

Company No.

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**BANK OF CHINA (MALAYSIA) BERHAD**  
**(Incorporated in Malaysia)**

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2005**



BANK OF CHINA (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

**BALANCE SHEET**  
AS AT 30 JUNE 2005

	Note	30 June 2005 RM'000	31 December 2004 RM'000
<b>Assets</b>			
Cash and short-term funds	1	461,875	486,166
Deposits and placements with banks and other financial institutions	2	173,000	0
Securities portfolio			
Held-to-maturity investments	3	56,704	92,210
Loans, advances and financing	4	339,903	253,444
Other assets	5	9,083	23,820
Statutory deposits with Bank Negara Malaysia		0	0
Investments in subsidiary companies		0	0
Investments in associated companies		0	0
Property, plant and equipment		939	1,248
Goodwill/Intangible assets		0	0
		<b>1,041,504</b>	<b>856,888</b>
<b>Liabilities</b>			
Deposits from customers	6	482,170	220,692
Deposits and placements of banks and other financial institutions		200,630	301,770
Bills and acceptances payable		18,859	420
Other liabilities	7	17,215	14,926
Recourse obligation on loans sold to Cagamas Berhad		0	0
Provision for taxation and zakat		0	0
Deferred taxation		0	0
Bonds and notes		0	0
Subordinated term loans/financing		0	0
		<b>718,874</b>	<b>537,808</b>
<b>Shareholders' Equity</b>			
Share Capital		304,000	304,000
Reserves	8	18,630	15,080
		<b>322,630</b>	<b>319,080</b>
Total liabilities and shareholders' funds		<b>1,041,504</b>	<b>856,888</b>

BANK OF CHINA (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

INCOME STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2005

	Note	30 June 2005 RM'000	30 June 2004 RM'000
Interest income	9	17,063	15,461
Interest Expense	10	(7,832)	(6,435)
Net interest income		9,231	9,026
Other operating income	11	2,748	2,225
Income from Islamic banking operations		0	0
Other operating expenses	12	(6,129)	(6,075)
Allowance for losses on loans and financing	13	0	(400)
Provision for commitments and contingencies		0	0
Impairment loss		0	0
Profit before taxation		5,850	4,776
Zakat		0	0
Taxation	14	(2,300)	(2,300)
Net profit		3,550	2,476

BANK OF CHINA (MALAYSIA) BERHAD  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2005

		Issued and fully paid ordinary shares of RM1 each	Non- distributable		
	Note	Nominal value RM'000	Statutory reserve RM'000	Accumulated profit/(loss) RM'000	Total RM'000
At 1 January 2005		304,000	14,769	311	319,080
Net profit for the financial year		0	0	3,550	3,550
Transfer to statutory reserve		0	0	0	0
At 30 June 2005		<b>304,000</b>	<b>14,769</b>	<b>3,861</b>	<b>322,630</b>
At 1 January 2004		304,000	11,584	(2,874)	312,710
Net profit for the financial year		0	0	6,370	6,370
Transfer to statutory reserve		0	3,185	(3,185)	0
At 31 December 2004		<b>304,000</b>	<b>14,769</b>	<b>311</b>	<b>319,080</b>

BANK OF CHINA (MALAYSIA) BERHAD  
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CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2005

	Note	30 June 2005 RM'000	31 December 2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit from ordinary activities before taxation		5,850	8,273
<i>Adjustment for:</i>			
Depreciation of fixed assets		375	811
Amortisation of premium less accretion of discounts		505	1,296
Gains from sale of investment securities		0	(59)
Loan loss provision		0	2,167
Provision for interest in suspense		0	12
Interest income from investment securities		(1,842)	(4,463)
Unrealised foreign exchange gain		0	(3)
		<hr/>	<hr/>
Cash flow from operation profit before changes in operating assets and liabilities		4,888	8,034
<i>(Increase)/Decrease in operating assets:</i>			
Loans and advances		(86,459)	1,474
Other assets		14,350	(15,018)
<i>Increase/(Decrease) in operating liabilities:</i>			
Deposits from customers		261,478	70,549
Deposits and placements of banks and other financial institutions		(101,140)	(61,106)
Bills and acceptances payables		18,439	(11,702)
Other liabilities		2,289	(57)
		<hr/>	<hr/>
Cash generated from operating activities		113,845	(7,826)
Taxation paid		(2,300)	(4,896)
		<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>		111,545	(12,722)
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(66)	(161)
Net purchase of investment securities		35,001	0
Interest received on investment securities		2,229	4,522
		<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>		37,164	4,361
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash used in financing activities</b>		0	0
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		148,709	(8,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		486,166	494,527
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		634,875	486,166
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BANK OF CHINA (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2005

**Review of performance and commentary of prospects**

The bank recorded a higher profit before tax during the 1st half of 2005 compared with the corresponding period in 2004 while maintaining its good assets quality. In year 2005, the bank continues to focus on building its core customer base by offering conventional commercial banking, trade financing and retail banking products.

The bank will continue to focus its activities towards expanding its trade finance business and fee based income, enhancing its competitive edge in market place while maintaining its superior asset quality.

**(1) Cash and short-term funds**

	30 June 2005 RM'000	31 December 2004 RM'000
Cash and balances with banks and other financial institutions	8,575	11,466
Money at call and deposit placements maturing within 1 month	453,300	474,700
	<u>461,875</u>	<u>486,166</u>

**(2) Deposit and placements of banks and other financial institutions**

	30 June 2005 RM'000	31 December 2004 RM'000
Licensed banks	0	0
Licensed finance companies	0	0
Licensed merchant banks	0	0
Bank Negara Malaysia	173,000	0
Other financial institutions	0	0
	<u>173,000</u>	<u>0</u>

**(3) Securities portfolio**

**(i) Held-to-maturity investments**

	30 June 2005 RM'000	31 December 2004 RM'000
Malaysian Government Securities	58,028	94,460
Amortisation of premium less accretion of discounts	(1,324)	(2,250)
	<u>56,704</u>	<u>92,210</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2005

**(4) Loans, advances and financing**  
**(i) By type**

	30 June 2005 RM'000	31 December 2004 RM'000
Overdrafts	42,071	43,976
Terms loans/financing		
Housing loans/financing	3,601	2,302
Syndicated term loan/financing	175,341	118,167
Hire purchase receivables	0	0
Lease receivables	0	0
Other term loans/financing	88,725	60,544
Bills receivable	16	175
Trust receipts	7,132	16,312
Claims on customers under acceptance credits	31,757	20,479
Staff loans/financing	1,103	1,332
Of which: RM 0 are to Directors		
Loans/financing to banks and other financial institutions	0	0
Credit/charge cards	0	0
Revolving credit	0	0
Other loans/financing	0	0
Less: Unearned interest and income	0	0
	<u>349,746</u>	<u>263,287</u>
Less: Allowance for bad and doubtful debts and financing:		
- General	(9,810)	(9,810)
- Specific	(33)	(33)
Total net loans, advances and financing	<u>339,903</u>	<u>253,444</u>

**(ii) By type of customer**

	30 June 2005 RM'000	31 December 2004 RM'000
Domestic banking institutions	0	19,138
Domestic non-bank financial institutions		
- Stockbroking companies	0	0
- Others	7,553	7,838
Domestic business enterprises		
- Small medium enterprises	143,930	108,728
- Others	14,063	20,162
Government and statutory bodies	122,123	59,490
Individuals	8,858	8,392
Other domestic entities	0	0
Foreign entities	53,219	39,539
	<u>349,746</u>	<u>263,287</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2005

**(iii) By interest/profit rate sensitivity**

	30 June 2005 RM'000	31 December 2004 RM'000
Fixed rate		
housing loans/financing	3,601	1,032
Hire purchase receivables	0	0
Other fixed rate loan/financing	1,202	1,331
Variable rate		
BLR plus	137,829	122,103
Cost-plus	31,772	20,654
Other variable rates	175,342	118,167
	<b>349,746</b>	<b>263,287</b>

**(iv) By sector**

	30 June 2005 RM'000	31 December 2004 RM'000
Agriculture, hunting, forestry & fishing	0	0
Mining and quarrying	53,152	44,247
Manufacturing	37,608	29,041
Electricity, gas and water	45,659	35,776
Construction	1,880	1,621
Real estate	77,098	54,652
Purchase of landed property:		
- Residential	4,563	3,362
- Non-residential	1,590	2,912
Wholesale & retail trade and restaurants & hotels	56,216	58,441
Transport, storage and communication	57,526	0
Finance, insurance and business services	11,153	30,190
Purchase of securities	0	0
Purchase of transport vehicles	240	277
Consumption credit	3,061	2,768
Others	0	0
	<b>349,746</b>	<b>263,287</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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**(v) Non-performing Loans/Financing (NPL/NPF)**  
**(i) Movement in non-performing loans, advances and financing**

	30 June 2005 RM'000	31 December 2004 RM'000
At beginning of year	392	0
Classified as non-performing during the year	0	392
Reclassified as performing during the year	0	0
Loans/financing converted to securities	0	0
Amount recovered	0	0
Amount written off	0	0
Other adjustments	0	0
At end of year	<u>392</u>	<u>392</u>
Specific allowance	<u>(33)</u>	<u>(33)</u>
<b>Net non-performing loans, advances and financing</b>	<b><u>359</u></b>	<b><u>359</u></b>
Ratio of net non-performing loans and financing to net loans and financing	0.11%	0.14%

**(ii) Movements in allowance for bad and doubtful debts**

	30 June 2005 RM'000	31 December 2004 RM'000
<b>General allowance</b>		
At beginning of year	9,810	7,676
Allowance made/(written back) during the year	0	2,134
Amount transferred to specific allowance	0	0
At end of year	<u>9,810</u>	<u>9,810</u>
As % of gross loans, advances and financing less specific allowance	2.8%	3.7%
<b>Specific allowance</b>		
At beginning of year	33	0
Allowance made during the year	0	33
Transferred from general allowance	0	0
Transferred from provision for commitments and contingencies	0	0
Transferred to accumulated impairment loss in value of securities	0	0
Amount recovered	0	0
Amount written off	0	0
At end of year	<u>33</u>	<u>33</u>

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FOR THE PERIOD ENDED 30 JUNE 2005

**(iii) NPL/NPF by sector**

	30 June 2005 RM'000	31 December 2004 RM'000
Agriculture, hunting, forestry & fishing	0	0
Mining and quarrying	0	0
Manufacturing	392	392
Electricity, gas and water	0	0
Construction	0	0
Real estate	0	0
Purchase of landed property:		
- Residential	0	0
- Non-residential	0	0
Wholesale & retail trade and restaurants & hotels	0	0
Transport, storage and communication	0	0
Finance, insurance and business services	0	0
Purchase of securities	0	0
Purchase of transport vehicles	0	0
Consumption credit	0	0
Others	0	0
	<b>392</b>	<b>392</b>

**(5) Other Assets**

Interest receivable	1,971	1,826
Other debtors, deposits and prepayments	1,790	16,672
Tax recoverable	545	545
Deferred tax assets	4,777	4,777
	<b>9,083</b>	<b>23,820</b>

**(6) Deposits from Customers**

**(i) By type of deposit**

	30 June 2005 RM'000	31 December 2004 RM'000
Demand deposits	64,980	116,580
Savings deposits	18,660	16,924
Fixed/Investment deposits	125,519	87,185
Negotiable instruments of deposit	273,000	0
Others	11	3
	<b>482,170</b>	<b>220,692</b>

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**(ii) By type of customer**

	30 June 2005 RM'000	31 December 2004 RM'000
Government and statutory bodies	4,735	1,596
Business enterprises	411,318	153,177
Individuals	65,922	65,827
Others	195	92
	<b>482,170</b>	<b>220,692</b>

**(7) Other Liabilities**

	30 June 2005 RM'000	31 December 2004 RM'000
Interest payable	2,118	923
Other liabilities	<b>15,097</b>	<b>14,003</b>
	<b>17,215</b>	<b>14,926</b>

**(8) Reserves**

	30 June 2005 RM'000	31 December 2004 RM'000
Current year unaudited profit/(loss)	3,550	0
Accumulated profit/(loss) b/d	311	311
Non-distributable:		
Statutory reserve	<b>14,769</b>	<b>14,769</b>
	<b>18,630</b>	<b>15,080</b>

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**(9) Interest income**

	30 June 2005 RM'000	30 June 2004 RM'000
Loans and advances		
- Interest income other than recoveries from NPL	7,136	5,529
- Recoveries from NPLs	0	0
Money at call and deposit placement with financial institutions	8,590	8,363
Securities		
- Held-to-maturity investment	1,842	2,207
Others	0	0
	<u>17,568</u>	<u>16,099</u>
Amortisation of premium less accretion of discount	(505)	(638)
Interest suspended	0	0
Total interest income	<u>17,063</u>	<u>15,461</u>

**(10) Interest Expense**

	30 June 2005 RM'000	30 June 2004 RM'000
Deposits and placements of banks and other financial institutions	3,180	5,228
Deposits from customers	4,652	1,207
Loans sold to Cagamas	0	0
Others	0	0
	<u>7,832</u>	<u>6,435</u>

**(11) Other operating income**

	30 June 2005 RM'000	30 June 2004 RM'000
Fees income:		
Commission		
- Processing fees	5	0
- Syndication fees	55	33
- Commitment fees	131	130
- Other fees relating to loan & finance	158	134
- Guarantee fees	553	557
- Acceptance Commission	213	154
Service charges and fees	684	420
	<u>1,799</u>	<u>1,428</u>
Investment income:		
Gains from sale of investment securities	0	37
Dividend income	0	0
Unrealised gain/losses:		
Revaluation of trading securities	0	0
Foreign exchange transaction	949	760
	<u>2,748</u>	<u>2,225</u>

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**(12) Other operating expenses**

	30 June 2005 RM'000	30 June 2004 RM'000
Personnel costs	3,258	3,027
Of which: Salaries & wages (includes CEO / Eds)	1,621	1,390
Staff training expenses	32	57
Staff welfare expenses	118	103
Marketing expenses	195	235
Of which: Entertainment expenses	145	154
Establishment costs	1,954	1,419
Of which: Rental of premises	589	565
Depreciation	375	404
Administration and general expenses	722	1,394
	<u>6,129</u>	<u>6,075</u>

**(13) Allowance for losses on loans and financing**

	30 June 2005 RM'000	30 June 2004 RM'000
Allowance for bad and doubtful debts on loans and financing		
(a) Specific allowance		
- Made in the financial year	0	0
- Written back	0	0
(b) General allowance		
- Made/(Written back) in the financial year	0	400
Bad debts on loans and financing		
- Recovered	0	0
- Written off	0	0
	<u>0</u>	<u>400</u>

**(14) Taxation**

	30 June 2005 RM'000	30 June 2004 RM'000
Current tax - Malaysian income tax	2,300	2,300
Deferred tax	0	0
Overprovision of prior year taxation	0	0
	<u>2,300</u>	<u>2,300</u>

**(15) Capital adequacy**

	30 June 2005 RM'000	31 December 2004 RM'000
<b>Tier I capital</b>		
Paid-up share capital	304,000	304,000
Paid-up non-cumulative perpetual preference shares	0	0
Share premium	0	0
Retained profit/loss	311	311
Other reserves	14,769	14,769
Tier-1 minority interests	0	0
	<u>319,080</u>	<u>319,080</u>
Less: Goodwill	0	0
Deferred tax (assets)/liabilities	(4,777)	(4,777)
Total Tier I capital	<u>314,303</u>	<u>314,303</u>
<b>Tier II capital</b>		
Hybrid capital instruments	0	0
Subordinated loans/financing	0	0
Revaluation reserves	0	0
General allowance for bad and doubtful debts and financing	9,810	9,810
Total Tier II capital	<u>9,810</u>	<u>9,810</u>
Less: Investment in subsidiaries	0	0
Holdings of other banking institutions' capital instruments	0	0
Capital base	<u>324,113</u>	<u>324,113</u>
Core capital ratio	86.22%	102.83%
Risk-weighted capital ratio	88.92%	106.04%
Core capital ratio (net of proposed dividends)	86.22%	102.83%
Risk-weighted capital ratio (net of proposed dividends)	88.92%	106.04%

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2005

**(16) Commitments and contingencies**

	30 June 2005			31 December 2004		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	301	301	301	1,026	1,026	331
Transaction-related contingent items	162,949	81,475	16,893	179,897	89,949	18,257
Short-term self-liquidation trade related contingencies	31,734	6,347	1,144	26,035	5,207	2,279
Other assets sold with recourse and commitment with certain drawdown	-	-	-	-	-	-
Obligations under underwriting agreement	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	107,350	-	-	68,833	-	-
- Maturity exceeding one year	17,227	8,614	8,003	54,783	27,391	26,787
Foreign exchange related contracts:						
- Less than one year	-	-	-	5,700	-	-
- One year to less than 5 years	-	-	-	-	-	-
- 5 years and above	-	-	-	-	-	-
Equity and commodity related contracts	-	-	-	-	-	-
Others	113,475	-	-	36,000	-	-
<b>Total</b>	<b>433,036</b>	<b>96,737</b>	<b>26,341</b>	<b>372,274</b>	<b>123,573</b>	<b>47,654</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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**(17) Interest/profit rate risk**

	30 June 2005						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
		Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000				
<b>Assets</b>										
Cash and short term funds	458,881	-	-	-	-	-	2,994	-	461,875	2.71%
Deposits & placement with banks & other financial institutions	-	173,000	-	-	-	-	-	-	173,000	2.82%
Securities	-	-	-	-	56,704	-	-	-	56,704	4.71%
Loans, advance & financing										
- performing	185,693	13,409	148,596	-	-	(8,154)	-	339,544	4.91%	
- non-performing	422	-	-	-	-	(63)	-	359		
Other assets	-	-	-	-	-	10,022	-	10,022		
<b>Total assets</b>	<b>644,996</b>	<b>186,409</b>	<b>148,596</b>	<b>56,704</b>	<b>-</b>	<b>4,799</b>	<b>-</b>	<b>1,041,504</b>		
<b>Liabilities</b>										
Deposits from customers	224,329	238,183	19,658	-	-	-	-	482,170	1.71%	
Deposits & placement of banks & other financial institutions	60,600	-	140,030	-	-	-	-	200,630	2.91%	
Bills and acceptance payable	9,298	8,770	791	-	-	-	-	18,859	2.83%	
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-		
Bonds and notes	-	-	-	-	-	-	-	-		
Subordinated term loans/financing	-	-	-	-	-	-	-	-		
Other liabilities	-	-	-	-	-	17,215	-	17,215		
<b>Total liabilities</b>	<b>294,227</b>	<b>246,953</b>	<b>160,479</b>	<b>-</b>	<b>-</b>	<b>17,215</b>	<b>-</b>	<b>718,874</b>		
Shareholders's funds	-	-	-	-	-	322,630	-	322,630		
<b>Total liabilites and Shareholders' funds</b>	<b>294,227</b>	<b>246,953</b>	<b>160,479</b>	<b>-</b>	<b>-</b>	<b>339,845</b>	<b>-</b>	<b>1,041,504</b>		
On-balance sheet interest sensitivity gap	350,769	(60,544)	(11,883)	56,704	-	(335,046)	-	-		
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>350,769</b>	<b>(60,544)</b>	<b>(11,883)</b>	<b>56,704</b>	<b>-</b>	<b>(335,046)</b>	<b>-</b>	<b>-</b>		

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NOTES TO THE FINANCIAL STATEMENTS  
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31 December 2004						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000				
<b>Assets</b>									
Cash and short term funds	483,051	-	-	-	-	3,115	-	486,166	2.76%
Deposits & placement with banks & other financial institutions	-	-	-	-	-	-	-	-	-
Securities	-	-	35,207	57,003	-	-	-	92,210	4.79%
Loans, advance & financing									
- performing	125,627	27,919	107,864	318	1,167	(9,810)	0	253,085	4.89%
- non-performing	404	0	0	0	0	(45)	0	359	
Other assets	-	-	-	-	-	25,068	-	25,068	
<b>Total assets</b>	<b>609,082</b>	<b>27,919</b>	<b>143,071</b>	<b>57,321</b>	<b>1,167</b>	<b>18,328</b>	<b>-</b>	<b>856,888</b>	
<b>Liabilities</b>									
Deposits from customers	81,791	8,444	13,558	316	-	116,583	-	220,692	2.03%
Deposits & placement of banks & other financial institutions	204,520	45,505	51,745	-	-	-	-	301,770	2.60%
Bills and acceptance payable	420	-	-	-	-	-	-	420	2.83%
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-	-	
Bonds and notes	-	-	-	-	-	-	-	-	
Subordinated term loans/financing	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	14,926	-	14,926	
<b>Total liabilities</b>	<b>286,731</b>	<b>53,949</b>	<b>65,303</b>	<b>316</b>	<b>-</b>	<b>131,509</b>	<b>-</b>	<b>537,808</b>	
Shareholders's funds	-	-	-	-	-	319,080	-	319,080	
<b>Total liabililites and Shareholders' funds</b>	<b>286,731</b>	<b>53,949</b>	<b>65,303</b>	<b>316</b>	<b>-</b>	<b>450,589</b>	<b>-</b>	<b>856,888</b>	
On-balance sheet interest sensitivity gap	322,351	(26,030)	77,768	57,005	1,167	(432,261)	-	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>322,351</b>	<b>(26,030)</b>	<b>77,768</b>	<b>57,005</b>	<b>1,167</b>	<b>(432,261)</b>	<b>-</b>	<b>-</b>	

**(18) Operations of Islamic Banking**

No Islamic banking activities was involved during the first half of 2005.