

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Group		Bank	
		30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<b>ASSETS</b>					
Cash and short-term funds		10,324,919	11,211,535	8,837,736	9,945,874
Deposits and placements with financial institutions		1,417,919	2,019,784	2,232,919	2,459,784
Financial assets at fair value through profit and loss	13	281,045	367,148	281,045	367,148
Available-for-sale financial assets	14	5,745,838	6,519,318	4,828,368	5,577,667
Loans, advances and financing	15	32,836,071	31,688,667	30,600,107	29,576,545
Derivative assets	17	546,316	547,154	544,295	543,171
Other assets	18	197,836	200,207	426,192	425,261
Statutory deposits with Bank Negara Malaysia	19	41,342	43,092	17,592	19,592
Investment in subsidiary companies		0	0	196,611	196,611
Property, plant and equipment		215,826	236,984	207,071	230,439
Investment property		21,343	11,250	21,343	11,250
Prepaid lease payment		2,851	2,877	2,851	2,877
Deferred taxation asset		123,828	115,263	114,768	103,989
Tax recoverable		52	133	0	0
<b>TOTAL ASSETS</b>		<b>51,755,186</b>	<b>52,963,412</b>	<b>48,310,898</b>	<b>49,460,208</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	20	39,623,967	41,590,752	36,435,293	38,083,246
Deposits and placements of banks and other financial institutions	21	5,301,221	4,821,395	5,108,100	4,781,105
Bills and acceptances payable		272,687	244,983	262,081	225,309
Amount due to Cagamas		345,643	361,563	345,643	361,563
Subordinated term loan / bonds	22	1,213,574	1,295,098	1,213,574	1,295,098
Derivative liabilities	17	491,444	435,130	489,424	430,809
Other liabilities	23	390,655	482,676	384,534	579,053
Taxation and zakat		97,575	42,459	97,557	42,459
<b>Total Liabilities</b>		<b>47,736,766</b>	<b>49,274,056</b>	<b>44,336,206</b>	<b>45,798,642</b>
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		3,726,920	3,397,856	3,683,192	3,370,066
<b>Shareholders' Equity</b>		<b>4,018,420</b>	<b>3,689,356</b>	<b>3,974,692</b>	<b>3,661,566</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>51,755,186</b>	<b>52,963,412</b>	<b>48,310,898</b>	<b>49,460,208</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	32	<b>62,246,025</b>	<b>64,332,373</b>	<b>62,052,864</b>	<b>63,186,944</b>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 JUNE 2010**

<b>Group</b>	Note	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest income	24	501,324	477,399	980,357	987,098
Interest expense	25	(220,285)	(224,614)	(435,058)	(481,816)
Net interest income		281,039	252,785	545,299	505,282
Islamic Banking income		39,064	28,145	80,564	60,745
Non-interest income	26	101,974	64,970	240,919	238,196
Net income		422,077	345,900	866,782	804,223
Staff cost and overhead expenses	27	(170,872)	(140,761)	(314,642)	(280,385)
Operating profits before allowances		251,205	205,139	552,140	523,838
Allowance for impairment on loans, advances and financing	28	(24,376)	(37,697)	(45,547)	(80,747)
Allowance for commitment and contingencies		(7,704)	0	(7,604)	0
Impairment for property, plant and equipment		(361)	0	(361)	0
Profit before taxation and zakat		218,764	167,442	498,628	443,091
Income tax expense and zakat	30	(55,796)	(42,513)	(126,525)	(113,314)
Net profit for the period attributable to shareholders		162,968	124,929	372,103	329,777
Basic earnings per share (sen)		56.7	43.5	126.3	111.6
Dividend per ordinary share – 20 sen gross (2009:RM Nil) less income tax		15.0	0	15.0	0

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 JUNE 2010 (continued)**

<b>Bank</b>		<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	24	507,517	481,640	991,969	994,818
Interest expense	25	(220,291)	(224,619)	(435,070)	(481,826)
Net interest income		287,226	257,021	556,899	512,992
Non-interest income	26	113,768	76,622	263,256	258,526
Net income		400,994	333,643	820,155	771,518
Staff cost and overhead expenses	27	(160,054)	(133,298)	(294,623)	(266,265)
Operating profits before provision		240,940	200,345	525,532	505,253
Allowance for impairment on loans, advances and financing	28	(22,536)	(29,362)	(40,287)	(66,932)
Allowance for commitment and contingencies		(7,704)	0	(7,604)	0
Impairment for property, plant and equipment		(361)	0	(361)	0
Profit before taxation and zakat		210,339	170,983	477,280	438,321
Income tax expense and zakat	30	(53,567)	(43,318)	(120,947)	(112,171)
Net profit for the period attributable to shareholders		156,772	127,665	356,333	326,150
Basic earnings per share (sen)		54.5	44.4	120.8	110.3
Dividend per ordinary share – 20 sen gross (2009:RM Nil) less income tax		15.0	0	15.0	0

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF  
YEAR ENDED 30 JUNE 2010**

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the period attributable to shareholders	<u>162,968</u>	<u>124,929</u>	<u>372,103</u>	<u>329,777</u>
Other comprehensive income:				
Revaluation of available-for-sale financial assets (net)	1,444	(38,718)	(1,893)	(92,593)
Deferred tax on revaluation of available-for-sale financial assets (net)	190	9,658	2,753	31,856
Realised (gain)/loss on available-for-sale financial assets reclassified to income statement upon disposal	(5,224)	63	(12,255)	(35,634)
Other comprehensive income for the period	<u>(3,590)</u>	<u>(28,997)</u>	<u>(11,395)</u>	<u>(96,371)</u>
Total comprehensive income for the period attributable to shareholders	<u>159,378</u>	<u>95,932</u>	<u>360,708</u>	<u>233,406</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF  
YEAR ENDED 30 JUNE 2010 (continued)**

<b><u>Bank</u></b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Net profit for the period attributable to shareholders	156,772	127,665	356,333	326,150
Other comprehensive income:				
Revaluation of available-for-sale financial assets (net)	177	(28,956)	(3,542)	(75,768)
Deferred tax on revaluation of available-for-sale financial assets (net)	489	7,130	2,781	27,064
Realised (gain)/loss on available-for-sale financial assets reclassified to income statement upon disposal	(5,151)	434	(10,802)	(32,490)
Other comprehensive income for the period	(4,485)	(21,392)	(11,563)	(81,194)
Total comprehensive income for the period attributable to shareholders	152,287	106,273	344,770	244,956

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2010**

	Non-distributable					Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<b>Group</b>							
Balance at 1 January 2010							
- As previously stated	291,500	858,500	330,660	56,619	128,936	2,023,141	3,689,356
- Effect of adopting FRS 139	0	0	0	0	0	20,427	20,427
As restated	291,500	858,500	330,660	56,619	128,936	2,043,568	3,709,783
Net profit for the period attributable to shareholders	0	0	0	0	0	372,103	372,103
Other comprehensive income for the period	0	0	0	0	(11,395)	0	(11,395)
Dividends paid on ordinary shares in respect of: - final 2009	0	0	0	0	0	(43,125)	(43,125)
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2010	291,500	858,500	330,660	56,619	117,541	2,363,600	4,018,420
Balance at 1 January 2009	291,500	858,500	322,000	56,619	155,607	1,442,012	3,126,238
Net profit for the period attributable to shareholders	0	0	0	0	0	329,777	329,777
Other comprehensive income for the period	0	0	0	0	(96,371)	0	(96,371)
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2009	291,500	858,500	322,000	56,619	59,236	1,762,843	3,350,698

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2010  
(continued)**

	Non-distributable				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Retained Profits RM'000	
<b>Bank</b>						
Balance at 1 January 2010						
- As previously stated	291,500	858,500	322,000	127,537	2,062,029	3,661,566
- Effect of adopting FRS 139					20,427	20,427
As restated	291,500	858,500	322,000	127,537	2,082,456	3,681,993
Net profit for the period attributable to shareholders	0	0	0	0	356,333	356,333
Other comprehensive income for the period	0	0	0	(11,563)	0	(11,563)
Dividends paid on ordinary shares in respect of: - final 2009	0	0	0	0	(43,125)	(43,125)
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2010	291,500	858,500	322,000	115,974	2,386,718	3,974,692
Balance at 1 January 2009	291,500	858,500	322,000	147,220	1,492,956	3,112,176
Net profit for the period attributable to shareholders	0	0	0	0	326,150	326,150
Other comprehensive income for the period	0	0	0	(81,194)	0	(81,194)
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 30 June 2009	291,500	858,500	322,000	66,026	1,810,160	3,348,186

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2010**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before taxation and zakat	498,628	443,091	477,280	438,321
Adjustments for non-operating and non-cash items	139,892	161,009	140,954	131,594
Operating profit before changes in working capital	638,520	604,100	618,234	569,915
Changes in working capital:				
Net changes in Operating Assets	(491,947)	29,766	(742,872)	(466,660)
Net changes in Operating Liabilities	(1,567,466)	84,089	(1,500,652)	891,182
Income tax and zakat paid	(83,978)	(95,680)	(80,656)	(95,397)
Net cash (utilised in) / generated from operating activities	(1,504,871)	622,275	(1,705,946)	899,040
Net cash generated from investing activities	754,120	2,100,483	733,673	2,102,268
Net cash (utilised in) / generated from financing activities	(135,865)	326,171	(135,865)	326,171
Net (decrease)/ increase in cash and cash equivalents	(886,616)	3,048,929	(1,108,138)	3,327,479
Cash and cash equivalents at beginning of the period	11,211,535	4,374,064	9,945,874	3,717,429
Cash and cash equivalents at end of the period	10,324,919	7,422,993	8,837,736	7,044,908

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010

### 1 GENERAL INFORMATION

The principal activities of the Group and of the Bank are banking and related financial services which also include Islamic Banking (“IB”) business. The principal activities of the subsidiary companies during the financial period are in the businesses of IB, lease financing and the provision of nominee services.

The financial statements incorporate all activities relating to IB which have been undertaken by the Group and the Bank in compliance with Shariah principles.

IB refers generally to the acceptance of deposits and granting of financing under Shariah principles.

There have been no significant changes in these activities during the financial period.

### 2 REVIEW OF PERFORMANCE

The Bank and its subsidiaries (“Group”) recorded a net profit of RM372 million for the first six months of 2010, marking a RM42 million or 13% increase compared to the corresponding period last year. The increase was as a result of higher operating profits of 5% or RM28 million, to RM552 million. Allowances were also lower by RM27 million or 34%, to RM54 million in the first half year compared to the corresponding period last year.

Total income for the Group grew by RM63 million or 8% to RM867 million attributable to increases in all areas namely higher net interest income by RM40 million, Islamic Banking income by RM20 million and non-interest income by RM3 million. Overhead rose by RM34 million or 12%, to RM315 million as the Group continues to build capability and expand its branch network.

Individual impairment allowances declined by RM38 million while collective impairment allowances rose by RM11 million to cater for loans growth.

Gross loans outstanding as at 30 June 2010 grew by RM1.1 billion or 3% to RM33.8 billion compared with that of 31 Dec 2009. The growth is derived from consumer and business loans of RM0.8 billion and RM0.3 billion respectively.

Shareholders’ funds strengthened to RM4 billion while the Group’s risk weighted capital ratio as at 30 June 2010 stood at 14.31%

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)**

### **3 ECONOMIC PERFORMANCE AND PROSPECTS**

The sovereign debt crisis affecting Europe and the Middle East represents a real concern that the pace of global recovery might be slowing down. The economies outside these regions are not totally immune either to spill-over effects.

Amid the uncertainties from these external factors, the recent rise in interest rates have signaled that growth of the Malaysian economy remains robust and strong with continued improvements in consumption resulting from steady demand and higher public investments.

In line with the growth of the domestic economy, the Group will continue to focus on balanced growth from both its consumer and business segments. The Group is looking to introduce more innovative financial products and services that meet its customers' needs and to expand its branch and delivery network in the country.

Despite the improved domestic conditions, the Group will maintain a cautious stance in order to preserve its asset quality while strengthening its capital position to meet the challenges ahead.

### **4 BASIS OF PREPARATION**

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 30 June 2010 have been prepared in accordance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia ("BNM") guidelines.

The Group and the Bank's unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2009.

The accounting policies adopted for the interim financial statements are consistent with those adopted for the audited annual financial statements for the year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations issued by MASB which are effective 1 January 2010 and 1 March 2010:

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****4 BASIS OF PREPARATION (continued)**

<b>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010</b>
FRS 7 Financial Instruments: Disclosures
FRS 101 Presentation of Financial Statements
FRS 139 Financial Instruments: Recognition and Measurement
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
Amendments to FRS 7 Financial Instruments: disclosures
Amendments to FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising From Liquidation
Amendments to FRS 127, Consolidated and Separate Financial statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132 Financial Instruments Presentation - Puttable Financial Instruments and Obligations Arising From Liquidation - Separation of Compound Instrument
Amendments to FRS 139 Financial Instruments Recognition and Measurement - Reclassification of Financial Assets - Collective Assessment of Impairment of Banking Institutions
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
IC Interpretation 11 FRS 2 Group and Treasury Share Transactions
IC Interpretation 13 Customer Loyalty Programmes
<b>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010</b>
Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

The adoption of the above FRSs, amendments to FRSs, and IC Interpretations did not have any material impact on the results of the Group and the Bank as the changes are presentation in nature except for FRS139 and its related amendments and IC Interpretation which is explained as below.

Pursuant the adoption of FRS 101, the Group and Bank's income statement for the financial period ended 30 June 2010 has been presented in two separate statements; comprising of an income statement and a statement of comprehensive income. The changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. As a result, components of comprehensive income are not separately presented in the statement of changes in equity.

The adoption of FRS 7 has resulted in changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the statement of financial position as at 31 December 2009 and the income statement for the financial period ended 30 June 2009 have been restated to conform with the current period's presentation.

FRS 139 establishes the principles for the recognition, derecognition and measurement of financial instruments and for hedge accounting. The adoption of BNM's Circular: Guidelines on Financial Reporting for Banking Institutions, has already aligned certain requirements related to the recognition, derecognition, measurement and presentation of financial instruments and derivative instruments.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****4 BASIS OF PREPARATION (continued)**

Prior to adoption of FRS 139, allowances for impairment financing and advances were guided by BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. The Group has also adopted the previous Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by BNM on 5 October 2004, where impaired loans, advances and financing are measured at their estimated recoverable amount. Additional allowance is provided if the recoverable amount is lower than the net book value of the loans/financing. Recoverable amount refers to the present value of estimated future cash flows discounted at original effective profit rate. Net book value is the outstanding amount of loans, financing and advances net of individual assessment allowances.

In the Amendments to FRS 139, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM has prescribed an alternative basis for collective assessment of impairment for banking institutions. The guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 sets the minimum requirements for the Bank to ensure that their financing impairment assessment and provisioning comply with the requirements specified under FRS 139 subject to the transitional provisions provided in the guideline. The Group and the Bank maintain a collective assessment allowance of at least 1.5% of total outstanding loan/financing, net of individual assessment allowance as at the reporting date based on this transitional arrangement issued by BNM.

Pursuant to the adoption of FRS 139 and the transitional arrangement under BNM's Guidelines Classification and Impairment Provisions for Loans/Financing, there is an adjustment of RM20,427,025 (gross individual assessment allowance of RM27,236,034 less tax) written back to restate the retained profits of the Group and the Bank as at 1 January 2010. The change above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting income statements as at the beginning of the current financial period being adjusted to opening retained profits.

The Group and the Bank has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Bank.

<b>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010</b>
FRS 1, First-time Adoption of Financial Reporting Standards (revised)
FRS 3, Business Combinations (revised)
FRS 127, Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138, Intangible Assets
IC Interpretation 12, Service Concession Agreements
IC Interpretation 15, Agreements for the Construction of Real Estate
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distribution of Non-cash Assets to Owners
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

<b>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011</b>
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)**

**5 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the financial statements for the financial year ended 31 December 2009 was not qualified.

**6 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

**7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and the Bank for the financial period ended 30 June 2010.

**8 CHANGES IN ACCOUNTING ESTIMATES**

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the financial period ended 30 June 2010.

**9 DEBT AND EQUITIES SECURITIES**

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 June 2010.

**10 DIVIDEND**

A net cash dividend of 4.15% amounting to RM8.95 million was paid to preference shareholders on 16 March 2010 and a final gross dividend of 20 cents per ordinary share less tax at 25% amounting to RM43.13 million was paid on 28 April 2010 in respect of the financial year ended 31 December 2009.

**11 SUBSEQUENT EVENTS**

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

**12 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group during the financial period ended 30 June 2010.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	24,124	30,230	24,124	30,230
Malaysian Government securities	30,390	75,284	30,390	75,284
Government Investment Certificate	6,011	2,994	6,011	2,994
Bank Negara Bills	98,787	73,676	98,787	73,676
Bank Negara Malaysia negotiable notes	0	3,445	0	3,445
Cagamas bond and notes	10,377	10,148	10,377	10,148
Private debt securities	60,838	131,903	60,838	131,903
Quoted shares in Malaysia	50,518	39,468	50,518	39,468
	<u>281,045</u>	<u>367,148</u>	<u>281,045</u>	<u>367,148</u>

**14 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

<u>At fair value</u>				
Malaysian Government treasury bills	29,203	29,446	0	29,446
Malaysian Government securities	2,120,308	1,985,050	2,120,308	1,985,050
Government Investment Certificate	692,566	823,053	466,961	648,470
Bank Negara Malaysia bills	146,099	0	146,099	0
Bank Negara Malaysia sukuk islamic	83,114	0	0	0
Cagamas bonds / notes	96,197	126,133	96,197	106,037
Private debt securities	1,409,629	1,014,320	1,073,876	690,271
Negotiable instruments of deposit	843,795	2,421,825	600,000	1,998,902
Bankers' acceptances	208,653	0	208,653	0
Unquoted shares in Malaysia	106,478	106,478	106,478	106,478
Unquoted shares outside Malaysia	10,365	13,582	10,365	13,582
Debentures	190	190	190	190
	<u>5,746,597</u>	<u>6,520,077</u>	<u>4,829,127</u>	<u>5,578,426</u>
Allowance for impairment losses in available-for-sale financial assets :				
- Unquoted shares in Malaysia	(109)	(109)	(109)	(109)
- Private debt securities	(638)	(638)	(638)	(638)
- Debentures	(12)	(12)	(12)	(12)
	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>	<u>(759)</u>
	<u>5,745,838</u>	<u>6,519,318</u>	<u>4,828,368</u>	<u>5,577,667</u>

During the period / year, no available-for-sale financial assets were pledged to third parties in sale and repurchase agreements.

Included in Malaysian Government Securities are securities utilised to meet the statutory reserve requirement as referred to in Note 19. The nominal value of securities utilised as at 30 June 2010 is RM218,000,000.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****15 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
i) By type				
Overdrafts	3,382,887	3,436,809	3,030,031	3,103,268
Term loans/financing :				
Housing loans/financing	9,290,067	8,511,252	9,184,792	8,415,620
Syndicated term loan/financing	3,300,401	3,036,232	2,958,256	2,680,452
Hire purchase	541,196	546,579	128	128
Lease receivables	5,438	8,570	5,397	8,517
Other term loans	11,937,484	10,697,608	11,558,216	10,197,855
Credit/charge cards receivables	440,897	506,282	440,897	506,282
Bills receivable	62,832	87,764	44,518	73,623
Trust receipts	60,080	68,573	59,969	68,573
Claims on customers under acceptance credits	2,148,752	2,087,772	1,925,915	1,874,656
Block discounting	330	330	330	330
Loan to banks and other financial institutions	171,242	205,385	171,242	205,385
Revolving credit	1,913,096	1,863,930	1,369,354	1,498,484
Staff loans (of which RM Nil [2009 : RM Nil] to Directors)	116,555	117,182	116,555	117,182
Other loans	642,220	1,716,800	586,397	1,695,358
	<u>34,013,477</u>	<u>32,891,068</u>	<u>31,451,997</u>	<u>30,445,713</u>
Unearned interest and income	(249,215)	(255,720)	(271)	(469)
Gross loans, advances and financing	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>
Allowance for impaired loans, advances and financing :				
- Individual	(424,114)	(457,392)	(385,481)	(418,140)
- Collective	(504,077)	(489,289)	(466,138)	(450,559)
Net loans, advances and financing	<u>32,836,071</u>	<u>31,688,667</u>	<u>30,600,107</u>	<u>29,576,545</u>
ii) By type of customer				
Domestic non-bank financial institutions				
- Others	893,690	243,832	893,690	233,778
Domestic business enterprises				
- Small medium enterprises ("SME")	5,726,538	5,630,718	5,361,609	5,286,507
- Non-SME	14,398,807	14,793,598	12,857,099	13,337,384
Individuals	12,557,813	11,790,595	12,219,342	11,481,090
Other domestic entities	1,263	1,577	1,263	1,577
Foreign entities	186,151	175,028	118,723	104,908
	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

## iii) By interest/profit rate sensitivity

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Fixed rate:				
Housing loans/financing	51,890	57,543	0	0
Hire purchase receivables	493,274	498,902	77	77
Other fixed rate loan/financing	1,835,728	1,995,606	972,588	1,083,096
Variable rate:				
BLR plus	21,811,008	21,018,906	21,792,586	21,018,906
Cost-plus	4,115,858	3,343,754	3,229,971	3,343,754
Other variable rates	5,456,504	5,720,637	5,456,504	4,999,411
	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>

## iv) By sector

Agriculture	2,365,460	2,370,946	1,803,656	1,794,485
Mining and quarrying	278,019	301,218	237,799	275,411
Manufacturing	5,058,061	5,007,796	4,399,812	4,405,750
Electricity, gas and water	422,592	1,147,820	322,495	1,147,820
Construction	861,846	908,924	766,296	765,480
Real estate	3,764,748	3,584,656	3,681,259	3,488,795
Wholesale & retail trade and restaurants & hotels	4,823,095	4,908,760	4,664,353	4,737,064
Transport, storage and communication	1,083,207	843,097	940,256	706,149
Finance, insurance and business services	1,412,649	764,810	1,382,969	722,392
Community, social and personal services	664,232	622,040	628,061	607,030
Household sector, of which				
i. Purchase of residential properties	9,269,986	8,383,815	9,197,903	8,323,331
ii. Purchase of non-residential properties	1,192,406	1,170,817	1,189,880	1,168,380
iii. Others	2,203,386	2,335,157	1,938,053	2,087,656
Others	364,575	285,492	298,934	215,501
	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>

## v) By geographical distribution

Malaysia	33,579,499	32,465,210	31,331,869	30,343,877
Singapore	133,442	118,916	68,536	50,145
Other ASEAN	4,799	7,106	4,799	7,106
Rest of the world	46,522	44,116	46,522	44,116
	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>

## vi) By residual contractual maturity

Maturity within one year	11,928,999	12,613,936	11,080,838	11,883,621
One year to five years	10,433,985	10,239,796	9,611,830	9,484,160
Over five years	11,401,278	9,781,616	10,759,058	9,077,463
	<u>33,764,262</u>	<u>32,635,348</u>	<u>31,451,726</u>	<u>30,445,244</u>



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING**

i) The movements in the impaired loans, advances and financing are as follows :

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Balance at 1 January	1,234,780	1,057,965	1,181,182	1,013,488
Impaired during the period / year (gross)	243,013	764,960	218,735	713,587
Reclassified as non-impaired during the period / year	(78,944)	(153,437)	(72,380)	(142,300)
Amount recovered	(136,697)	(255,490)	(127,139)	(247,172)
Amount written off	(48,147)	(175,723)	(39,526)	(152,926)
Foreign exchange difference	(1,074)	(3,495)	(1,074)	(3,495)
Balance at end of period / year	1,212,931	1,234,780	1,159,798	1,181,182
Individual assessment allowance	(424,114)	(457,392)	(385,481)	(418,140)
Net impaired loans, advances and financing	<u>788,817</u>	<u>777,388</u>	<u>774,317</u>	<u>763,042</u>

ii) Movements in the allowance for impaired loans, advances and financing are as follows :

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<u>Collective assessment allowance</u>				
Balance at 1 January	489,289	460,009	450,559	426,477
Allowance made during the period / year	14,788	29,280	15,579	24,082
Balance at end of period / year	<u>504,077</u>	<u>489,289</u>	<u>466,138</u>	<u>450,559</u>
(As % of gross loans, advances and financing less individual assessment allowance)	<u>1.51%</u>	<u>1.52%</u>	<u>1.50%</u>	<u>1.50%</u>
<u>Individual assessment allowance</u>				
Balance at 1 January	457,392	449,277	418,140	413,155
Effect of adopting FRS 139	(27,236)	0	(27,236)	0
As restated	430,156	449,277	390,904	413,155
Allowance made during the period / year	103,301	316,769	83,710	275,745
Amount written back in respect of recoveries	(53,895)	(131,405)	(42,416)	(116,308)
Amount written off	(48,147)	(175,723)	(39,526)	(152,926)
Interest recognition on impaired loans	(6,592)	0	(6,482)	0
Foreign exchange difference	(709)	(1,526)	(709)	(1,526)
Balance at end of period / year	<u>424,114</u>	<u>457,392</u>	<u>385,481</u>	<u>418,140</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

iii) Impaired loans, advances and financing by sector are as follows:

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Agriculture	13,471	19,432	13,299	19,229
Manufacturing	436,348	457,742	407,750	429,657
Electricity, gas and water	49	48	49	48
Construction	98,823	69,867	92,633	64,472
Real estate	74,238	91,125	74,190	91,029
Wholesale & retail trade and restaurants & hotels	171,554	190,219	168,171	186,358
Transport, storage and communication	23,262	5,649	22,714	4,955
Finance, insurance and business services	21,405	19,974	21,060	19,779
Community, social and personal services	3,840	2,392	3,564	2,119
Household sector, of which				
i. Purchase of residential properties	258,965	262,112	255,496	258,754
ii. Purchase of non-residential properties	20,073	19,238	19,923	19,174
iii. Others	77,330	82,980	67,376	71,606
Others	13,573	14,002	13,573	14,002
	<u>1,212,931</u>	<u>1,234,780</u>	<u>1,159,798</u>	<u>1,181,182</u>

iv) Impaired loans, advances and financing by geographical distribution are as follows:

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Malaysia	<u>1,212,931</u>	<u>1,234,780</u>	<u>1,159,798</u>	<u>1,181,182</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****17 DERIVATIVE FINANCIAL INSTRUMENTS**

<b>Group</b>	30 June 2010			31 Dec 2009		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Financial derivatives</b>						
Trading:						
Foreign exchange derivatives						
- forward	1,373,342	29,744	43,157	2,630,133	27,232	17,806
- swaps	15,482,507	211,002	208,982	14,149,744	120,221	130,932
- currency option	652,106	23,360	13,620	2,070,117	39,343	21,879
Interest rate derivatives						
- swaps	26,883,670	239,016	196,621	25,474,363	323,548	248,310
- option	931,437	16,315	5,660	1,301,275	6,624	1,748
- swaption	0	0	912	0	0	0
Equity and commodity derivatives						
- swaps	0	1,088	1,088	0	0	0
- option	0	5,366	19,341	907,050	6,827	14,455
- futures	0	130	0	0	0	0
- commodity	0	0	0	5,919	0	0
	<u>45,323,062</u>	<u>526,021</u>	<u>489,381</u>	<u>46,538,601</u>	<u>523,795</u>	<u>435,130</u>
Hedging:						
Interest rate derivatives						
- swaps	714,680	20,295	2,063	673,934	23,359	0
	<u>46,037,742</u>	<u>546,316</u>	<u>491,444</u>	<u>47,212,535</u>	<u>547,154</u>	<u>435,130</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

	30 June 2010			31 Dec 2009		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
<b>Bank</b>		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Financial derivatives</b>						
Trading:						
Foreign exchange derivatives						
- forward	1,372,705	29,735	43,149	2,630,133	27,232	17,806
- swaps	15,291,993	211,002	208,982	14,149,744	120,221	130,932
- currency option	650,096	21,350	11,610	1,626,238	35,364	17,562
Interest rate derivatives						
- swaps	26,883,670	239,016	196,621	25,474,363	323,548	248,310
- option	931,437	16,315	5,660	1,301,275	6,624	1,748
- swaption	0	0	912	0	0	0
Equity and commodity derivatives						
- swaps	0	1,088	1,088	0	0	0
- option	0	5,364	19,339	830,212	6,823	14,451
- futures	0	130	0	0	0	0
- commodity	0	0	0	5,919	0	0
	<u>45,129,901</u>	<u>524,000</u>	<u>487,361</u>	<u>46,017,884</u>	<u>519,812</u>	<u>430,809</u>
Hedging:						
Interest rate derivatives						
- swaps	714,680	20,295	2,063	673,934	23,359	0
	<u>45,844,581</u>	<u>544,295</u>	<u>489,424</u>	<u>46,691,818</u>	<u>543,171</u>	<u>430,809</u>

**18 OTHER ASSETS**

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Interest receivable	77,022	77,993	70,696	74,652
Unquoted Islamic Subordinated Bonds of subsidiary	0	0	200,000	200,000
Other debtors, deposits and prepayments	120,814	122,214	155,496	150,609
	<u>197,836</u>	<u>200,207</u>	<u>426,192</u>	<u>425,261</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****19 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (Revised - 1994), the amounts of which are determined as set percentages of total eligible liabilities.

Pursuant to BNM's circular "Statutory Reserve Requirement" and BNM's subsequent letter dated 10 July 2009 in regards to "Regulatory Treatment related to the Statutory Reserve Requirement (SRR) Incentive for Principal Dealers and Islamic Principal Dealers", the Bank has utilised Malaysian Government Securities instead of cash to meet a portion of the SRR requirement as allowed under the Principal Dealership granted to the Bank. The nominal value of securities utilised as at 30 June 2010 is RM218,000,000.

**20 DEPOSITS FROM CUSTOMERS**

## i) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Demand deposits	5,766,308	5,546,072	4,899,121	4,859,491
Savings deposits	2,640,390	2,583,132	2,332,116	2,272,653
Fixed deposits	22,584,017	26,898,390	21,849,452	25,393,430
Negotiable instruments of deposits	858,587	704,180	33,864	36,062
Short-term money market deposits	6,491,526	4,843,437	6,152,994	4,639,832
Structured investments	1,278,910	1,002,020	1,163,517	868,257
Others	4,229	13,521	4,229	13,521
	<u>39,623,967</u>	<u>41,590,752</u>	<u>36,435,293</u>	<u>38,083,246</u>

## ii) By type of customers

Government and statutory bodies	169,863	288,465	2,877	1,558
Business enterprises	18,725,214	20,016,546	17,310,978	18,805,917
Individuals	17,698,624	18,073,785	17,281,779	17,618,121
Foreign entities	6,816	10,257	0	0
Others	3,023,450	3,201,699	1,839,659	1,657,650
	<u>39,623,967</u>	<u>41,590,752</u>	<u>36,435,293</u>	<u>38,083,246</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****20 DEPOSITS FROM CUSTOMERS (continued)**

iii) Maturity structure of deposits are as follows:-

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Maturity within six months	38,775,541	36,168,236	35,695,214	32,883,636
Six months to one year	72,996	4,656,088	15,352	4,487,004
One year to three years	468,390	320,213	458,851	266,487
Three years to five years	307,040	446,215	265,876	446,119
	<u>39,623,967</u>	<u>41,590,752</u>	<u>36,435,293</u>	<u>38,083,246</u>

**21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Licensed banks	4,811,958	4,324,075	4,618,837	4,283,785
Other financial institutions	489,263	497,320	489,263	497,320
	<u>5,301,221</u>	<u>4,821,395</u>	<u>5,108,100</u>	<u>4,781,105</u>

**22 SUBORDINATED TERM LOAN / BONDS**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
USD 100 million subordinated term loan 2003/2013	204,158	283,638	204,158	283,638
RM 200 million redeemable Islamic subordinated bonds 2006/2021	200,000	200,000	200,000	200,000
RM 400 million redeemable subordinated bonds 2007/2017	409,416	411,460	409,416	411,460
RM 400 million Innovative Tier 1 Capital Securities	400,000	400,000	400,000	400,000
	<u>1,213,574</u>	<u>1,295,098</u>	<u>1,213,574</u>	<u>1,295,098</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****23 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Accruals for personnel costs *	37,523	62,475	37,486	62,422
Equity compensation benefits	11,283	11,533	11,283	11,533
Obligations under finance lease	0	0	309	354
Provision for commitments and contingencies (a)	7,704	100	7,704	100
Interest payable	173,841	199,872	163,500	188,519
Other accruals and charges	160,304	200,623	164,252	316,125
Profit equalisation reserve	0	8,073	0	0
	<u>390,655</u>	<u>482,676</u>	<u>384,534</u>	<u>579,053</u>

\* Includes accrual for salary, bonus, employee benefits and EPF.

a) Movements in provision for commitment and contingencies are as follows:

	<b>Group</b>		<b>Bank</b>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Balance at 1 January	100	100	100	0
Amount provided during the period / year (net)	7,604	0	7,604	100
Balance at end of period / year	<u>7,704</u>	<u>100</u>	<u>7,704</u>	<u>100</u>

This refers to a provision made for the Bank's commitment and contingencies which was incurred in the normal course of business.

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****24 INTEREST INCOME**

<b>Group</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Loans and advances				
- Interest income other than recoveries and interest earned from impaired loans, advances and financing	384,510	357,720	742,481	736,574
- Recoveries from impaired loans, advances and financing	7,411	9,028	18,038	14,362
- Interest earned from impaired loans, advances and financing	3,267	0	6,482	0
Money at call and deposit placements with financial institutions	57,623	54,051	119,273	103,109
Financial assets at fair value through profit and loss	2,877	5,765	5,746	12,431
Available-for-sale financial assets	41,304	48,453	79,447	116,266
Others	4,332	2,382	8,890	4,356
	<b>501,324</b>	<b>477,399</b>	<b>980,357</b>	<b>987,098</b>

<b>Bank</b>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Loans and advances				
- Interest income other than recoveries and interest earned from impaired loans, advances and financing	384,510	357,720	742,481	736,574
- Recoveries from impaired loans, advances and financing	7,411	9,028	18,038	14,362
- Interest earned from impaired loans, advances and financing	3,267	0	6,482	0
Money at call and deposit placements with financial institutions	57,623	54,051	119,273	103,109
Financial assets at fair value through profit and loss	2,877	5,765	5,746	12,431
Available-for-sale financial assets	41,304	48,453	79,447	116,266
Others	10,525	6,623	20,502	12,076
	<b>507,517</b>	<b>481,640</b>	<b>991,969</b>	<b>994,818</b>



**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****25 INTEREST EXPENSE**

<b><u>Group</u></b>	<b><u>2<sup>nd</sup> Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	19,528	12,625	36,485	24,020
Deposits from customers	178,686	190,757	354,398	419,896
Loans sold to Cagamas	3,557	3,871	7,075	7,996
Subordinated term loan / bonds	17,257	17,361	34,793	29,578
Others	1,257	0	2,307	326
	<b>220,285</b>	<b>224,614</b>	<b>435,058</b>	<b>481,816</b>

<b><u>Bank</u></b>	<b><u>2<sup>nd</sup> Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	19,528	12,625	36,485	24,020
Deposits from customers	178,686	190,757	354,398	419,896
Loans sold to Cagamas	3,557	3,871	7,075	7,996
Subordinated term loan / bonds	17,257	17,361	34,793	29,578
Others	1,263	5	2,319	336
	<b>220,291</b>	<b>224,619</b>	<b>435,070</b>	<b>481,826</b>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****26 NON-INTEREST INCOME**

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Fee income:-				
Commission	21,964	19,333	44,296	39,384
Service charges and fees	29,978	35,612	65,122	58,544
Guarantee fees	4,896	4,707	8,776	8,573
Other fee income	1,872	5,644	4,078	11,824
	<u>58,710</u>	<u>65,296</u>	<u>122,272</u>	<u>118,325</u>
Income from securities (net):-				
Net losses from sale of financial assets at fair value through profit and loss	(396)	(2,466)	(381)	(3,898)
Net gains/(losses) from sale of available-for-sale financial assets	5,152	(434)	10,803	32,490
Unrealised (losses)/gains on revaluation of financial assets at fair value through profit and loss (net)	(6,240)	391	(15)	2,783
Gross dividends from Malaysia:				
- available-for-sale financial assets	825	1,140	1,128	1,608
Gross dividends from outside Malaysia:				
- available-for-sale financial assets	17	0	32	0
	<u>58,068</u>	<u>63,927</u>	<u>133,839</u>	<u>151,308</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	39,657	10,913	124,466	72,138
Gains/(losses) arising from trading derivatives (net)	4,189	1,359	(5,854)	3,338
Unrealised (losses)/gains on revaluation of derivatives (net)	(1,142)	(13,370)	(14,178)	7,136
Rental income (net)	1,601	1,767	3,174	3,370
Gain on disposal of property, plant and equipment	206	2	207	2
Others	(605)	372	(735)	904
	<u>43,906</u>	<u>1,043</u>	<u>107,080</u>	<u>86,888</u>
	<u>101,974</u>	<u>64,970</u>	<u>240,919</u>	<u>238,196</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****26 NON-INTEREST INCOME (continued)**

<b><u>Bank</u></b>	<b><u>2<sup>nd</sup> Quarter Ended</u></b>		<b><u>Half Year Ended</u></b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Fee income:-				
Commission	21,964	19,333	44,296	39,384
Service charges and fees	29,978	35,612	65,122	58,544
Guarantee fees	4,896	4,707	8,776	8,573
Other fee income	13,566	17,293	26,306	32,147
	<u>70,404</u>	<u>76,945</u>	<u>144,500</u>	<u>138,648</u>
Income from securities (net):-				
Net losses from sale of financial assets at fair value through profit and loss	(396)	(2,466)	(381)	(3,898)
Net gains/(losses) from sale of available-for-sale financial assets	5,152	(434)	10,803	32,490
Unrealised (losses)/gains on financial assets at fair value through profit and loss (net)	(6,240)	391	(15)	2,783
Gross dividends from Malaysia:				
- available-for-sale financial assets	825	1,140	1,128	1,608
Gross dividends from outside Malaysia:				
- available-for-sale financial assets	17	0	32	0
	<u>69,762</u>	<u>75,576</u>	<u>156,067</u>	<u>171,631</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	39,657	10,913	124,466	72,138
Gains/(losses) arising from trading derivative (net)	4,189	1,359	(5,854)	3,338
Unrealised (losses)/gains on revaluation of derivatives (net)	(1,142)	(13,370)	(14,178)	7,136
Rental income (net)	1,701	1,770	3,283	3,377
Gain on disposal of property, plant and equipment	206	2	207	2
Others	(605)	372	(735)	904
	<u>44,006</u>	<u>1,046</u>	<u>107,189</u>	<u>86,895</u>
	<u>113,768</u>	<u>76,622</u>	<u>263,256</u>	<u>258,526</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****27 STAFF COST AND OVERHEAD EXPENSES**

<u>Group</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Personnel costs (i)	84,152	63,370	151,666	130,307
Establishment costs (ii)	20,383	19,220	40,658	38,909
Marketing expenses (iii)	6,057	4,187	11,474	8,692
Administration and general expenses (iv)	60,280	53,984	110,844	102,477
	<u>170,872</u>	<u>140,761</u>	<u>314,642</u>	<u>280,385</u>

<u>Bank</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Personnel costs (i)	78,050	59,971	140,303	123,847
Establishment costs (ii)	19,154	18,622	38,269	37,543
Marketing expenses (iii)	5,983	3,496	11,201	7,542
Administration and general expenses (iv)	56,867	51,209	104,850	97,333
	<u>160,054</u>	<u>133,298</u>	<u>294,623</u>	<u>266,265</u>

**(i) Personnel costs**

<u>Group</u>	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Half Year Ended</b>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Wages, salaries and bonus	65,911	50,353	119,576	101,302
Defined contribution plan (EPF)	10,526	8,103	19,117	16,259
Equity compensation benefit	1,792	195	3,741	1,728
Employee benefit	(24)	(297)	(1,840)	(854)
Other personnel costs	5,947	5,016	11,072	11,872
	<u>84,152</u>	<u>63,370</u>	<u>151,666</u>	<u>130,307</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****27 STAFF COST AND OVERHEAD EXPENSES (continued)****(i) Personnel costs (continued)**

<u>Bank</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Wages, salaries and bonus	60,960	47,815	110,459	96,533
Defined contribution plan (EPF)	9,760	7,702	17,695	15,504
Equity compensation benefit	1,744	179	3,667	1,703
Employee benefit	(23)	(299)	(1,840)	(858)
Other personnel costs	5,609	4,574	10,322	10,965
	<u>78,050</u>	<u>59,971</u>	<u>140,303</u>	<u>123,847</u>

Defined contribution plan

The Group contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligation.

**(ii) Establishment costs**

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Rental of premises	2,958	2,569	5,931	5,229
Rental of equipment	445	474	965	601
Depreciation of property, plant and equipment	10,312	10,906	21,187	21,422
Depreciation of investment property	399	209	531	418
Amortisation of prepaid lease payment	13	13	26	26
Repair and maintenance	1,439	1,157	2,747	3,149
Others	4,817	3,892	9,271	8,064
	<u>20,383</u>	<u>19,220</u>	<u>40,658</u>	<u>38,909</u>

  

<u>Bank</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Rental of premises	2,574	2,264	5,092	4,648
Rental of equipment	445	474	965	601
Depreciation of property, plant and equipment	10,017	10,537	20,623	20,920
Depreciation of investment property	399	209	531	418
Amortisation of prepaid lease payment	13	13	26	26
Repair and maintenance	1,380	1,152	2,687	3,126
Others	4,326	3,973	8,345	7,804
	<u>19,154</u>	<u>18,622</u>	<u>38,269</u>	<u>37,543</u>

## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)

## 27 STAFF COST AND OVERHEAD EXPENSES (continued)

## (iii) Marketing expenses

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Transport and travelling	1,237	1,166	2,374	2,178
Advertisement and business promotion	4,566	2,827	8,494	5,973
Others	254	194	606	541
	<u>6,057</u>	<u>4,187</u>	<u>11,474</u>	<u>8,692</u>

  

<u>Bank</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Transport and travelling	1,132	1,067	2,192	2,034
Advertisement and business promotion	4,606	2,251	8,417	4,996
Others	245	178	592	512
	<u>5,983</u>	<u>3,496</u>	<u>11,201</u>	<u>7,542</u>

## (iv) Administration and general expenses

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Printing and stationery	1,694	1,901	3,442	3,560
Postage and courier	1,058	1,331	2,364	2,669
Telephone, telex and fax	2,143	2,404	4,145	4,255
Legal and consultancy fees	1,228	1,200	2,524	2,379
Transaction processing fees	38,142	32,410	70,240	63,525
Other administrative and general expenses	16,015	14,738	28,129	26,089
	<u>60,280</u>	<u>53,984</u>	<u>110,844</u>	<u>102,477</u>

  

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Printing and stationery	1,523	1,783	3,104	3,371
Postage and courier	1,001	1,260	2,243	2,546
Telephone, telex and fax	2,031	2,274	3,931	4,017
Legal and consultancy fees	1,111	1,142	2,370	2,021
Transaction processing fees	35,397	30,551	65,241	60,143
Other administrative and general expenses	15,804	14,199	27,961	25,235
	<u>56,867</u>	<u>51,209</u>	<u>104,850</u>	<u>97,333</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****28 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

<u>Group</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Allowance for impairment on loans, advances and financing:-				
Individual assessment allowance				
- made in the financial period	49,323	85,454	103,301	158,515
- written back	(18,679)	(44,663)	(53,895)	(70,746)
Collective assessment allowance				
- made in the financial period	6,128	1,821	14,803	3,632
Other allowance	143	183	253	400
Bad debts and financing :-				
- written off	0	30	0	61
- recovered	(12,539)	(5,128)	(18,915)	(11,115)
	<u>24,376</u>	<u>37,697</u>	<u>45,547</u>	<u>80,747</u>

<u>Bank</u>	<u>2nd Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Allowance for impairment on loans, advances and financing:-				
Individual assessment allowance				
- made in the financial period	45,681	73,700	83,710	137,477
- written back	(18,160)	(40,826)	(42,416)	(63,256)
Collective assessment allowance				
- made in the financial period	6,128	276	15,579	1,430
Other allowance	143	182	253	400
Bad debts and financing :-				
- written off	0	30	0	61
- recovered	(11,256)	(4,000)	(16,839)	(9,180)
	<u>22,536</u>	<u>29,362</u>	<u>40,287</u>	<u>66,932</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****29 CREDIT EXPOSURE WITH CONNECTED PARTIES**

The following disclosure information are made pursuant to the revised BNM “Guidelines on Credit Transactions and Exposures with Connected Parties”:

<b><u>Group</u></b>	30 June 2010 RM '000	31 Dec 2009 RM '000
Aggregate value of outstanding credit exposure with connected parties <sup>^</sup> :		
Credit facility and leasing (except guarantee)	254,290	105,358
Off balance sheet exposures <sup>#</sup>	841,519	3,280,409
Total credit exposures	<u>1,095,809</u>	<u>3,385,767</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.71%	8.68%
- which is non-performing or in default	0.00%	0.00%
<b><u>Bank</u></b>		
Aggregate value of outstanding credit exposure with connected parties <sup>^</sup> :		
Credit facility and leasing (except guarantee)	253,560	105,099
Off balance sheet exposures <sup>#</sup>	1,203,850	3,280,409
Total credit exposures	<u>1,457,410</u>	<u>3,385,508</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	3.87%	9.37%
- which is non-performing or in default	0.00%	0.00%

<sup>^</sup> Comprise of total outstanding balance and unutilised limit

<sup>#</sup> Off balance sheet transactions that give rise to credit and/or counterparty risk.



## NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)

## 30 INCOME TAX EXPENSE AND ZAKAT

<u>Group</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Malaysian income tax				
- current period	60,470	45,280	132,359	115,620
- zakat	3	0	7	0
Deferred taxation :				
- relating to originating and reversal of temporary differences	(4,677)	(3,780)	(5,841)	(3,319)
- underprovision in prior year	0	1,013	0	1,013
Total charged to income statements	(4,677)	(2,767)	(5,841)	(2,306)
	<u>55,796</u>	<u>42,513</u>	<u>126,525</u>	<u>113,314</u>

<u>Bank</u>	<u>2<sup>nd</sup> Quarter Ended</u>		<u>Half Year Ended</u>	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Malaysian income tax – current period	58,260	43,422	128,945	111,774
Deferred taxation :				
- relating to originating and reversal of temporary differences	(4,693)	(1,117)	(7,998)	(616)
- underprovision in prior year	0	1,013	0	1,013
Total charged to income statements	(4,693)	(104)	(7,998)	397
	<u>53,567</u>	<u>43,318</u>	<u>120,947</u>	<u>112,171</u>

## 31 CAPITAL COMMITMENTS

	<u>Group</u>		<u>Bank</u>	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	463	26,763	0	24,610
- authorised but not contracted for	19,581	41,867	0	16,724
	<u>20,044</u>	<u>68,630</u>	<u>0</u>	<u>41,334</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****32 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

	30 June 2010			31 Dec 2009		
	Principal Amount RM'000	Credit Equivalent* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent* RM'000	Risk Weighted Amount RM'000
<b>Group</b>						
Direct credit substitutes	351,973	351,973	419,854	496,006	496,006	495,805
Transaction-related contingent items	1,590,659	795,329	812,805	1,643,315	821,657	796,654
Short-term self-liquidating trade-related contingencies	236,594	47,319	43,396	211,611	42,322	42,263
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	21,649	21,649	965	0	0	0
Obligations under underwriting agreement	48,882	24,441	24,441	71,000	35,500	35,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	11,969,146	546,827	159,479	9,458,461	0	0
- maturity exceeding one year	1,989,380	1,614,197	1,097,552	5,141,104	1,588,153	1,588,153
Foreign exchange related contracts						
- less than one year	15,451,799	376,680	133,083	16,436,336	295,137	85,623
- one year to less than five years	1,716,156	179,186	82,793	2,294,951	293,688	82,590
- five years and above	340,000	82,631	88,939	118,707	20,618	5,889
Interest rate contracts						
- less than one year	10,760,442	44,611	9,354	8,371,152	48,651	13,427
- one year to less than five years	17,084,452	565,320	265,566	18,464,830	715,114	197,365
- five years and above	684,893	58,118	32,389	613,590	53,427	14,747
Equity and commodity related contracts	0	6,796	611	912,972	108,999	25,759
Miscellaneous	0	0	0	98,338	0	0
<b>Total</b>	<b>62,246,025</b>	<b>4,715,077</b>	<b>3,171,227</b>	<b>64,332,373</b>	<b>4,519,272</b>	<b>3,383,775</b>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****32 COMMITMENTS AND CONTINGENCIES (continued)**

	30 June 2010			31 Dec 2009		
	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
<b>Bank</b>						
Direct credit substitutes	351,973	351,973	419,854	494,113	494,113	493,912
Transaction-related contingent items	1,590,659	795,329	812,805	1,543,266	771,633	746,630
Short-term self-liquidating trade-related contingencies	236,594	47,319	43,396	202,843	40,569	40,509
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	21,649	21,649	965	0	0	0
Obligations under underwriting agreement	48,882	24,441	24,441	71,000	35,500	35,500
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	11,969,146	546,827	159,479	9,943,916	0	0
- maturity exceeding one year	1,989,380	1,614,197	1,097,552	4,141,647	1,580,674	1,580,674
Foreign exchange related contracts						
- less than one year	15,405,224	373,055	132,782	16,098,067	288,627	84,316
- one year to less than five years	1,569,570	161,664	72,796	2,189,341	287,557	81,362
- five years and above	340,000	82,631	88,939	118,707	20,618	5,889
Interest rate contracts						
- less than one year	10,760,442	44,611	9,354	8,371,152	48,651	13,427
- one year to less than five years	17,084,452	565,320	265,566	18,464,830	715,114	197,365
- five years and above	684,893	58,118	32,389	613,590	53,427	14,747
Equity and commodity related contracts	0	6,790	609	836,132	100,751	24,110
Miscellaneous	0	0	0	98,340	0	0
<b>Total</b>	<b>62,052,864</b>	<b>4,693,924</b>	<b>3,160,927</b>	<b>63,186,944</b>	<b>4,437,234</b>	<b>3,318,441</b>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)****33 CAPITAL ADEQUACY**

The capital adequacy ratios of the Group and the Bank are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>Basel II</b>	<b>Basel I</b>	<b>Basel II</b>	<b>Basel I</b>
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<u>Tier-1 capital</u>				
Paid-up share capital	287,500	287,500	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000	4,000	4,000
Share premium	858,500	858,500	858,500	858,500
Retained profits	2,341,210	2,023,141	2,382,459	2,062,029
Other reserves	330,660	330,660	322,000	322,000
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Capital reserves	56,619	56,619	0	0
	<u>4,278,489</u>	<u>3,960,420</u>	<u>4,254,459</u>	<u>3,934,029</u>
Less: Deferred tax assets	(123,828)	(122,215)	(114,768)	(111,031)
Eligible Tier-1 capital	<u>4,154,661</u>	<u>3,838,205</u>	<u>4,139,691</u>	<u>3,822,998</u>
<u>Tier-2 capital</u>				
General provision under standardised approach	105,590	489,289	98,245	450,559
Subordinated debt capital	795,342	871,739	595,342	671,739
Total Tier-2 capital	<u>900,932</u>	<u>1,361,028</u>	<u>693,587</u>	<u>1,122,298</u>
Less:				
Investment in subsidiaries	0	0	(196,617)	(196,617)
Excess of Expected Loss over Eligible Provisions under the IRB approach	(60,997)	0	(67,641)	0
Valuation adjustments	(879)	(7,547)	(879)	(7,547)
Eligible Tier-2 capital	<u>839,056</u>	<u>1,353,481</u>	<u>428,450</u>	<u>918,134</u>
Capital base	<u>4,993,717</u>	<u>5,191,686</u>	<u>4,568,141</u>	<u>4,741,132</u>
<u>Before payment of dividend</u>				
Core capital ratio	11.93%	11.55%	12.95%	12.37%
Risk-weighted capital ratio	<u>14.34%</u>	<u>15.63%</u>	<u>14.29%</u>	<u>15.34%</u>
<u>After payment of dividend</u>				
Core capital ratio	11.90%	11.40%	12.92%	12.20%
Risk-weighted capital ratio	<u>14.31%</u>	<u>15.47%</u>	<u>14.26%</u>	<u>15.18%</u>

Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

	<b>Group</b>		<b>Bank</b>	
	<b>Basel II</b>	<b>Basel I</b>	<b>Basel II</b>	<b>Basel I</b>
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
Credit risk	31,089,545	32,238,300	28,301,592	29,947,579
Market risk	810,619	967,643	822,141	941,525
Operational risk	2,929,868	0	2,845,173	0
	<u>34,830,032</u>	<u>33,205,943</u>	<u>31,968,906</u>	<u>30,889,104</u>

**NOTES TO INTERIM FINANCIAL STATEMENTS – 30 JUNE 2010 (continued)**

**33 CAPITAL ADEQUACY (continued)**

The capital adequacy ratios of the Group and the Bank consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its wholly-owned subsidiary company, OCBC Al-Amin Bank Berhad.

With effect from 1 January 2010, the capital ratios have been computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Internal Ratings Based Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

Comparative figures have been computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (RWCAF-Basel I) and have not been restated for the first time adoption and disclosure of Risk Weighted Capital Adequacy Framework (RWCAF-Basel II).

The capital adequacy ratios of the banking subsidiary company of the Group are as follows:

	<b>OCBC Al-Amin Bank Berhad</b>	
	30 June 2010	31 Dec 2009
Core capital ratio	6.67%	7.74%
Risk-weighted capital ratio	<u>10.46%</u>	<u>13.12%</u>

The capital adequacy ratios of OCBC Al-Amin Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. OCBC Al-Amin Bank Berhad has adopted the Internal Ratings Based Approach for Credit Risk, Standardised Approach Market Risk and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.