivative financial instruments	385,740	287,976
Loans and advances	69,095,880	62,603,030
Other assets	2,411,745	2,032,432
Deferred tax assets	359,478	307,867
Tax recoverable	281,355	446,563
Statutory deposits with Bank Negara Malaysia	1,659,940	1,934,890
Associates	95,583	71,145
Jointly controlled entities	118,722	121,416
Fixed assets	940,258	779,492
Goodwill on consolidation	534,618	351,503
Total Assets	113,525,964	112,382,591
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	74,323,587	74,105,175
Deposits and placements of banks and other financial institutions	7,416,648	7,517,869
Derivative financial instruments	514,185	511,784
Obligations on securities sold under repurchase agreements	5,316,721	5,606,264
Bills and acceptances payable	3,295,456	3,029,937
Floating rate certificates of deposits	226,770	342,000
Other liabilities	4,388,118	3,980,045
Taxation	104,610	48,772
Amount due to Cagamas Berhad	2,375,329	2,283,878
Loan stocks	782,763	778,346
Bonds	928,708	912,118
Other borrowings	829,893	1,704,657
Subordinated notes	1,872,016	1,516,214
Total Liabilities	102,374,804	102,337,059
Irredeemable Convertible Unsecured Loan Stocks	44,682	45,216
Total Hybrid Capital	44,682	45,216
Minority interest	1,269,025	840,840
Share Capital	2,756,398	2,691,740
Reserves	6,881,055	6,267,736
Equity Shareholders' Funds	9,637,453	8,959,476
Perpetual preference shares	200,000	200,000
Total Liabilities and Shareholders' Funds	113,525,964	112,382,591
COMMITMENTS AND CONTINGENCIES	149,479,744	208,586,917
CAPITAL ADEQUACY#		
Core Capital Ratio	11.20%	9.96%
Risk-weighted Capital Ratio	15.23%	13.81%

The Condensed Audited Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005

Total operations of banking subsidiaries that include the operations of Bumiputra-Commerce Bank Berhad, Bumiputra-Commerce Finance Berhad, Bumiputra-Commerce Bank (L) Limited, Commerce International Merchant Bankers Berhad, CIMB (L) Limited and PT Bank Niaga Tbk.

BUMIPUTRA-COMMERCE HOLDINGS BERHAD
(formerly known as Commerce Asset-Holding Berhad)

**CONDENSED AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	GROUP			
	QUARTER ENDED		CUMULATIVE ENDED	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	RM'000	RM'000	RM'000	RM'000
Interest income	1,571,179	1,358,330	6,025,130	5,271,312
Interest expense	(790,378)	(739,091)	(3,038,883)	(2,580,801)
Net interest income	780,801	619,239	2,986,247	2,690,511
Income from Islamic Banking operations	15,143	7,267	24,101	14,835
Non-interest income	513,594	615,361	1,712,632	1,449,476
Staff cost and overheads	1,309,538	1,241,867	4,722,980	4,154,822
	(696,721)	(559,739)	(2,278,099)	(1,953,407)
Profit before allowance	612,817	682,128	2,444,881	2,201,415
Allowance for losses on loans and financing	(333,866)	(496,852)	(1,021,863)	(1,122,435)
Provision for other receivables	593	(1,775)	(16,612)	(11,527)
Provision for commitments and contingencies	(684)	(259)	(684)	(259)
Allowance for impairment of securities	(70,696)	(13,128)	(100,636)	(14,807)
Share of results of jointly controlled entities	208,164	170,114	1,305,086	1,052,387
Share of results of associates	987	(1,970)	(1,824)	(3,509)
Share of results of associates	1,542	2,135	10,223	3,769
Profit before taxation	210,693	170,279	1,313,485	1,052,647
Taxation and zakat	(48,530)	113,134	(284,258)	(120,233)
Profit after taxation and zakat	162,163	283,413	1,029,227	932,414
Minority interest	(49,471)	(41,486)	(202,402)	(197,874)
Net profit for the period	112,692	241,927	826,825	734,540
Earnings per share (sen)- Basic	4.2	9.1	30.5	27.6
Diluted earnings per share	-	-	30.1	26.4

The Condensed Audited Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005

BUMIPUTRA-COMMERCE HOLDINGS BERHAD
(formerly known as Commerce Asset-Holding Berhad)

**CONDENSED AUDITED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Group	
	31/12/2005	31/12/2004
	RM'000	RM'000
Profit before taxation	1,313,485	1,052,647
Adjustments for non-operating and non-cash items	1,054,296	1,112,566
Operating profit before changes in working capital	2,367,781	2,165,213
Net changes in operating assets	(9,266,492)	(8,816,782)
Net changes in operating liabilities	(368,148)	11,220,362
Cash flows (used in)/generated from operations	(7,266,859)	4,568,793
Taxation paid	(77,736)	(349,148)
Net cash flow (used in)/generated from operating activities	(7,344,595)	4,219,645
Net cash flow generated from/(used in) investing activities	3,849,262	(3,166,621)
Net cash flow (used in)/generated from financing activities	(1,021,184)	1,579,452
Effects of exchange rate changes on cash	(40,272)	(52,099)
Net (decrease)/increase in cash and cash equivalents during the financial period	(4,556,789)	2,580,377
Cash and cash equivalents at beginning of the financial year	16,634,934	14,054,557
Cash and cash equivalents at end of the financial year	12,078,145	16,634,934

The Condensed Audited Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005

BUMIPUTRA-COMMERCE HOLDINGS BERHAD
(formerly known as Commerce Asset-Holding Berhad)

CONDENSED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

	Non-distributable						Distributable					
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Convertible bonds (equity component) RM'000	Reserve arising on consolidation RM'000	Hedging reserves RM'000	Revaluation reserve AFS RM'000	Retained profit RM'000	Total RM'000
At 1 January 2005	2,691,740	1,881,079	1,477,329	65,746	27,367	(59,123)	68,173	-	-	-	2,635,428	8,787,739
- as previously stated	-	-	-	-	-	-	-	-	-	198,053	(26,316)	171,737
- change in accounting policy	-	-	-	-	-	-	-	-	-	198,053	-	-
As restated	2,691,740	1,881,079	1,477,329	65,746	27,367	(59,123)	68,173	-	-	198,053	2,609,112	8,959,476
Net gain/(loss) not recognised in the income statement	-	-	-	-	-	(43,894)	-	-	-	-	-	(43,894)
- currency translation difference	-	-	-	-	-	-	-	-	-	(191,884)	-	(191,884)
- revaluation reserve (available-for-sale securities)	-	-	-	-	-	-	-	-	(4,339)	-	-	(4,339)
- hedging reserve	-	-	-	-	-	-	-	119,747	-	-	-	119,747
- negative goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the financial year after MI	-	-	-	-	-	-	-	-	-	-	826,825	826,825
Dividend for 2004	-	-	-	-	-	-	-	-	-	-	(292,683)	(292,683)
Transfer to statutory reserve	-	-	272,602	-	-	-	-	-	-	-	(272,602)	-
Issue of share capital arising from:	64,658	157,274	-	-	-	-	-	-	-	-	-	221,932
-Exercise of ESOS	-	-	-	-	-	-	-	-	-	-	-	-
Arising from accretion of equity interests in subsidiary	-	-	-	-	50,451	-	-	-	-	-	(8,178)	42,273
At 31 December 2005	2,756,398	2,038,353	1,749,931	65,746	77,818	(103,017)	68,173	119,747	(4,339)	6,169	2,862,474	9,637,453

The Group
31 December 2005

At 1 January 2005
- as previously stated
- change in accounting policy
As restated

Net gain/(loss) not recognised in the income statement
- currency translation difference
- revaluation reserve (available-for-sale securities)
- hedging reserve
- negative goodwill
Net profit for the financial year after MI
Dividend for 2004
Transfer to statutory reserve
Issue of share capital arising from:
-Exercise of ESOS
Arising from accretion of equity interests in subsidiary

At 31 December 2005

The Group
31 December 2004

	Non-distributable					Distributable					
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve AFS RM'000	Treasury shares RM'000	Convertible bonds (equity component) RM'000	Retained profit RM'000	Total RM'000
At 1 January 2004	2,628,960	1,786,730	1,330,562	65,746	15,949	31,754	-	(153,992)	-	2,193,878	7,899,587
- as previously stated	-	-	-	-	-	-	119,690	-	-	(8,629)	111,061
- change in accounting policy	2,628,960	1,786,730	1,330,562	65,746	15,949	31,754	119,690	(153,992)	-	2,185,249	8,010,648
As restated											
Net gain/(loss) not recognised in the income statement											
- currency translation difference	-	-	-	-	-	(90,877)	-	-	-	-	(90,877)
- revaluation reserve (available-for-sale securities)	-	-	-	-	-	-	78,363	-	-	-	78,363
Net profit for the financial year after MI	-	-	-	-	-	-	-	-	-	734,540	734,540
Dividend for 2003	-	-	-	-	-	-	-	-	-	(191,814)	(191,814)
Transfer to statutory reserve	-	-	146,767	-	-	-	-	-	-	(146,767)	-
Issue of share capital arising from:											
-Exercise of ESOS	98,633	212,488	-	-	-	-	-	-	-	-	311,121
Cancellation of treasury shares	(35,853)	(118,139)	-	-	-	-	-	153,992	-	-	-
Arising from accretion of equity interests in subsidiary	-	-	-	-	11,418	-	-	-	-	27,904	39,322
Issue of convertible bonds - equity component	-	-	-	-	-	-	-	-	68,173	-	68,173
At 31 December 2004	2,691,740	1,881,079	1,477,329	65,746	27,367	(59,123)	198,053	-	68,173	2,609,112	8,959,476

The Condensed Audited Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2005.

EXPLANATORY NOTES

A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed interim financial statements for the fourth quarter and the financial period ended 31 December 2005 are audited and have been prepared in accordance with FRS 134 (Interim Financial Reporting) (formerly known as MASB 26 "Interim Financial Reporting") issued by the Malaysian Accounting Standard Boards and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements. The audited condensed financial statements should be read in conjunction with the Group's financial statements for the year ended 31 December 2005.

The accounting policies and methods of computation applied in the audited condensed financial statements are consistent with those applied on the annual financial statements with the adoption of the revised guidelines on Financial Reporting for Licenced Institutions, including Bank Holding Company (Revised GP8) issued by Bank Negara Malaysia which became effective beginning 1 April 2005. The adoption of the revised GP8 has resulted in changes in the accounting policies of the Group which have been applied retrospectively in this audited condensed financial statements and the details are disclosed in Note 31.

The Group is deemed by Bank Negara Malaysia to be in compliance with the requirement on the provision for loan impairment under the revised BNM/GP8 provided that the specific and general allowances are computed based on BNM/GP3 requirement and this basis is disclosed in the financial report. Accordingly, the company's bases of computations for its specific and general allowances, which are based on BNM/GP3 requirement and consistent with the adoption made in the previous audited annual financial statements.

The audited condensed interim financial statements incorporated those activities relating to the Skim Perbankan Islam ("SPI") which have been undertaken by the Group. SPI refers generally to the acceptance of deposits and dealing in Islamic securities under Syariah principles.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The annual financial statements audit report for the financial year ended 31 December 2005 was unqualified and in order.

A3. COMMENTS ABOUT SEASONALITY AND CYCLICALITY FACTORS

The interim operations of the Group are not subject to any material seasonal or cyclical factors.

A4. UNUSUAL EVENT/S AFFECTING FINANCIAL STATEMENTS

There were no unusual events that materially affect the financial statements during the interim period.

A5. CHANGES IN ESTIMATES

There were no material changes in financial estimates reported in the preceding period or the preceding financial year that would materially affect the current interim period financial statements.

A6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Save and except as detailed below, there were no new issuance and repayment of debt securities, shares buy backs, share cancellations, or shares held as treasury shares during the financial year ended 31 December 2005:-

- a) Issuance of 64,658,000 shares arising from exercise of Employee Share Option Scheme (ESOS) from 4 January 2005 to 31 December 2005.
- b) During the financial year ended 31 December 2005, the issued and paid up capital of CIMB Berhad ("CIMBB") has increased from 855,905,600 ordinary shares to 1,000,515,551 ordinary shares by the issuance of 50,946,784 new CIMBB shares with the exercise price ranging from RM1.45 to RM4.88 per share pursuant to the exercise of options granted under CIMBB's Employee Share Option Scheme. A special issue of 93,663,167 new ordinary shares at an issue price of RM4.50 per share for a total cash consideration of approximately RM421.48 million were also issued to BCHB.
- c) During the financial year ended 31 December 2005, the issued and paid up capital of Bank Niaga has increased from 7,858,347,720 to 11,882,341,330 ordinary shares pursuant to the Rights Issue and exercise of options granted under Bank Niaga's Employee Share Option Scheme.
- d) Issuance of Commercial Paper ("CPS") Issuance Programme ("CP Programme") and Medium Term Notes ("MTNS") Issuance Programme ("MTN programme") with aggregate issuance limit of up to RM250,000,000 nominal value CPS and/or MTNS (collectively referred to as the "Programmes") by CIMBB.

A7. DIVIDEND PAID

A total dividend of RM 292.7 million was paid on 11 May 2005 as a final dividend of 10.0 sen (less tax) and special dividend of 5.0 sen (less tax) in respect of financial year ended 31 December 2004.

A8. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

No valuations of property, plant and equipment were carried out for this current period financial statements

A9. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the following announcements were made:-

- a) On 4 January 2006, the Company had announced that Bank Negara has through its letter dated 30 December 2005 informed that our wholly owned subsidiary, namely Commerce Takaful Berhad has been registered under Section 8 of the Takaful Act 1984 effective from 30 December 2005 to commence its general and family Takaful businesses.
- b) On 11 January 2006, the Company had announced that following the issuance/transfer of CIMBG Shares pursuant to the CIMBB Acquisition, BCB Acquisition and CIMBG Acquisition, the CIMBB Restructuring has been completed on 9 January 2006 based on the followings:
 - i) acquisition by CIMB Group Sdn Bhd ("CIMBG"), a wholly-owned subsidiary of CIMB Berhad ("CIMBB"), of all the assets (inclusive of its shareholdings in all its subsidiaries and associated companies) and liabilities of CIMBB ("CIMBB acquisition")
 - ii) acquisition by CIMBG of 2,063,920,111 ordinary shares of RM1.00 each in BCB held by BCHB representing approximately 99.998% of the issued and paid-up share capital of BCB ("BCB acquisition")
 - iii) acquisition by BCHB of all such ordinary shares of RM1.00 each in CIMBG held by CIMBB after the proposed CIMBB acquisition and BCB acquisition via a mandatory take-over offer ("CIMBG acquisition"); and
 - iv) section 176 scheme of arrangement involving CIMBB, BCHB and other shareholders of CIMBB in relation to the capital repayment of cash or share alternative in the form of new ordinary shares of RM1.00 each to be issued by BCHB ("BCHB shares") as at an entitlement date to be determined later, on the basis of approximately 1.146 new BCHB shares for every one (1) ordinary share of RM1.00 each in CIMBB ("CIMBB scheme").
- c) On 12 January 2006, the Company had announced on the incorporation of new subsidiary, PT Commerce Kapital. PT Commerce Kapital will hold at least 1% of PT Bank Niaga Tbk's shares which will be made unlisted in order to comply with the regulatory requirement of the Republic of Indonesia. PT Commerce Kapital is 99% and 1% owned by BCHB and CIMB Holdings Sdn Bhd respectively.
- d) The Company, had on 19 January 2006, announced that BNM has on 18 January 2006, informed that the Minister of Finance has approved the transfer of all shares of Commerce Assurance Berhad, Commerce Life Assurance Berhad and Commerce Takaful Berhad (collectively known as Licensees) held by BCHB to CIG, a wholly owned subsidiary of BCHB, pursuant to the restructuring of the insurance subsidiaries of the BCHB Group. CIG will effectively function as the holding company of the Licensees.
- e) On 8 February 2006, the Company had announced that it has noted that Southern Bank Berhad ("SBB") has discontinued negotiations with the Company for a possible merger.

The Company intends to continue discussions with shareholders of SBB who remain interested in a merger between BCHB and SBB.
- f) On 13 February 2006, the Company had announced that it has made an offer to SBB for the acquisition of its entire business and undertaking for cash and served a conditional notice of Voluntary General Offer (VGO) to acquire all of the outstanding shares and warrants of SBB for cash and new BCHB Redeemable Convertible Unsecured Loan Stocks (RCULS).

The VGO is conditional upon the sale of the entire business and undertaking of SBB to BCHB. For the acquisition of SBB's entire business and undertaking, BCHB is offering a purchase consideration of RM4.08 per share. With the RCULS valued at current market levels of 7 sen per SBB share, the effective price offered is approximately RM4.15 per share. This would entail maximum total cash outlay for both the business acquisition and VGO of RM6.348 billion.

The proposed merger would combine the leading position of CIMB group in treasury, investment banking and corporate banking as well as large consumer franchise with SBB's strengths in key segments of retail and SME banking to create a leading financial services group. The complementary businesses of CIMB Group and SBB would result in significant synergies which are expected from the revenue enhancement from greater cross-selling opportunities and cost savings from rationalization of operations.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

Save and except as earlier announced in the preceeding quarter, the consolidated financial statements for the financial period ended 31 December 2005 was prepared taking into consideration of the followings:-

- a) On 21 October 2005, the CIMB Berhad had announced that all the acquisition pursuant to the GK Goh Acquisition have now been completed.
- b) On 28 October 2005, the Company had announced on the acquisition of additional 45,161,500 Class B Shares for a total purchase consideration of Rp16.772 billion (or approximately RM6.31 million based on an illustrative exchange rate of Rp100 to RM0.0376)
- c) On 28 October 2005, the Company had announced on the incorporation of a new wholly owned company, Commerce International Group Berhad ("CIG") pursuant to the restructuring exercise of the Insurance subsidiaries of the BCHB Group. Subject to the approval of the authorities, CIG shall be the holding company of all the insurance subsidiaries of the BCHB Group namely Commerce Assurance Berhad, Commerce Life Assurance Berhad and Commerce Takaful Berhad.
- d) On 31 October 2005, the Company had announced that the Securities Commission ("SC") had via its letter dated 28 October 2005 approved the Proposals pursuant to Section 32(5) of the Securities Commission Act, 1993 and the Foreign Investment Committee Guideline on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests on the followings:
 - i) proposed acquisition by CIMB Group Sdn Bhd ("CIMBG"), a wholly-owned subsidiary of CIMB Berhad ("CIMBB"), of all the assets (inclusive of its shareholdings in all its subsidiaries and associated companies) and liabilities of CIMBB ("Proposed CIMBB acquisition")
 - ii) proposed acquisition by CIMBG of 2,063,920,111 ordinary shares of RM1.00 each in BCB held by BCHB representing approximately 99.998% of the issued and paid-up share capital of BCB ("Proposed BCB acquisition")
 - iii) proposed acquisition by BCHB of all such ordinary shares of RM1.00 each in CIMBG held by CIMBB after the proposed CIMBB acquisition and proposed BCB acquisition via a mandatory take-over offer ("Proposed CIMBG acquisition"); and
 - iv) proposed section 176 scheme of arrangement involving CIMBB, BCHB and other shareholders of CIMBB in relation to the capital repayment of cash or share alternative in the form of new ordinary shares of RM1.00 each to be issued by BCHB ("BCHB shares") as at an entitlement date to be determined later, on the basis of approximately 1.146 new BCHB shares for every one (1) ordinary share of RM1.00 each in CIMBB ("CIMBB share") ("Proposed CIMBB Scheme").
- e) On 18 November 2005, the Company had announced on the acquisition of additional 32,037,500 Class B Shares for a total purchase consideration of Rp10.511 billion (or approximately RM3.98 million based on an illustrative exchange rate of Rp100 to RM0.0378).
- f) On 1 December 2005, the Company had announced on the acquisition of additional 10,160,000 Class B Shares for a total consideration of Rp3.660 billion (or approximately RM1.38 million based on an illustrative exchange rate of Rp100 to RM0.0376).
- g) On 1 December 2005, CIMB Berhad had announced that Bumiputra-Commerce Bank Berhad ("BCB") and Bumiputra-Commerce Finance Berhad ("BCF") had entered into business transfer agreement ("BTA") to give effect to the Proposed Transfer, an integral part of the Proposed Merger.
- h) On 13 December 2005, the Company had announced on the acquisition of additional 30,450,000 Class B Shares for a total consideration of Rp11.481 billion (or approximately RM4.33 million based on an illustrative exchange rate of Rp100 to RM0.0377).
- i) On 16 December 2005, CIMB Berhad had announced that Bursa Malaysia Securities Berhad had via its letter dated 12 December 2005, which was received on 15 December 2005, approved in-principle, the listing of new BCHB shares to be issued pursuant to the Proposed CIMBB Scheme.
- j) On 23 December 2005, CIMB Berhad had announced that the conditions precedent for the reconstruction agreement between CIMBB and CIMBG dated 19 August 2005 for the Proposed CIMBB Acquisition and the restructuring agreement between BCHB and CIMBG dated 19 August 2005 for the Proposed BCB Acquisition have been fulfilled.

A11. SECURITIES HELD-FOR-TRADING

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
At fair value		
Quoted		
Malaysian Government securities	519,617	447,983
Cagamas bonds	74,177	171,275
Khazanah bonds	4,350	-
Unquoted		
Malaysian Government treasury bills	29,596	34,703
Malaysian Government investment certificates	4,998	-
Bank Negara Malaysia bills	218,451	-
Bank Negara negotiable notes	-	1,273
Negotiable instruments of deposit	1,082,933	850,000
Banker's acceptances	23,071	47,771
Private debt securities	171,655	287,584
Credit-linked notes	375,208	343,160
Other Government's securities	19,102	84,146
Commercial papers	-	9,730
	2,523,158	2,277,625
Quoted securities		
<u>In Malaysia</u>		
Warrants	2,376	11,261
Shares	275,543	274,838
Loan stocks	125	7,043
Unit Trusts	240,952	253,861
<u>Outside Malaysia</u>		
Shares	101,572	773
Private debt securities	603,006	205,480
	3,746,732	3,030,881
Unquoted securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	4,369,083	2,202,837
Shares	5,000	12,957
Bonds	704,935	697,263
<u>Outside Malaysia</u>		
Private debt securities	25,573	43,614
Unit trusts	-	12,987
Bonds	704,804	555,601
	9,556,127	6,556,140

A12. SECURITIES AVAILABLE-FOR-SALE

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
At fair value		
Quoted		
Malaysian Government securities	713,068	1,531,305
Cagamas bonds	580,296	680,673
Khazanah bonds	164,674	195,950
Unquoted		
Malaysian Government treasury bills	9,943	63,088
Malaysian Government bonds	2,329	54,550
Bank Negara Malaysia bills	92,477	1,107
Danaharta bonds	-	17,520
Banker's acceptance, Islamic accepted bills and Islamic debt securities	-	770
Private debt securities	3,355,290	3,033,613
Other Government's securities	-	3,629
Floating rate notes	20,440	33,383
Commercial papers	-	38,856
	4,938,517	5,654,444
Quoted securities		
<u>In Malaysia</u>		
Shares	204,184	209,597
Bonds	-	3,490
Warrants	690	452
Unit trust	13,260	13,820
<u>Outside Malaysia</u>		
Private debt securities	-	173,469
Shares	-	6,357
Bonds	1,542,359	1,524,060
Mutual funds	-	19,431
Unquoted securities		
<u>In Malaysia</u>		
Private and islamic debt securities	955,805	2,292,891
Shares	417,880	400,260
Bonds	6,291	871,382
Loan stocks	36,204	44,585
Property trust	16,051	21,203
Unit trust	-	473,227
<u>Outside Malaysia</u>		
Private debt securities	-	7,596
Shares	18,460	10,659
Bonds	-	257,539
Mutual funds	11,294	-
Private equity funds	41,512	34,817
	3,263,990	6,364,835
	8,202,507	12,019,279
Allowance for impairment loss:		
Private debt securities	(409,334)	(365,843)
Quoted shares	(23,101)	(15,011)
Unquoted shares	(10,723)	(12,805)
Loan stocks	-	(3,938)
	7,759,349	11,621,682

A13. SECURITIES HELD-TO-MATURITY

	Group	
	31/12/2005	31/12/2004
	RM'000	RM'000
Quoted securities outside Malaysia		
Bonds	29,146	25,491
Unquoted securities		
<u>In Malaysia</u>		
Danaharta Urus Sdn Bhd ("DUSB") bonds	1,718,596	1,890,310
Private debt securities	391,827	391,826
Other Government's securities	21,748	11,878
Other Government's treasury bills	122,335	85,229
<u>Outside Malaysia</u>		
Bonds	19,993	20,938
	2,303,645	2,425,672
Accretion of discount net of amortisation of premium	116,864	265,894
	2,420,509	2,691,566

A14. LOANS, ADVANCES AND FINANCING
(i) By type

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Overdrafts	3,935,242	3,535,536
Term loans/financing		
- Housing loans/financing	12,445,596	10,462,512
- Syndicated term loans/financing	4,659,768	4,419,881
- Hire purchase receivables	10,542,325	9,238,436
- Lease receivables	272,505	231,303
- Factoring receivables	190,007	229,760
- Other term loans/financing	21,920,406	20,274,990
Bills receivable	373,568	403,679
Trust receipts	1,048,353	885,763
Claims on customer under acceptance credits	6,553,531	6,363,058
Subordinated debt	127,277	127,277
Staff loans *	604,870	598,096
Credit card receivables	531,364	333,176
Revolving credits	10,839,659	10,196,037
Share margin financing	339,332	127,619
Other loans	291,305	67,633
	74,675,108	67,494,756
Less : Unearned interest	(2,099,564)	(1,906,588)
	72,575,544	65,588,168
Gross loans, advances and financing	72,575,544	65,588,168
Provision for bad and doubtful debts		
- Specific allowance (SA)	(2,305,753)	(1,919,403)
- General allowance (GA)	(1,173,911)	(1,065,735)
Total net loans, advances and financing	69,095,880	62,603,030

* Included in staff loans of the Group are loans to directors amounting to RM 435,952 (2004: RM 484,834)

(ii) By type of customers

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Domestic banking institutions	294,997	60,877
Domestic non-bank financial institutions		
- Stockbroking companies	41,057	80,025
- Others	3,400,377	1,829,157
Domestic business enterprises		
- Small medium enterprises	13,201,946	11,884,540
- Others	20,308,750	18,378,591
Government and statutory bodies	49,516	58,487
Individuals	28,047,147	23,059,186
Other domestic entities	2,138,733	4,637,934
Foreign entities	5,093,021	5,599,371
	72,575,544	65,588,168

(iii) By interest/profit rate sensitivity

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Fixed rate		
- Housing financing	2,001,692	1,454,580
- Hire-purchase receivables	8,738,993	7,881,032
- Other fixed rate loans	14,272,961	12,242,257
Variable rate		
- BLR plus	34,294,484	28,860,513
- Cost-plus	10,229,534	10,479,873
- Other variable rates	3,037,880	4,669,913
	72,575,544	65,588,168

A14. LOANS, ADVANCES AND FINANCING
(iv) By economic purposes

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Agriculture	2,358,609	2,351,314
Mining and quarrying	173,653	145,982
Manufacturing	11,495,572	11,796,258
Electricity, gas and water	1,444,836	1,598,257
Construction	5,025,893	4,286,970
Real estate	938,401	1,011,881
Purchase of landed property :		
- Residential	12,900,905	10,886,480
- Non-residential	2,497,003	2,346,956
Wholesale & retail trade and restaurants & hotels	6,683,626	6,308,368
Transport, storage and communication	3,968,574	3,824,000
Finance, insurance and business services	6,690,546	5,447,575
Purchase of securities	4,035,719	3,252,260
Purchase of transport vehicles	9,035,388	7,689,506
Consumption credit	2,057,901	1,858,705
Others	3,268,918	2,783,656
	72,575,544	65,588,168

(v) Non-performing loans by sector

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Agriculture	146,952	122,177
Mining and quarrying	12,846	11,348
Manufacturing	902,709	665,290
Electricity, gas and water	363,508	277,671
Construction	519,355	377,716
Real estate	117,816	128,341
Purchase of landed property :		
- Residential	1,977,711	2,075,250
- Non-residential	344,139	313,613
General commerce	429,158	378,292
Transport, storage and communication	105,298	155,543
Finance, insurance and business services	188,552	177,104
Purchase of securities	292,808	324,450
Purchase of transport vehicles	546,282	897,115
Consumption credit	220,482	197,650
Others	138,782	176,469
	6,306,398	6,278,029

(vi) Movement in the non-performing loans, advances and financing

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Balance as at 1 January	6,278,029	5,212,499
NPL during the year	4,249,222	4,186,188
Performing during the year	(2,409,192)	(1,306,591)
Recoveries	(1,143,362)	(929,688)
Amount written off	(650,196)	(864,765)
Exchange fluctuation	(18,103)	(19,614)
Balance as at 31 December	6,306,398	6,278,029
Specific allowance	(2,305,753)	(1,919,403)
Net non-performing loans, advances and financing	4,000,645	4,358,626

A14. LOANS, ADVANCES AND FINANCING**Classification of non-performing loans**

Sub-standard	1,589,795	2,156,987
Doubtful	588,930	785,311
Bad debts	4,127,673	3,335,731
Balance as at 31 December	<u>6,306,398</u>	<u>6,278,029</u>
Total net loans, advances and financing	<u>69,095,880</u>	<u>62,603,030</u>
Net non-performing loans (as % of total loans)	4,000,645 5.79%	4,358,626 6.96%

(vii) Movements in the allowance for bad and doubtful debts and financing

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

	Group	
	31/12/2005	31/12/2004
	RM'000	RM'000
General allowance		
Balance as at 1 January	1,065,735	956,790
Net allowance made during the year	131,872	109,166
Amount transferred to specific allowance	(10,627)	-
Allowance for loans in relation to loans in jointly controlled entities	17,677	6,202
Exchange fluctuation	(30,746)	(6,423)
Balance as at 31 December	<u>1,173,911</u>	<u>1,065,735</u>
(as % of gross loans, advances and financing less SA)	1.7%	1.7%
Specific allowance		
Balance as at 1 January	1,919,403	1,713,758
Net allowance made during the year	1,507,535	1,420,001
Amount transferred from general allowance	10,627	-
Amount recovered	(525,326)	(300,678)
Amount written off	(651,770)	(884,806)
Amount transferred in respect of loan converted to bond	-	(7,777)
Allowance for loans in relation to loans in jointly controlled entities	7,294	2,071
Exchange fluctuation	37,990	(23,166)
Balance as at 31 December	<u>2,305,753</u>	<u>1,919,403</u>

A15. OTHER ASSETS

	Group	
	31/12/2005	31/12/2004
	RM'000	RM'000
Interest receivable	414,866	404,639
Due from brokers and clients net of allowance for doubtful debts	622,464	538,128
Other debtors, deposits and prepayments net of allowance for doubtful debts	1,215,720	1,023,319
Due from insurers, brokers and reinsurers net of allowance for doubtful debts	111,242	6,863
Foreclosed properties net of allowance for impairment in value	47,453	59,483
	<u>2,411,745</u>	<u>2,032,432</u>

A16. DEPOSITS FROM CUSTOMERS

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
<u>By type of deposits</u>		
Demand deposits	17,491,203	17,239,634
Savings deposits	6,932,108	6,966,598
Fixed deposits	46,912,868	47,564,463
Negotiable instruments of deposit	2,360,893	985,302
Others	626,515	1,349,178
	74,323,587	74,105,175
 <u>By type of customers</u>		
Government and statutory bodies	6,079,260	7,075,201
Business enterprises	37,759,417	35,638,215
Individuals	19,221,935	18,232,564
Others	11,262,975	13,159,195
	74,323,587	74,105,175

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Licensed banks	6,277,272	5,560,111
Licensed finance companies	75	75,081
Licensed merchant banks	302,420	424,000
Bank Negara Malaysia	74,139	15,756
Other financial institutions	762,742	1,442,921
	7,416,648	7,517,869

A18. OTHER LIABILITIES

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Interest payable	492,359	487,395
Deferred taxation	13,690	22,106
Due to brokers and clients	563,351	454,333
Short-term borrowings	81,042	563,228
Insurance fund - life insurance business	971,631	750,841
Insurance fund - general insurance business	335,265	274,690
Amount due to Bank Muamalat Malaysia Berhad	-	22,641
Provision for commitments and contingencies	3,776	2,293
Post employment benefit obligations	92,023	76,292
Zakat	5	14
Others	1,834,976	1,326,212
	4,388,118	3,980,045

A19. SHORT-TERM BORROWINGS

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Revolving credit facilities	81,042	449,228
USD term loan	-	114,000
	81,042	563,228

A20. INTEREST INCOME

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Loans and advances		
- Interest income other than recoveries	4,159,981	3,647,323
- Recoveries from NPLs	245,578	213,715
Money at call and deposit with financial institutions	579,270	542,555
Securities held-for-trading	357,047	343,210
Securities available-for-sale	514,960	579,138
Securities held-to-maturity	15,952	16,453
Others	210,110	68,177
	6,082,898	5,410,571
Accretion of discount less amortisation of premium	73,412	87,180
Net interest suspended	(131,180)	(226,439)
	6,025,130	5,271,312

A21. INTEREST EXPENSE

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Deposits and placements of banks and other financial institutions	518,811	560,574
Deposit from other customers	2,010,051	1,650,560
Obligation on securities sold under repurchase agreements	65,756	54,655
Bonds	97,165	104,039
Loan stocks/ICULS	72,998	64,117
Subordinated notes	76,137	58,111
Others	197,965	88,745
	3,038,883	2,580,801

A22. NON-INTEREST INCOME

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Fee income :		
Commissions	170,809	164,921
Fee on loans and advances	173,334	121,907
Portfolio management fees	16,325	46,013
Service charges and fees	169,172	133,183
Corporate advisory fees	58,171	59,985
Guarantee fees	59,700	57,992
Other fee income	201,993	170,892
	849,504	754,893
Investment income :		
Gain from sale of securities available-for-sale	266,562	124,228
Gain from sale of securities held-for-trading and derivatives	80,289	96,786
Unrealised gain/(loss) on revaluation of :		
- Securities held-for-trading	(97,116)	139,552
- Derivative financial instruments	101,341	(107,289)
Gross dividends from :		
<u>Malaysia</u>		
- Securities held-for-trading	20,484	15,708
- Securities available-for-sale	8,782	3,915
<u>Outside Malaysia</u>		
Gain on disposal of associate	-	5,116
(Loss)/gain on disposal of interest in subsidiary	(4,267)	73,371
	376,075	351,387

A22. NON-INTEREST INCOME

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Other income :		
Foreign exchange gain		
- Realised	99,174	72,181
- Unrealised	23,882	16,759
Rental income	5,520	10,717
Gain on disposal of fixed assets	2,761	186
Gain on disposal of leased assets	241	122
Net gain from insurance business	-	2,224
Underwriting surplus before management expenses	76,442	50,171
Net brokerage fee	119,002	95,367
Other non-operating income	160,031	95,469
	487,053	343,196
	1,712,632	1,449,476

A23. OTHER OPERATING EXPENSES

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Personnel costs		
- Salaries allowances and bonuses	818,132	590,393
- Pension cost (defined contribution plans)	76,361	66,453
- Pension cost (defined benefit plans)	30,753	19,212
- Others	177,543	257,593
Establishment costs		
- Depreciation	149,183	128,418
- Rental	104,319	87,823
- Insurance	13,623	12,082
- Others	243,653	193,944
Marketing expenses		
- Sales commission	38,285	68,324
- Advertisement	64,444	61,046
- Others	27,038	16,263
Administration and general expenses		
- Amortisation of goodwill	24,361	13,196
- Legal & professional fees	92,117	41,082
- Communication	57,407	32,574
- Others	360,880	365,004
	2,278,099	1,953,407

A24. ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Allowance for bad and doubtful debts :		
Specific allowance		
- Made in the financial year	1,507,535	1,420,001
- Written back	(525,326)	(300,678)
General allowance		
- Made in the financial year	131,872	109,166
Bad debts and financing :		
- recovered	(93,273)	(107,391)
- written off	1,055	1,337
	1,021,863	1,122,435

A25. COMMITMENTS AND CONTINGENCIES

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

Risk-weighted Exposures of the Group as at

	31/12/2005		31/12/2004			
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	4,047,929	4,047,929	1,964,139	3,079,400	3,079,400	2,310,163
Transaction-related contingent items	3,331,837	1,774,632	1,135,033	2,865,650	1,432,826	965,868
Short-term self-liquidating trade-related contingencies	2,968,051	593,611	174,346	3,297,660	659,532	522,013
Obligations under underwriting agreement	397,761	198,881	190,614	390,493	195,245	187,246
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	21,301,566	1,721,975	158,149	20,710,987	-	-
- maturity exceeding one year	4,583,951	2,014,955	1,615,646	3,886,611	1,943,306	1,083,764
Foreign exchange related contracts	13,825,500	433,752	144,060	10,764,283	253,960	62,129
Interest rate related contracts	93,888,011	1,443,399	382,066	157,807,369	1,129,385	245,825
Equity related contracts	209,721	-	-	47,759	-	-
Commodity related contracts	8,533	-	-	-	-	-
Miscellaneous commitments and contingencies	4,916,884	4,893	-	5,736,705	-	-
	149,479,744	12,234,027	5,764,053	208,586,917	8,693,654	5,377,008

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

A26. OFF-BALANCE SHEET RISK

Value of contracts classified by the remaining period to maturity/next repricing date (Whichever earlier)

Group	Principal Amount RM'000	1 month or less RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000	Margin requirements
Foreign exchange related contracts								
- forwards	9,686,555	4,122,102	2,597,079	1,152,014	414,860	1,400,500	-	-
- swaps	3,010,140	649,183	341,796	842,800	-	850,130	326,231	-
- foreign exchange swaps	1,128,805	388,616	553,606	56,368	130,215	-	-	-
Interest rate related contracts								
- futures	31,944,242	-	996,566	2,576,720	5,007,426	19,543,921	3,819,609	41,527
- swaps	58,912,369	4,546,426	1,634,907	2,663,411	4,334,590	43,401,919	2,331,116	-
- options	3,031,400	480,350	576,050	200,000	600,000	1,175,000	-	-
Equity related contracts								
- futures	39,094	39,094	-	-	-	-	-	1,553
- options	170,627	-	-	-	-	170,627	-	-
Commodity related contracts								
- options	8,533	-	8,533	-	-	-	-	-
Total	107,931,765	10,225,771	6,708,537	7,491,313	10,487,091	66,542,097	6,476,956	43,080

Foreign exchange related contract and interest rate related contracts are subject to market risk 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 sheets positions. As at the end of the financial quarter, the amount of contracts which were not hedged and, hence, exposed to market risk was RM4,380,843,998 (31/12/2004:RM2,152,367,000).

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 Group has a gain position. As at the end of the financial quarter, the amounts of credit risk, measured in term of the cost to replace the profitable contracts, was RM1,810,129,455 (31/12/2004:RM1,417,530,000). This 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

The accounting policies applied for recognising the financial instruments concerned are the same as those applied for the financial year ended 31 December 2004.

A27. INTEREST/PROFIT RATE RISK

As at 31 December 2005	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	9,987,919	-	-	-	-	2,090,226	-	12,078,145	2.81
Securities purchased under resale agreement	1,392,935	2,830,870	249,758	-	-	-	-	4,473,563	2.91
Deposits and placements with banks and other financial institutions	165,453	533,677	655,009	813	-	-	-	1,354,952	4.65
Securities held-for-trading	1,451,248	578,594	753,224	2,349,336	1,744,323	882,624	9,556,127	9,556,127	4.18
Securities available-for-sale	52,767	542,276	181,769	370,505	1,273,192	-	-	7,759,349	6.65
Securities held-to-maturity	68,063	-	202	-	-	-	317,475	2,420,509	1.53
Derivatives financial instruments	-	-	-	-	-	-	-	385,740	13.51
Loans, advances and financing	36,018,312	4,411,626	9,006,600	8,761,252	8,071,356	-	-	66,269,146	6.75
- performing	-	-	-	-	-	2,826,734	-	2,826,734	-
- non-performing	-	-	-	-	-	2,044,776	107,263	2,411,745	-
Other assets	257,650	852	484	661	59	359,478	-	359,478	9.03
Deferred taxation	-	-	-	-	-	281,355	-	281,355	-
Tax recoverable	-	-	-	-	-	1,659,940	-	1,659,940	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	95,583	-	95,583	-
Associates	-	-	-	-	-	118,722	-	118,722	-
Jointly controlled entities	-	-	-	-	-	940,258	-	940,258	-
Fixed assets	-	-	-	-	-	534,618	-	534,618	-
Goodwill	-	-	-	-	-	-	-	-	-
Total assets	49,394,347	8,897,895	10,847,046	11,482,567	11,088,930	11,834,314	9,980,865	113,525,964	
Liabilities and Shareholders' Funds									
Deposits from customers	39,543,964	10,116,243	11,880,879	783,156	653	11,998,692	-	74,323,587	3.15
Deposits and placements of banks and other financial institutions	3,015,148	2,129,883	1,964,773	303,547	-	3,297	-	7,416,648	3.17
Derivative financial instruments	147,695	-	-	-	-	-	366,490	514,185	-
Obligations on securities sold under repurchase agreements	5,281,225	35,496	-	-	-	-	-	5,316,721	2.60
Bills and acceptances payable	1,115,694	1,348,897	68,783	-	-	762,082	-	3,295,456	2.95
Floating rate certificates of deposits	226,770	-	-	-	-	-	-	226,770	-
Other liabilities	-	4	309	4,816	-	4,382,989	-	4,388,118	2.59
Taxation	-	-	-	-	-	104,610	-	104,610	-
Amount due to Cagamas Berhad	-	24,935	94,385	1,516,627	739,382	-	-	2,375,329	6.95
Loan stocks	-	-	-	169,362	613,401	-	-	782,763	-
Bonds	-	-	-	428,708	-	500,000	-	928,708	6.53
ICULS	-	-	-	-	667,000	(622,318)	-	44,682	7.50
Other borrowings	32,716	58,554	684,851	121,009	-	(67,237)	-	829,893	3.56
Subordinated notes	-	-	-	1,872,016	-	-	-	1,872,016	5.13
Total liabilities	49,363,212	13,714,012	14,693,980	5,199,241	2,020,436	17,062,115	366,490,000	102,419,486	
Shareholders' equity	-	-	-	-	-	9,637,453	-	9,637,453	-
Minority interest	-	-	-	-	-	1,269,025	-	1,269,025	-
Preference shares	-	-	-	-	-	200,000	-	200,000	-
Total liabilities and shareholders' funds	49,363,212	13,714,012	14,693,980	5,199,241	2,020,436	28,168,593	366,490,000	113,525,964	
On-balance sheet interest rate gap	31,135	(4,816,117)	(3,846,934)	6,283,326	9,068,494	-	-	-	-
Total interest rate gap	31,135	(4,816,117)	(3,846,934)	6,283,326	9,068,494				

As at 31 December 2004	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	15,140,100	-	-	-	-	1,494,834	-	16,634,934	2.76
Securities purchased under resale agreement	2,598,497	1,849,704	34,677	16,030	-	-	-	4,498,908	2.87
Deposits and placements with banks and other financial institutions	-	1,090,793	342,144	10,110	-	-	-	1,443,047	2.90
Securities held-for-trading	-	-	-	-	-	-	6,556,140	6,556,140	4.11
Securities available-for-sale	1,794,969	1,407,553	1,600,299	4,128,253	2,248,780	441,828	-	11,621,682	5.38
Securities held-to-maturity	5,885	16,335	1,173,741	1,340,202	124,861	30,542	-	2,691,566	6.26
Derivative financial instruments	47,668	-	-	1,061	-	-	239,247	287,976	-
Loans, advances and financing									
- performing	34,133,947	3,638,893	5,197,008	7,363,633	8,528,489	-	-	58,861,970	7.25
- non-performing	-	-	-	-	-	3,741,060	-	3,741,060	-
Other assets	603,516	97	-	-	-	1,428,819	-	2,032,432	9.17
Deferred tax assets	-	-	-	-	-	307,867	-	307,867	-
Tax recoverable	-	-	-	-	-	446,563	-	446,563	-
Satutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,934,890	-	1,934,890	-
Associates	-	-	-	-	-	71,145	-	71,145	-
Jointly controlled entities	-	-	-	-	-	121,416	-	121,416	-
Fixed assets	-	-	-	-	-	779,492	-	779,492	-
Goodwill	-	-	-	-	-	351,503	-	351,503	-
Total assets	54,324,582	8,003,375	8,347,869	12,859,289	10,902,130	11,149,959	6,795,387	112,382,591	
Liabilities and Shareholders' Funds									
Deposits from customers	36,226,656	10,054,327	13,294,750	4,145,464	-	10,383,978	-	74,105,175	2.55
Deposits and placements of banks and other financial institutions	4,237,712	2,178,214	1,097,437	-	-	4,506	317,595	7,517,869	2.85
Derivative financial instruments	194,189	-	-	-	-	-	-	511,784	-
Obligations on securities sold under repurchase agreements	5,300,701	305,563	-	-	-	-	-	5,606,264	2.53
Bills and acceptances payable	1,278,032	892,998	251,781	-	-	607,126	-	3,029,937	2.47
Floating rate certificates of deposits	228,000	114,000	-	-	-	-	-	342,000	-
Other liabilities	261,773	36	114,051	-	-	3,604,185	-	3,980,045	3.23
Taxation	-	-	-	-	-	48,772	-	48,772	-
Amount due to Cagamas Berhad	57,944	2,472	-	1,841,393	440,013	-	-	2,283,878	6.33
Loan stocks	-	-	-	120,402	600,000	-	-	778,346	6.09
Bonds	-	-	-	912,118	-	-	-	912,118	8.10
ICULS	-	-	-	-	45,216	-	-	45,216	7.50
Other borrowings	100,577	456,000	1,103,024	45,056	-	-	-	1,704,657	3.21
Subordinated notes	-	-	-	1,516,214	-	-	-	1,516,214	-
Total liabilities	47,885,584	14,003,610	15,861,043	8,580,647	1,085,229	14,648,567	317,595	102,382,275	
Shareholders' equity	-	-	-	-	-	8,959,476	-	8,959,476	-
Minority interest	-	-	-	-	-	840,840	-	840,840	-
Preference shares	-	-	-	-	-	200,000	-	200,000	-
Total liabilities and shareholders' funds	47,885,584	14,003,610	15,861,043	8,580,647	1,085,229	24,648,883	-	112,382,591	
On-balance sheet interest rate gap	6,438,998	(6,000,235)	(7,513,174)	4,278,642	9,816,901				
Total interest rate gap	6,438,998	(6,000,235)	(7,513,174)	4,278,642	9,816,901				

A28. CAPITAL ADEQUACY

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
The capital adequacy ratios are as follows:		
Tier I capital	8,158,529	6,597,911
Eligible Tier II capital	3,690,372	3,291,819
	<u>11,848,901</u>	<u>9,889,730</u>
less:		
Investment in subsidiary companies and holding of other banking institutions' capital	(761,306)	(737,696)
Capital base	<u>11,087,595</u>	<u>9,152,034</u>
Core capital ratio	11.20%	9.96%
Risk-weighted capital ratio	<u>15.23%</u>	<u>13.81%</u>
Core capital ratio (net of proposed dividend)	11.12%	9.73%
Risk-weighted capital ratio (net of proposed dividend)	<u>15.14%</u>	<u>13.59%</u>

Components of Tier I and Tier II capitals are as follows:

Tier I capital		
Paid-up capital	2,676,884	2,598,846
Share premium	1,634,162	1,200,012
Other reserves	4,096,697	3,019,743
Deferred tax liabilities/(assets)	(249,214)	(220,690)
Total Tier I capital	<u>8,158,529</u>	<u>6,597,911</u>
Tier II capital		
Subordinated loans	667,000	718,825
Subordinated notes issued	1,922,124	1,519,403
General allowance for bad and doubtful debts	1,003,159	949,771
Other	98,089	103,820
Total Eligible Tier II capital	<u>3,690,372</u>	<u>3,291,819</u>
Less :		
Investments in subsidiaries and holding of other banking institutions' capital	(761,306)	(737,696)
Capital base	<u>11,087,595</u>	<u>9,152,034</u>

Breakdown of risk-weighted assets in the various categories of risk-weighted is as follows:

	Risk Weighted RM'000	Risk Weighted RM'000
0%	19,852,781	22,782,638
10%	1,008,559	1,213,197
20%	11,929,330	18,709,519
50%	13,604,068	14,235,067
100%	58,434,356	55,289,804
Total risk weighted assets equivalent for credit risk	<u>67,723,112</u>	<u>66,270,561</u>
Total risk weighted assets equivalent for market risk	5,099,953	-
Total risk weighted asset	<u>72,823,065</u>	<u>66,270,561</u>

The above capital adequacy ratio calculations are based on the guidelines issued by Bank Negara Malaysia to the banking institutions. Although the Company is not subject to the above guidelines, disclosure of the capital adequacy ratios made on a voluntary basis.

A29. SEGMENTAL REPORTING

For management purposes, the Group is organised into eight major operating divisions. The divisions form the basis on which the Group reports its primary segment information. **Corporate and institutional banking** focuses on the large listed corporations, multinational companies, Federal and State Government clients. It promotes traditional banking products, project financing, corporate loans, margin lending and others. Included under Corporate Banking are offshore activities carried out by Bumiputra-Commerce Bank (L) Limited, the offshore banking arm for the Group. Borrowing and lending facilities are offered in major currencies mainly to corporate clients.

Business banking focuses on middle market customers. It promotes trade finance and overdraft facilities for small and medium enterprises. Also, included under this segment is the commercial banking and related financial services of South East Asian Bank Limited, which focuses predominantly on the middle market customers. Leasing and financing activities carried out by Bumiputra-Commerce Factors Lease Berhad ("BCFLB") (previously known as Bumiputra-Commerce Leasing Berhad) which clientele consist of mainly middle market customers have also been included in this segment.

Retail banking focuses on individual customers and small businesses. It promotes products such as residential mortgages, shophouse loans, shares financing and other various type of retail and consumer loans.

Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and capital market instruments trading.

Financial advisory, underwriting and other fees mainly comprise fees derived from structured financial solutions, origination of capital market products including debt and equity, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

Debt related mainly comprises of proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It includes the origination of lending products such as corporate loans and margin lending. It also invests in proprietary capital.

Equity related mainly comprises institutional and retail broking business for securities listed on Bursa Malaysia Securities Berhad. It also includes income from trading and investing in domestic and regional equities market.

Support and others Support comprises all back-office processes, cost centres and non-profit generating divisions in the subsidiary bank. Other business segments in the Group include investment holding, fund management, unit trust manager, life assurance business, offshore activities and other related financial services, whose results are not material to the Group and thus do not render separate disclosure in the financial statements and have been reported in aggregate.

	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury RM'000	Financial advisory and underwriting business RM'000	Debt business RM'000	Equity business RM'000	Asset management and securities services RM'000	Support and others RM'000	Total RM'000
31 December 2005										
Net interest income	1,222,568	762,874	354,411	505,578	-	209,062	-	-	(68,246)	2,986,247
-external	133,199	(13,768)	175,922	(309,210)	-	-	-	-	13,857	-
-inter-segment										
Non interest income	1,355,767	749,106	530,333	196,368	-	209,062	-	-	(54,389)	2,986,247
	302,903	191,282	205,777	285,876	166,626	170,290	171,667	48,603	193,709	1,736,733
Net Income	1,658,670	940,388	736,110	482,244	166,626	379,352	171,667	48,603	139,320	4,722,980
Overhead expenses	(768,685)	(225,146)	(102,397)	(37,937)	(52,121)	(90,733)	(114,885)	(33,065)	(790,029)	(2,214,998)
Profit before allowance	889,985	715,242	633,713	444,307	114,505	288,619	56,782	15,538	(650,709)	2,507,982
Allowance for losses on loans and financing	(475,800)	(494,772)	(60,787)	-	-	9,496	-	-	-	(1,021,863)
Allowance for other receivables	-	(134)	-	(1,729)	413	(5,631)	(9,219)	282	(594)	(16,612)
Provision for commitment & contingencies	-	(61)	-	-	-	-	-	-	(623)	(684)
Allowance for impairment of securities	-	-	-	(62,883)	-	-	-	-	(37,753)	(100,636)
Segment result	414,185	220,275	572,926	379,695	114,918	292,484	47,563	15,820	(689,679)	1,368,187
Unallocated costs	-	-	-	-	-	-	-	-	(38,740)	(38,740)
Share of results of associates	-	-	-	-	-	-	-	-	10,223	10,223
Share of results of jointly controlled entities	(1,824)	-	-	-	-	-	-	-	-	(1,824)
Goodwill amortisation	-	-	-	-	-	-	-	-	(24,361)	(24,361)
Profit/(loss) before taxation and zakat	412,361	220,275	572,926	379,695	114,918	292,484	47,563	15,820	(742,557)	1,313,485
Taxation and zakat	-	-	-	-	-	-	-	-	(284,258)	(284,258)
Net profit for the period before minority interests	412,361	220,275	572,926	379,695	114,918	292,484	47,563	15,820	(1,026,815)	1,029,227

	Retail banking RM'000	Business banking RM'000	Corporate banking RM'000	Treasury RM'000	Financial advisory and underwriting business RM'000	Debt business RM'000	Equity business RM'000	Asset management and securities services RM'000	Support and others RM'000	Total RM'000
31 December 2004										
Net interest income	1,126,961	667,414	216,168	597,412	-	187,024	-	-	(104,468)	2,690,511
-external	124,183	15,359	208,215	(478,990)	-	-	-	-	131,233	-
-inter-segment										
Non interest income	1,251,144	682,773	424,383	118,422	-	187,024	-	-	26,765	2,690,511
	188,495	196,554	174,898	230,342	139,848	89,714	111,698	14,523	318,239	1,464,311
Net income	1,439,639	879,327	599,281	348,764	139,848	276,738	111,698	14,523	345,004	4,154,822
Overhead expenses	(683,230)	(207,287)	(86,915)	(25,844)	(50,340)	(71,552)	(26,562)	(7,498)	(743,338)	(1,902,566)
Profit before allowance	756,409	672,040	512,366	322,920	89,508	205,186	85,136	7,025	(398,334)	2,252,256
Allowance for losses on loans and financing	(323,047)	(538,859)	(291,656)	30,122	-	5,221	-	-	(4,216)	(1,122,435)
Allowance for other receivables	-	-	-	-	(14,826)	-	3,318	-	(19)	(11,527)
Provision for commitment and contingencies	-	-	-	-	-	-	-	-	(259)	(259)
Allowance for impairment of securities	-	-	-	(9,804)	-	(6,022)	-	-	1,019	(14,807)
Segment result	433,362	133,181	220,710	343,238	74,682	204,385	88,454	7,025	(401,809)	1,103,228
Unallocated costs	-	-	-	-	-	-	-	-	(37,645)	(37,645)
Share of results of jointly controlled entities	(3,509)	-	-	-	-	-	-	-	-	(3,509)
Share of results of associates	-	-	-	-	-	-	-	-	3,769	3,769
Goodwill amortisation	-	-	-	-	-	-	-	-	(13,196)	(13,196)
Profit before taxation	429,853	133,181	220,710	343,238	74,682	204,385	88,454	7,025	(448,881)	1,052,647
Taxation	-	-	-	-	-	-	-	-	(120,233)	(120,233)
Net profit for the period before minority interests	429,853	133,181	220,710	343,238	74,682	204,385	88,454	7,025	(569,114)	932,414

A30. OPERATION OF ISLAMIC BANKING

A30a Audited Balance Sheet as at 31 December 2005

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Assets		
Cash and short-term funds	755,969	486,192
Deposit and placement with banks and other financial institutions	5,000	100,000
Securities held-for-trading	13,978	53,209
Securities available-for-sale	109,403	-
Loans, advances and financing	15,893	-
Deferred tax	4,375	-
Satutory deposits with Bank Negara Malaysia	3,120	-
Other asset	3,537	956
Property, plant and equipment	9,878	-
TOTAL ASSETS	921,153	640,357
Liabilities and Islamic banking capital funds		
Deposits from customers	555,820	197,416
Deposits and placements of banks and other financial institutions	130,684	306,965
Bills and acceptances payable	694	-
Amount due to holding company	165	-
Amount due to related company	169	-
Provision for taxation and zakat	7,141	5,053
Long term borrowings	41,830	41,830
Other liabilities	7,385	5,271
TOTAL LIABILITIES	743,888	556,535
Islamic banking funds	169,683	69,683
Reserves	7,582	14,139
Islamic banking capital funds	177,265	83,822
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	921,153	640,357

A30b Audited Income Statements for the 4th Quarter and Twelve Months Ended 31 December 2005

	4th Quarter ended		Twelve months ended	
	31 December 2005 RM'000	31 December 2004 RM'000	31 December 2005 RM'000	31 December 2004 RM'000
Group				
Income derived from investment of depositors' funds	6,876	6,411	20,997	20,117
Transfer to/(from) profit equalisation reserve	1,886	3,195	2,348	(1,555)
Other expenses directly attributable to the investment of the depositors and Islamic Banking capital funds	(16)	(23)	(57)	(69)
Total attributable income	8,746	9,583	23,288	18,493
Income attributable to the depositors	(4,640)	(4,398)	(15,034)	(12,669)
Income attributable to the reporting institutions	4,106	5,185	8,254	5,824
Income derived from investment of Islamic Banking capital funds	11,038	2,787	15,847	9,011
Total net income	15,144	7,972	24,101	14,835
Allowance for losses on financing	(245)	206	(245)	206
Other operating expenses	(16,654)	(743)	(28,992)	(3,418)
(Loss)/profit before tax and zakat	(1,755)	7,435	(5,136)	11,623
Tax and zakat	1,587	(1,997)	523	(3,344)
Net (loss)/profit for the financial year	(168)	5,438	(4,613)	8,279

A30c Financing, advances and other loans**a) Financing, advances and other loans****i) By type**

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Cash	3	-
Term financing	22,417	-
	<u>22,420</u>	-
less: Unearned income	(6,282)	-
Gross financing, advances and other loans	16,138	-
Allowance for bad and doubtful financing		
- General	(245)	-
Total net financing, advances and other loans	<u>15,893</u>	-

b) Non-performing Financing**i) Movements in the allowance for bad and doubtful financing are as follows :**

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
General provision		
At 1 January	-	206
Net allowance made during the financial year	245	-
Amount written back during the financial year	-	(206)
Balance at 31 December	<u>245</u>	-
 (as % of gross financing, advances and other loans less specific allowance)	 <u>1.52%</u>	 -

A30d Deposits from customers**By type of deposits**

	Group	
	31/12/2005 RM'000	31/12/2004 RM'000
Non-Mudharabah Fund		
Demand deposits	5,906	-
Saving deposits	8,639	-
	<u>14,545</u>	-
Mudharabah Fund		
Saving deposits	8,361	-
Demand deposits	3,249	-
General investment deposits	301,390	-
Special investment deposits	123,230	197,416
Others	105,045	-
	<u>541,275</u>	<u>197,416</u>

A31. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

a) Change in Accounting Policies

During the twelve month ended 31 December 2005, the Group have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

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

i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity. The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statements.

iii) Securities available-for-sale

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

2) Derivative financial instrument are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivative is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

b) Prior Year Adjustments

	Group	
	2005 RM'000	2004 RM'000
Effects on retained profits :		
At 1 January, as previously reported	2,635,428	2,193,878
Effects of adopting the fair value accounting for securities held-for-trading	(69,990)	(82,838)
Effects of recognising previously recognised gain/ (loss) on securities available-for-sale to equity	51,350	74,209
Effects of adopting hedged accounting	(7,676)	-
At 1 January, as restated	<u>2,609,112</u>	<u>2,185,249</u>

	Group	
	2005 RM'000	2004 RM'000
Effects on revaluation reserves :		
At 1 January, as previously reported	-	-
Effects of adopting the fair value accounting for securities available for sale	198,053	119,690
At 1 January, as restated	<u>198,053</u>	<u>119,690</u>

c) Comparative Figures

	Group	
	As restated RM'000	As previously reported RM'000
Balance sheet as at 31 December 2004		
Dealing securities	-	8,295,118
Investment securities	-	12,173,949
Securities held-for-trading	6,556,140	-
Securities available-for-sale	11,621,682	-
Securities held-to-maturity	2,691,566	-
Deferred tax assets	285,761	321,347
Other assets	2,032,432	2,275,005
Other liabilities	3,957,939	4,277,563
Loan stocks	778,346	762,232
Subordinated notes	1,516,214	1,519,488
Reserves	<u>6,267,736</u>	<u>6,095,999</u>

	Group	
	As restated RM'000	As previously reported RM'000
Income statement for the year ended 31 December 2004		
Interest income	5,271,312	5,276,500
Interest expense	2,580,801	2,572,976
Non-interest income	1,464,311	1,473,968
Impairment of securities	14,807	-
Profit before tax and zakat	1,052,647	1,090,124
Tax and zakat	120,233	144,027
Profit after tax and zakat	932,414	946,097
Minority interests	197,874	193,870
Net profit for the financial year	<u>734,540</u>	<u>752,227</u>

B1. GROUP PERFORMANCE REVIEW

For the twelve months ended 31 December 2005, the Group recorded a PBT of RM1.313 billion; 24.8% higher compared to RM1.053 billion made in the previous year. The higher year-on-year Group PBT was mainly due to increase in total income by RM568.2 million and decrease in the level of allowance for losses on loans and financing by RM100.6 million despite increase in overhead expenses by RM324.7 million.

The main contributor to the Commerce Group's PBT was the BCB Group which registered RM548.4 million, or a contribution of 41.8%. The CIMB Berhad Group registered RM454.1 million, or a contribution of 34.6%. The PT Bank Niaga Group registered RM289.3 million, or a contribution of 22.0%.

At BCB Group, net interest income grew by 11% at the back of loans growth of 6%. Net interest margin was flat at 2.76%. Non interest income increased by 40% attributed by favourable mark to market derivative product coupled with higher commission, service and loan processing charges, exchange gain from depegged Malaysia Ringgit and realisation of deferred income from Asset Management Company (AMC) loan portfolio.

Overhead expenses increased by 11% due to Voluntary Separation Scheme cost recognized at BC Finance and higher IT service expenses at BCB Bank. Allowance for losses on loans was at RM964.9 million which was slightly lower by 1% against last year. The allowances for losses on loans were mainly for business banking and the hire purchase business.

At CIMB Berhad Group, it has registered another record year with PBT of RM454.1 million, up by 28% from the previous year. CIMB Berhad Group's result was further enhanced with the inclusion of CIMB-GK, which contributed its maiden six months earnings of RM24.8 million to the CIMB Berhad Group's earnings. All other income, namely, financial advisory and underwriting fees, net income from debt and equities business have contributed positively to the earnings.

Bank Niaga's PBT amounted to IDR 746 billion (FYE 04: IDR 754 billion). However, due to the weakening of Indonesian Rupiah (IDR), the PBT in RM terms decreased by 12% year on year.

Non interest income of Niaga was lower by 34% in view of exceptional gain from sale of fixed government bonds and gain on disposal of a subsidiary in 2004. However, it was off-setted by lower allowances on loans by 55% and higher net interest income by 10% year on year. The net interest income was higher on the back of loans growth of 39% year on year despite net interest margin was lower at 5.71% from 5.93% last year.

B2. COMPARISON WITH THE PRECEDING QUARTER'S RESULT

For the fourth quarter ended 31 December 2005, the Commerce Group had recorded a PBT of RM210.7 million, lower by 43.8% compared to the PBT of RM374.8 million registered in the third quarter of 2005. The major contributor to the Commerce Group's PBT for the fourth quarter was the BCB Group at RM107.9 million (3Q05: RM198.9 million). The CIMB Group has registered PBT of RM87.7 million (3Q05: RM89.5 million) and PT Bank Niaga Group has registered PBT of RM46.3 million (3Q05: RM66.3 million).

Quarter-on-quarter, the Group PBT was lower as a result of higher allowance for losses on loans by RM125.2 million and higher overhead expenses by RM94.8 million. Total income increased by RM125.4 million quarter on quarter.

Higher total income was mainly due to higher non interest income resulting from better performance from financial advisory, underwriting and other fee income in the fourth quarter.

Higher overhead expense was attributed to the Voluntary Separation Scheme recognized at BC Finance of RM31 million following the merger of BC Finance with BCB Bank prior to year end and the increase in provision for related staff costs and inclusion of CIMB-GK group overhead expenses.

Higher allowance for losses was due to the decision made by BCB to step up the special allowances of certain accounts in the business banking portfolio.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

In summarising the year, 2005 saw major transformation efforts within the Group mainly via the formation of a universal banking platform involving CIMB and BCB. Through the CIMB-GK acquisition and the substantial increase in our stake in Bank Niaga, the regional markets are becoming increasingly important to earnings diversification.

For 2006, we expect higher investment banking activities and treasury income as well as the intensified recovery efforts to be the key drivers for earnings growth as the rebuilding of retail and business banking continues. With greater combined financial muscle and group synergies, we will be able to offer both domestic and regional clients better value added propositions.

B4. TAXATION

	Group	
	Quarter	Cumulative
	31/12/2005	31/12/2005
	RM'000	RM'000
Major components of tax expense:		
Current tax expense	85,472	291,243
Deferred tax expense	(36,942)	(6,985)
	<u>48,530</u>	<u>284,258</u>
Reconciliation		
Profit before taxation	200,115	1,313,485
Tax at statutory income tax rate of 28%	56,032	367,776
Due to income not subject to income tax and expenses not deductible for tax purposes	(7,502)	(83,518)
	<u>48,530</u>	<u>284,258</u>

B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gain or loss on disposal of investments or properties other than in the ordinary course of business.

B6. PARTICULARS OF PURCHASE AND SALE OF QUOTED SECURITIES

	31/12/2005
	RM'000
Total investment at market value	<u>320,244</u>

The above disclosure is in respect of BCHB at the company level.

B7. STATUS OF CORPORATE PROPOSALS

There have been no corporate proposals other than that which have already been announced to Bursa Malaysia Securities Berhad.

B8. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group	
	31/12/2005	31/12/2004
	RM'000	RM'000
Deposits from customers		
- Demand deposits	17,491,203	17,239,634
- Saving deposits	6,932,108	6,966,598
- Fixed/Investment deposits	46,912,868	47,564,463
- Negotiable instruments of deposits	2,360,893	985,302
- Others	626,515	1,349,178
	<u>74,323,587</u>	<u>74,105,175</u>
Fixed deposits and negotiable instruments of deposits		
One year or less (short term)	48,563,164	46,419,480
More than one year (medium/long term)	710,597	2,130,285
	<u>49,273,761</u>	<u>48,549,765</u>
Deposits and placements of banks and other financial institutions		
One year or less (short term)	7,416,648	7,517,869
	<u>7,416,648</u>	<u>7,517,869</u>
Bonds and notes*		
Unsecured		
More than one year (medium/long term)	928,708	912,118
	<u>928,708</u>	<u>912,118</u>
* Including in bonds and notes for the current period is USD denominated bonds equivalent to USD122,812,500.		
Irredeemable Convertible Unsecured Loans Stocks		
Unsecured		
More than one year (medium/long term)	44,682	45,216
	<u>44,682</u>	<u>45,216</u>
Other borrowings**		
Unsecured		
One year or less (short term)	-	972,800
More than one year (medium/long term)	829,893	731,857
	<u>829,893</u>	<u>1,704,657</u>
** Including in other borrowings for the current period is USD denominated syndicated term loans equivalent to USD 140,000,000.		
Loans Stocks		
Unsecured		
More than one year (medium/long term)	782,763	778,346
	<u>782,763</u>	<u>778,346</u>
Subordinated Notes***		
Unsecured		
More than one year (medium/long term)	1,872,016	1,516,214
	<u>1,872,016</u>	<u>1,516,214</u>

*** US Denominated Subordinated Notes of USD 500,000,000.

B9. MATERIAL LITIGATION

At the date of this report, there was no pending material litigation of which would have materially affected the Group's financial position.

B10. COMPUTATION OF EARNINGS PER SHARE (EPS)

The Group basic EPS is calculated by dividing the net profit for the financial period after minority interests by the weighted average number of ordinary shares in issue during the financial period, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

a) Basic EPS

	Group	
	31/12/2005	31/12/2004
Net profit for the financial period after minority interests (RM '000)	826,825	734,540
Weighted average number of ordinary shares in issue ('000)	2,715,015	2,660,245
Basic earnings per share (expressed in sen per share)	30.5	27.6

b) Diluted EPS

Net profit for the financial period after minority interests (RM '000)	826,825	734,540
Elimination of interest expense on 1.75% Redeemable Euro-Convertible Bonds (net of tax effect)	-	19
Elimination of interest expense on USD Zero Coupon Guaranteed Convertible Bonds	19,121	5,291
Net profit used to determine diluted EPS	<u>845,946</u>	<u>739,850</u>
Weighted average number of ordinary shares in issue ('000)	2,715,015	2,660,245
Adjustments for:		
- Conversion of USD Zero Coupon Guaranteed Convertible Bonds	80,372	78,773
- Bonus element on conversion of Redeemable Euro-Convertible Bonds	-	475
- ESOS	17,505	65,335
Weighted average number of ordinary shares for diluted EPS	<u>2,812,892</u>	<u>2,804,828</u>
Diluted EPS	30.1	26.4

B11. VARIANCE ON PROFIT FORECAST AND SHORTFALL IN PROFIT GUARANTEE

This note on variance on profit forecast is not applicable for this quarter.

B12. DIVIDEND POLICY

Dividends are generally increased in line with long term trends in earnings per share growth, while sufficient profits are retained to support anticipated business growth and fund strategic investments. At BCHB, we are constantly pursuing efficient capital management initiative and shareholders value creation by exploring ways to optimise our capital structure to improve the group's return on equity.

As a minimum assurance and to be fully consonant with the highest standards of corporate governance and investor relations, we are now announcing a dividend policy of minimum 15 sen per BCHB's ordinary share.

B13. PROPOSED FIRST AND FINAL DIVIDEND FOR FYE 2005

Subject to shareholder's approval at the forthcoming AGM, the Board of Directors recommend a first and final dividend of 10 sen gross per ordinary share, less income tax and a special dividend of 5 sen gross per ordinary share, less income tax for the financial year ended 31 December 2005.