

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	Note	Group		Bank	
		30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Assets					
Cash and cash equivalents		8,689,414	11,004,041	8,487,418	10,616,038
Deposits and placements with banks and other financial institutions		1,854,667	1,935,632	2,033,969	2,235,614
Securities held-for-trading	13	472,826	505,657	472,826	505,657
Securities available-for-sale	14	9,286,822	5,964,308	7,606,383	4,904,779
Loans, advances and financing	15	41,090,082	35,143,119	38,347,644	32,656,423
Derivative assets	17	1,166,429	499,772	1,164,599	492,132
Other assets	18	223,319	203,813	416,943	395,030
Statutory deposits with Bank Negara Malaysia	19	997,592	79,342	856,592	52,592
Investment in subsidiary companies		-	-	256,611	256,611
Property, plant and equipment		203,427	210,647	197,278	202,825
Prepaid lease payments		751	1,000	751	1,000
Investment properties		16,536	20,731	16,536	20,731
Non-current assets held for sale		4	-	4	-
Deferred tax assets		163,545	137,896	151,439	127,725
Total assets		64,165,414	55,705,958	60,008,993	52,467,157
Liabilities					
Deposits from customers	20	47,156,668	43,236,933	43,269,972	40,381,661
Deposits and placements of banks and other financial institutions	21	8,515,547	5,013,388	8,371,486	4,734,425
Bills and acceptances payable		356,482	281,944	326,706	270,837
Recourse obligation on loans sold to Cagamas Berhad		307,183	329,988	307,183	329,988
Subordinated term loan / bonds	22	1,512,148	1,504,132	1,512,148	1,504,132
Derivative liabilities	17	1,116,827	485,177	1,114,962	477,549
Other liabilities	23	632,008	472,329	609,921	440,166
Current tax liabilities and zakat		99,020	30,022	93,375	28,124
Total Liabilities		59,695,883	51,353,913	55,605,753	48,166,882
Equity					
Share capital		291,500	291,500	291,500	291,500
Reserves		4,178,031	4,060,545	4,111,740	4,008,775
Total equity		4,469,531	4,352,045	4,403,240	4,300,275
Total liabilities and equity		64,165,414	55,705,958	60,008,993	52,467,157
Commitments and contingencies	32	91,670,241	64,496,086	90,274,692	63,390,651

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 2010.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2011**

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Interest income	24	635,213	536,055	1,779,899	1,516,412
Interest expense	24	(329,545)	(242,207)	(888,642)	(677,265)
Net interest income		305,668	293,848	891,257	839,147
Net fee and commission income	25	67,301	74,224	210,826	196,496
Income from Islamic banking operations		49,678	39,053	138,350	119,617
Net trading income	26	9,046	43,931	92,252	147,141
Other operating income	27	7,848	6,667	40,745	22,104
Operating income		439,541	457,723	1,373,430	1,324,505
Personnel and operating expenses	28	(198,430)	(170,775)	(544,938)	(485,417)
Operating profit before allowance for impairment loss and provision		241,111	286,948	828,492	839,088
Impairment allowance on loans, advances and financing	29	(43,096)	(52,929)	(115,112)	(98,476)
Impairment allowance on investment properties		1,703	-	1,703	(361)
Provision for commitment and contingencies		-	-	-	(7,604)
Profit before income tax expense and zakat		199,718	234,019	715,083	732,647
Income tax expense	30	(50,097)	(62,083)	(175,575)	(188,601)
Zakat		(5)	(4)	(15)	(11)
Profit for the period		149,616	171,932	539,493	544,035
Basic earnings per ordinary share (sen)		48.9	56.6	181.4	183.0

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 2010.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2011 (continued)

	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Bank					
Interest income	24	640,953	543,456	1,798,366	1,535,425
Interest expense	24	(329,551)	(242,182)	(888,660)	(677,252)
Net interest income		311,402	301,274	909,706	858,173
Net fee and commission income	25	80,410	86,515	248,086	231,015
Net trading income	26	9,046	43,931	92,252	147,141
Other operating income	27	7,899	6,680	40,841	22,226
Operating income		408,757	438,400	1,290,885	1,258,555
Personnel and operating expenses	28	(181,240)	(159,096)	(501,064)	(453,719)
Operating profit before allowance for impairment loss and provision		227,517	279,304	789,821	804,836
Impairment allowance on loans, advances and financing	29	(36,014)	(51,848)	(98,840)	(92,135)
Impairment allowance on investment properties		1,703	-	1,703	(361)
Provision for commitment and contingencies		-	-	-	(7,604)
Profit before income tax expense and zakat		193,206	227,456	692,684	704,736
Income tax expense	30	(48,376)	(60,618)	(169,689)	(181,565)
Profit for the period		144,830	166,838	522,995	523,171
Basic earnings per ordinary share (sen)		47.2	54.9	175.6	175.7

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 2010.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND
NINE MONTHS ENDED 30 SEPTEMBER 2011**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Profit for the period	149,616	171,932	539,493	544,035
Fair value of securities available-for-sale				
- change in fair value	(11,817)	23,266	(2,050)	21,373
- amount transferred to profit or loss on disposal	(3,874)	(3,458)	(14,419)	(15,713)
Income tax expense relating to components of other comprehensive income/(expense)	821	(4,929)	627	(2,176)
Other comprehensive (expense)/income for the period, net of tax	(14,870)	14,879	(15,842)	3,484
Total comprehensive income for the period	134,746	186,811	523,651	547,519
Profit attributable to:				
Owner of the Bank	149,616	171,932	539,493	544,035
Total comprehensive income attributable to:				
Owner of the Bank	134,746	186,811	523,651	547,519

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 2010.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND
NINE MONTHS ENDED 30 SEPTEMBER 2011 (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit for the period	144,830	166,838	522,995	523,171
Fair value of securities available-for-sale				
- change in fair value	(12,381)	20,317	(3,346)	16,775
- amount transferred to profit or loss on disposal	(2,287)	(3,855)	(10,695)	(14,657)
Income tax expense relating to components of other comprehensive income/(expense)	565	(4,092)	176	(1,311)
Other comprehensive (expense)/income for the period, net of tax	(14,103)	12,370	(13,865)	807
Total comprehensive income for the period	130,727	179,208	509,130	523,978
Profit attributable to:				
Owner of the Bank	144,830	166,838	522,995	523,171
Total comprehensive income attributable to:				
Owner of the Bank	130,727	179,208	509,130	523,978

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 2010.

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**

	<i>Non-distributable</i>				<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Group							
Balance at 1 January 2011	291,500	858,500	330,660	56,619	125,915	2,688,851	4,352,045
Profit for the period	-	-	-	-	-	539,493	539,493
Other comprehensive expense for the period	-	-	-	-	(15,842)	-	(15,842)
Total comprehensive (expense)/income for the period	-	-	-	-	(15,842)	539,493	523,651
Transfer to statutory reserve	-	-	11,922	-	-	(11,922)	-
Dividends paid on ordinary shares in respect of:							
- final 2010	-	-	-	-	-	(323,437)	(323,437)
- interim 2011	-	-	-	-	-	(64,688)	(64,688)
Dividends to preference shareholders	-	-	-	-	-	(18,040)	(18,040)
Balance at 30 Sept 2011	<u>291,500</u>	<u>858,500</u>	<u>342,582</u>	<u>56,619</u>	<u>110,073</u>	<u>2,810,257</u>	<u>4,469,531</u>
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	-	-	-	-	-	20,427	20,427
As restated	<u>291,500</u>	<u>858,500</u>	<u>330,660</u>	<u>56,619</u>	<u>128,936</u>	<u>2,043,568</u>	<u>3,709,783</u>
Profit for the period	-	-	-	-	-	544,035	544,035
Other comprehensive income for the period	-	-	-	-	3,484	-	3,484
Total comprehensive (expense)/income for the period	-	-	-	-	3,484	544,035	547,519
Dividends paid on ordinary shares in respect of:							
- final 2009	-	-	-	-	-	(43,125)	(43,125)
Dividends to preference shareholders	-	-	-	-	-	(18,040)	(18,040)
Balance at 30 Sept 2010	<u>291,500</u>	<u>858,500</u>	<u>330,660</u>	<u>56,619</u>	<u>132,420</u>	<u>2,526,438</u>	<u>4,196,137</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 2010.

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011
(continued)**

	<i>Non-distributable</i>			<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Bank						
Balance at 1 January 2011	291,500	858,500	322,000	124,058	2,704,217	4,300,275
Profit for the period	-	-	-	-	522,995	522,995
Other comprehensive expense for the period	-	-	-	(13,865)	-	(13,865)
Total comprehensive (expense)/income for the period	-	-	-	(13,865)	522,995	509,130
Dividends paid on ordinary shares in respect of:						
- final 2010	-	-	-	-	(323,437)	(323,437)
- interim 2011	-	-	-	-	(64,688)	(64,688)
Dividends to preference shareholders	-	-	-	-	(18,040)	(18,040)
Balance at 30 Sept 2011	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>110,193</u>	<u>2,821,047</u>	<u>4,403,240</u>
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	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>127,537</u>	<u>2,082,456</u>	<u>3,681,993</u>
Profit for the period	-	-	-	-	523,171	523,171
Other comprehensive income for the period	-	-	-	807	-	807
Total comprehensive (expense)/income for the period	-	-	-	807	523,171	523,978
Dividends paid on ordinary shares in respect of:						
- final 2009	-	-	-	-	(43,125)	(43,125)
Dividends to preference shareholders	-	-	-	-	(18,040)	(18,040)
Balance at 30 Sept 2010	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>128,344</u>	<u>2,544,462</u>	<u>4,144,806</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 2010.

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**

	Group		Bank	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Cash flows from operating activities				
Profit before income tax expense and zakat	715,083	732,647	692,684	704,736
Adjustments for non-operating and non-cash items	72,522	287,832	53,880	287,701
Operating profit before changes in working capital	<u>787,605</u>	<u>1,020,479</u>	<u>746,564</u>	<u>992,437</u>
Changes in working capital:				
Net increase in operating assets	(7,568,175)	(4,136,669)	(7,070,484)	(4,164,060)
Net increase/(decrease) in operating liabilities	8,249,532	(335,338)	7,350,337	610,448
Cash generated from/(used in) operations	<u>1,468,962</u>	<u>(3,451,528)</u>	<u>1,026,417</u>	<u>(2,561,175)</u>
Income tax and zakat paid	(131,403)	(161,583)	(127,978)	(157,081)
Net cash generated from/(used) in operating activities	<u>1,337,559</u>	<u>(3,613,111)</u>	<u>898,439</u>	<u>(2,718,256)</u>
Net cash (used in)/generated from investing activities	(3,317,910)	937,398	(2,692,783)	961,743
Net cash used in financing activities	<u>(334,276)</u>	<u>(157,678)</u>	<u>(334,276)</u>	<u>(157,678)</u>
Net decrease in cash and cash equivalents	(2,314,627)	(2,833,391)	(2,128,620)	(1,914,191)
Cash and cash equivalents at beginning of the period	11,004,041	11,211,535	10,616,038	9,945,874
Cash and cash equivalents at end of the period	<u>8,689,414</u>	<u>8,378,144</u>	<u>8,487,418</u>	<u>8,031,683</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 2010.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011

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 nominees services. There have been no significant changes in the nature of these activities during the financial period.

The condensed interim financial statements of the Group as at and for the nine months period ended 30 September 2011 comprise the Bank and its subsidiary companies (together referred to as the Group).

2 REVIEW OF PERFORMANCE

The Bank and its subsidiaries (“Group”) recorded a net profit of RM539 million for the first nine months of 2011, registering a marginal decrease of RM5 million or 1% compared with the corresponding period in 2010. The decrease in net profit was mainly due to the lower operating profit of RM11 million or 1% to RM828 million. At operating income level, however, the gains were higher, rising by RM49 million or 4% to RM1.37 billion.

The higher operating income was supported by the growth in net interest income of RM52 million or 6% to RM891 million while fees, commissions and other income expanded by RM33 million or 15% to RM252 million. Islamic banking income also saw growth, rising RM19 million or 16% to RM138 million, offset by lower trading income of RM55 million or 37% to RM92 million.

The increase in operating expenses of 12% was mainly attributable to the Group’s continued capability building including implementation of new systems to serve and meet its customers’ needs. The Group also widened its branch network and delivery channels with the aim of further expanding its customer reach.

For the first nine months of 2011, higher allowances arose mainly from an increase in collective impairment allowances of RM60 million to RM90 million in line with strong loans growth. Individual impairment allowances declined by RM43 million to RM25 million.

Gross loans outstanding as at 30 September 2011 grew by RM6 billion or 17% to RM42.1 billion in the first nine months, derived from business and consumer loans by RM4 billion and RM2 billion respectively. Total customer deposits also increased by RM4 billion or 9% to RM47.2 billion.

Shareholders’ funds strengthened to RM4.5 billion while the Group’s risk weighted capital ratio as at 30 September 2011 stood at 15.15%.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)

3 ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy registered a growth of 4.4% in the first half of 2011 and is forecast to expand between 5% and 5.5% for the entire year. With global uncertainties looming due to the economic slowdown in the United States, European debt crisis, inflationary pressures from rising commodity prices and slower world trade, the country's economic growth for 2012 would be impacted accordingly. In view of the challenges ahead, the Government is expected to put in place measures to stimulate domestic public and private investments supported by higher foreign direct investments, and implementation of the Economic Transformation Programme and Second Rolling Plan projects under the 10th Malaysian Plan. The measures would also include increasing private consumption that would naturally follow from the higher disposable income and positive employment prospects. Hence, the country's economy is expected to grow between 5-6% in 2012.

In line with the country's economic growth, the Group will continue to extend credit to its existing and potential customers in various sectors. The Group will also invest in building its infrastructure and systems, and open more branches with the aim to expand its reach to a larger cross-section of customers. Amid the current economic scenario, the Group will continue to manage its quality of assets and rising operating costs, and further strengthen its capital position.

4 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 30 September 2011 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 condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 2010.

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 2010, except for the adoption of the following applicable standards, amendments and interpretations that have been issued by MASB which are effective on 1 January 2011.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)

4 BASIS OF PREPARATION (continued)

FRSs, Amendments and interpretations effective for annual periods beginning on or after 1 January 2011
Amendments to FRS132, Financial instruments: Presentation-Classification of right Issues
FRS 1 (revised), First-time Adoption of Financial Reporting Standards
FRS 3 (revised), Business Combinations
FRS 127 (revised), Consolidated and Separate Financial Statements
IC Interpretation 17, Distributions of Non-cash Assets to Owners
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
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters
Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers
TR i-4, Shariah Compliant Sale Contracts
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010)”

The adoption of the above mentioned applicable standards, amendments, and interpretations do not have any material impact on the financial statements of the Group and the Bank.

The Group and the Bank have not applied the following 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.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012
FRS 124, Related Party Disclosures (revised)

The initial application of the above mentioned applicable standards, amendments and interpretations are not expected to have any material impacts on the financial statements of the Group and the Bank upon first adoption.

5 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 31 December 2010 was not qualified.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)

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 cash flows of the Group and the Bank for the financial period ended 30 September 2011.

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 September 2011.

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 September 2011.

10 DIVIDEND

A net cash dividend of 4.15% amounting to RM8.95 million and 4.15% amounting to RM9.09 million were paid to preference shareholders on 20 March 2011 and 20 September 2011 respectively. A final gross dividend of 150.0 sen per ordinary share less tax at 25% amounting to RM323.44 million was paid on 21 April 2011 in respect of the financial year ended 31 December 2010.

An interim gross dividend of 30.0 sen per ordinary share less tax at 25% amounting to RM64,687,500 was paid on 7 October 2011 in respect of the financial year ending 31 December 2011 on the fully issued and paid up ordinary shares of the Bank.

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 September 2011.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**13 SECURITIES HELD-FOR-TRADING**

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
<u>At fair value</u>				
Malaysia Government treasury bills	24,114	-	24,114	-
Malaysia Government securities	81,959	5,008	81,959	5,008
Government Investment Certificate	58,665	31,156	58,665	31,156
Bank Negara Malaysia bills	9,978	68,912	9,978	68,912
Private debt securities	216,202	283,051	216,202	283,051
Quoted shares in Malaysia	81,908	117,530	81,908	117,530
	<u>472,826</u>	<u>505,657</u>	<u>472,826</u>	<u>505,657</u>

14 SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
<u>At fair value</u>				
Malaysia Government securities	2,506,683	2,262,198	2,506,683	2,262,198
Government Investment Certificate	1,287,574	610,317	466,025	313,188
Bank Negara Malaysia bills	99,340	544,449	99,340	544,449
Bank Negara Malaysia Monetary Notes	711,834	255,527	417,431	-
Bank Negara Malaysia Islamic bonds	-	33,255	-	-
Private debt securities	2,221,868	1,555,571	1,921,858	1,232,024
Negotiable instruments of deposit	2,292,690	502,094	2,028,213	352,023
Bankers' acceptances	47,489	84,330	47,489	84,330
Unquoted shares in Malaysia	106,148	106,478	106,148	106,478
Unquoted shares outside Malaysia	13,018	10,020	13,018	10,020
Debentures	190	190	190	190
	<u>9,286,834</u>	<u>5,964,429</u>	<u>7,606,395</u>	<u>4,904,900</u>
Impairment allowance:				
- Unquoted shares in Malaysia	-	(109)	-	(109)
- Debentures	(12)	(12)	(12)	(12)
	<u>(12)</u>	<u>(121)</u>	<u>(12)</u>	<u>(121)</u>
	<u>9,286,822</u>	<u>5,964,308</u>	<u>7,606,383</u>	<u>4,904,779</u>

During the period, no securities available-for-sale was 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 September 2011 is RM348,000,000 (31 December 2010: RM233,000,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**14 SECURITIES AVAILABLE-FOR-SALE (continued)**

The accumulated impairment allowance for securities available-for-sale are as follows:

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Balance at 1 January	121	121	121	121
Reversal of impairment allowance	(109)	-	(109)	-
Balance at 30 September/ 31 December	<u>12</u>	<u>121</u>	<u>12</u>	<u>121</u>

15 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
<u>At amortised cost</u>				
i) By type				
Overdrafts	3,496,055	3,357,978	2,768,566	2,916,414
Term loans/financing :				
- Housing loans/financing	11,806,774	10,166,900	11,645,037	10,020,070
- Syndicated term loan/financing	3,352,637	3,967,231	3,141,011	3,720,418
- Hire purchase receivables	615,428	558,520	72	75
- Lease receivables	429	2,264	429	2,227
- Other term loans	15,643,757	12,607,066	14,865,951	11,981,310
Credit/charge cards receivables	389,078	421,253	389,078	421,253
Bills receivable	2,287,167	76,387	2,274,847	64,443
Trust receipts	60,614	54,515	60,614	54,515
Claims on customers under acceptance credits	2,127,337	1,997,296	1,911,416	1,793,827
Block discounting	330	330	330	330
Loans to banks and other financial institutions	185,773	230,767	185,773	230,767
Revolving credits	1,684,765	2,135,768	1,276,083	1,596,582
Staff loans	105,954	113,248	105,954	113,248
Other loans	686,622	642,722	655,562	597,662
	<u>42,442,720</u>	<u>36,332,245</u>	<u>39,280,723</u>	<u>33,513,141</u>
Less: Unearned interest and income	(344,418)	(263,527)	(112)	(161)
Gross loans, advances and financing	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>
Impairment allowance :				
- Individually assessed	(382,108)	(389,872)	(348,619)	(358,784)
- Collectively assessed	(626,112)	(535,727)	(584,348)	(497,773)
Net loans, advances and financing	<u>41,090,082</u>	<u>35,143,119</u>	<u>38,347,644</u>	<u>32,656,423</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
ii) By type of customer				
Domestic non-bank financial institutions				
- Stockbroking companies	-	1,801	-	1,801
- Others (non-stockbroking companies)	965,851	945,519	965,851	945,519
Domestic business enterprises				
- Small medium enterprises	6,448,718	5,651,910	5,919,699	5,260,077
- Others	16,564,456	15,722,735	15,037,478	14,079,971
Individuals	15,702,443	13,570,766	15,007,722	13,114,114
Other domestic entities	1,154	1,223	1,154	1,218
Foreign entities	2,415,680	174,764	2,348,707	110,280
	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>
iii) By interest/profit rate sensitivity				
Fixed rate				
Housing loans/financing	40,598	46,866	-	-
Hire purchase receivables	559,570	506,200	72	75
Other fixed rate loans/financing	4,419,465	1,885,344	3,233,947	977,974
Variable rate				
BLR plus	25,457,985	23,113,163	25,278,268	23,040,259
Cost-plus	3,943,691	4,244,415	3,091,331	3,221,942
Other variable rates	7,676,993	6,272,730	7,676,993	6,272,730
	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>
iv) By sector				
Agriculture	2,129,859	2,253,919	1,794,987	1,792,066
Mining and quarrying	623,269	570,977	373,211	301,288
Manufacturing	5,323,380	4,838,887	4,703,719	4,207,498
Electricity, gas and water	710,257	816,120	609,211	716,004
Construction	980,980	1,062,486	880,424	985,527
Real estate	5,382,336	4,350,295	5,203,030	4,269,985
Wholesale and retail trade and restaurants and hotels	4,759,025	4,846,634	4,527,990	4,645,864
Transport, storage and communication	1,498,608	1,216,769	1,334,704	1,064,505
Finance, insurance and business services	1,729,028	1,429,305	1,688,180	1,397,171
Community, social and personal services	603,534	668,459	569,271	639,111
Household , of which				
- Purchase of residential properties	11,545,012	10,092,467	11,405,061	9,975,853
- Purchase of non-residential properties	1,482,261	1,220,609	1,478,764	1,217,855
- Others	2,776,404	2,359,480	2,222,097	2,020,317
Others	2,554,349	342,311	2,489,962	279,936
	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	30 Sept	31 Dec	30 Sept	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
v) By geographical distribution				
Malaysia	41,919,986	35,896,212	39,166,234	33,402,226
Singapore	132,708	129,471	68,769	67,719
Other ASEAN	3,958	2,899	3,958	2,899
Rest of the world	41,650	40,136	41,650	40,136
	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>

The analysis by geography is determined based on where the credit risk resides.

vi) By residual contractual maturity

Maturity within one year	12,180,637	13,832,285	11,451,932	12,932,098
One year to five years	7,067,411	9,497,541	5,668,055	8,497,054
Over five years	22,850,254	12,738,892	22,160,624	12,083,828
	<u>42,098,302</u>	<u>36,068,718</u>	<u>39,280,611</u>	<u>33,512,980</u>

16 IMPAIRED LOANS, ADVANCES AND FINANCING

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

	Group		Bank	
	30 Sept	31 Dec	30 Sept	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	1,006,464	1,234,780	961,020	1,181,182
Classified as impaired	299,510	451,038	267,986	404,984
Reclassified as non-impaired	(119,356)	(173,010)	(112,866)	(161,072)
Amount recovered	(227,926)	(359,577)	(217,642)	(340,818)
Amount written off	(61,003)	(143,257)	(46,042)	(119,746)
Effect of foreign exchange difference	571	(3,510)	571	(3,510)
Balance at 30 September/ 31 December	<u>898,260</u>	<u>1,006,464</u>	<u>853,027</u>	<u>961,020</u>
Less: individually assessed impairment allowance	<u>(382,108)</u>	<u>(389,872)</u>	<u>(348,619)</u>	<u>(358,784)</u>
Net impaired loans, advances and financing	<u>516,152</u>	<u>616,592</u>	<u>504,408</u>	<u>602,236</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
<u>Individually assessed impairment allowance</u>				
Balance at 1 January	389,872	457,392	358,784	418,140
Effect of adopting FRS 139	-	(27,236)	-	(27,236)
Balance at 1 January, restated	389,872	430,156	358,784	390,904
Allowance made during the period / year	133,352	253,728	104,913	214,814
Amount written back	(76,664)	(136,342)	(65,633)	(112,991)
Amount written off	(61,003)	(143,257)	(46,042)	(119,746)
Interest recognised	(4,166)	(12,611)	(4,120)	(12,395)
Effect of foreign exchange difference	717	(1,802)	717	(1,802)
Balance at 30 September/ 31 December	<u>382,108</u>	<u>389,872</u>	<u>348,619</u>	<u>358,784</u>
<u>Collectively assessed impairment allowance</u>				
Balance at 1 January	535,727	489,927	497,773	451,197
Allowance made during the period / year	90,385	45,800	86,575	46,576
Balance at end of the period / year	<u>626,112</u>	<u>535,727</u>	<u>584,348</u>	<u>497,773</u>
(As % of gross loans, advances and financing less individual assessment allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Agriculture	1,676	13,224	1,543	12,704
Manufacturing	324,390	348,289	301,179	324,273
Electricity, gas and water	-	48	-	48
Construction	49,071	70,443	45,377	66,316
Real estate	41,349	49,954	41,349	49,947
Wholesale and retail trade and restaurant	140,517	144,883	137,015	141,425
Transport, storage and communication	24,169	23,697	23,801	23,189
Finance, insurance and business services	21,201	21,685	19,939	20,698
Community, social and personal services	5,921	3,391	5,126	3,242
Household sector, of which				
i. Purchase of residential properties	200,855	229,864	198,705	226,552
ii. Purchase of non-residential properties	19,443	18,488	19,443	18,488
iii. Others	65,625	76,209	55,507	67,849
Others	4,043	6,289	4,043	6,289
	898,260	1,006,464	853,027	961,020

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

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Malaysia	898,260	1,006,464	853,027	961,020

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**17 DERIVATIVE ASSETS AND LIABILITIES**

Group	30 Sept 2011			31 Dec 2010		
	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
Trading:						
Foreign exchange derivatives						
- forward	7,240,630	111,895	25,795	3,642,172	19,973	36,409
- swaps	33,712,390	761,735	822,820	17,708,541	258,152	258,696
- options	2,369,666	43,372	14,412	1,315,447	13,115	13,813
- others	37,129	3,867	3,867	17,262	2,648	2,648
Interest rate derivatives						
- swaps	28,628,755	178,650	160,299	25,727,144	184,855	137,629
- options	2,183,683	1,646	15,434	1,490,742	2,380	10,765
- swaptions	650,000	4,085	4,664	200,000	-	1,009
- others	300,881	4,827	4,872	27,770	2,710	-
Equity and other derivatives						
- swaps	71,540	1,062	1,062	71,780	779	779
- exchange traded futures	52,224	33	1,375	21,170	1	62
- options	568,444	1,311	6,149	555,421	688	21,272
- commodity futures	53,219	2,137	2,125	1,887	7	-
- warrants	1,875,655	35,242	38,000	-	-	-
- credit linked notes	240,000	2,980	-	-	-	-
	77,984,216	1,152,842	1,100,874	50,779,336	485,308	483,082
Hedging:						
Interest rate derivatives						
- swaps	1,327,944	13,587	15,953	1,370,653	14,464	2,095
	79,312,160	1,166,429	1,116,827	52,149,989	499,772	485,177

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**17 DERIVATIVE ASSETS AND LIABILITIES (continued)**

	30 Sept 2011			31 Dec 2010		
	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
<u>Bank</u>						
Trading:						
Foreign exchange derivatives						
- forward	6,716,698	102,998	25,676	3,484,689	19,702	30,637
- swaps	33,971,045	770,603	822,870	17,595,139	252,639	258,696
- options	2,280,114	41,571	12,616	1,228,189	11,259	11,957
- others	37,129	3,867	3,867	17,262	2,648	2,648
Interest rate derivatives						
- swaps	28,628,755	178,650	160,299	25,727,144	184,855	137,629
- options	2,183,683	1,646	15,434	1,490,742	2,380	10,765
- swaptions	650,000	4,085	4,664	200,000	-	1,009
- others	300,881	4,827	4,872	27,770	2,710	-
Equity and other derivatives						
- swaps	71,540	1,062	1,062	71,780	779	779
- exchange traded futures	52,224	33	1,375	21,170	1	62
- options	568,444	1,311	6,149	555,421	688	21,272
- commodity futures	53,219	2,137	2,125	1,887	7	-
- warrants	1,875,655	35,242	38,000	-	-	-
- credit linked notes	240,000	2,980	-	-	-	-
	77,629,387	1,151,012	1,099,009	50,421,193	477,668	475,454
Hedging:						
Interest rate derivatives						
- swaps	1,327,944	13,587	15,953	1,370,653	14,464	2,095
	78,957,331	1,164,599	1,114,962	51,791,846	492,132	477,549

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**18 OTHER ASSETS**

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Interest receivable	86,461	83,944	81,557	76,869
Unquoted Islamic Subordinated Bonds of subsidiary	-	-	200,000	200,000
Other debtors, deposits and prepayments	136,858	119,869	135,386	118,161
	<u>223,319</u>	<u>203,813</u>	<u>416,943</u>	<u>395,030</u>

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 September 2011 is RM348,000,000 (31 December 2010: RM233,000,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**20 DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
i) By type of deposits				
Demand deposits	6,787,320	6,550,242	5,432,385	5,497,122
Savings deposits	2,955,307	2,866,111	2,623,307	2,534,891
Fixed deposits	31,567,475	25,796,190	30,029,432	24,820,206
Negotiable instruments of deposits	53,051	106,860	38,327	38,839
Short-term money market deposits	3,796,083	6,635,552	3,196,679	6,256,487
Structured investments	1,990,294	1,271,963	1,942,704	1,224,101
Others	7,138	10,015	7,138	10,015
	<u>47,156,668</u>	<u>43,236,933</u>	<u>43,269,972</u>	<u>40,381,661</u>
ii) By type of customers				
Government and statutory bodies	543,909	416,667	12,026	4,663
Business enterprises	21,765,364	22,321,686	19,457,234	20,753,410
Individuals	20,295,795	17,856,169	19,834,073	17,406,410
Foreign entities	1,187,481	10,465	1,177,902	-
Others	3,364,119	2,631,946	2,788,737	2,217,178
	<u>47,156,668</u>	<u>43,236,933</u>	<u>43,269,972</u>	<u>40,381,661</u>
iii) By maturity structure				
Maturity within six months	41,085,270	37,718,345	37,393,532	34,955,112
Six months to one year	4,317,545	4,052,463	4,171,510	4,010,557
One year to three years	829,707	808,786	781,066	800,798
Three years to five years	924,146	657,339	923,864	615,194
More than five years	-	-	-	-
	<u>47,156,668</u>	<u>43,236,933</u>	<u>43,269,972</u>	<u>40,381,661</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Licensed banks	7,579,116	4,510,560	7,435,055	4,231,597
Bank Negara Malaysia	478,313	-	478,313	-
Other financial institutions	458,118	502,828	458,118	502,828
	<u>8,515,547</u>	<u>5,013,388</u>	<u>8,371,486</u>	<u>4,734,425</u>

22 SUBORDINATED TERM LOAN / BONDS

	Group and Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000
RM 200 million redeemable Islamic subordinated bonds 2006/2021	200,000	200,000
RM 400 million redeemable subordinated bonds 2007/2017	404,630	406,027
RM 400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM 500 million redeemable subordinated bonds 2010/2020	507,518	498,105
	<u>1,512,148</u>	<u>1,504,132</u>

23 OTHER LIABILITIES

	Group		Bank	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Accruals for personnel costs *	51,969	57,297	51,938	57,265
Equity compensation benefits	13,863	14,524	13,863	14,524
Obligations under finance lease	-	-	282	363
Provision for commitments and contingencies	7,704	7,704	7,704	7,704
Interest payable	286,314	185,048	271,963	177,667
Other accruals and charges	207,470	207,756	199,483	182,643
Dividends due to holding company	64,688	-	64,688	-
	<u>632,008</u>	<u>472,329</u>	<u>609,921</u>	<u>440,166</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**24 NET INTEREST INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Interest income				
Loans, advances and financing				
- Other than recoveries from impaired loans, advances and financing	487,748	413,279	1,372,152	1,155,760
- Recoveries from impaired loans, advances and financing	-	15,392	5,922	33,430
- Interest earned from impaired loans, advances and financing	1,306	3,271	4,120	9,753
Money at call and deposit placements with financial institutions	90,997	58,973	254,925	178,246
Securities held-for-trading	5,844	2,322	12,132	8,068
Securities available-for-sale	45,647	39,129	124,979	118,576
Others	3,671	3,689	5,669	12,579
	635,213	536,055	1,779,899	1,516,412
Interest expense				
Deposits from other customers	286,196	204,479	761,434	558,877
Deposits and placements of banks and other financial institutions	21,192	17,236	61,943	53,721
Loans sold to Cagamas Berhad	3,192	3,515	9,716	10,590
Subordinated term loan / bonds	17,502	16,785	51,023	51,578
Others	1,463	192	4,526	2,499
	329,545	242,207	888,642	677,265
Net interest income	305,668	293,848	891,257	839,147

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**24 NET INTEREST INCOME (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Bank	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing				
- Other than recoveries from impaired loans, advances and financing	487,748	413,248	1,372,152	1,155,729
- Recoveries from impaired loans, advances and financing	-	15,392	5,922	33,430
- Interest earned from impaired loans, advances and financing	1,306	3,271	4,120	9,753
Money at call and deposit placements with financial institutions	93,555	58,973	263,949	178,246
Securities held-for-trading	5,844	2,322	12,132	8,068
Securities available-for-sale	45,647	39,129	124,979	118,576
Unquoted Islamic Subordinated Bonds of subsidiary	3,182	1,892	9,443	8,153
Others	3,671	9,229	5,669	23,470
	640,953	543,456	1,798,366	1,535,425
Interest expense				
Deposits from other customers	286,196	204,479	761,434	558,877
Deposits and placements of banks and other financial institutions	21,192	17,236	61,943	53,721
Loans sold to Cagamas Berhad	3,192	3,515	9,716	10,590
Subordinated term loan / bonds	17,502	16,785	51,023	51,578
Others	1,469	167	4,544	2,486
	329,551	242,182	888,660	677,252
Net interest income	311,402	301,274	909,706	858,173

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)

25 NET FEE AND COMMISSION INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Group	RM'000	RM'000	RM'000	RM'000
Commission	25,676	22,688	72,609	66,984
Service charges and fees	31,783	45,813	111,920	110,935
Guarantee fees	7,164	4,497	17,807	13,273
Other fee income	2,678	1,226	8,490	5,304
	67,301	74,224	210,826	196,496
Bank				
Commission	25,676	22,688	72,609	66,984
Service charges and fees	31,783	45,813	111,920	110,935
Guarantee fees	7,164	4,497	17,807	13,273
Other fee income	15,787	13,517	45,750	39,823
	80,410	86,515	248,086	231,015

26 NET TRADING INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Group	RM'000	RM'000	RM'000	RM'000
(Losses)/Gains on foreign currency	(48,192)	99,108	75,412	223,574
(Losses)/Gains on hedging derivatives	(212)	240	(815)	(588)
Realised (losses)/gains on securities held-for-trading	(579)	(1,249)	18,366	(1,630)
Realised losses on trading derivatives	(19,510)	(34)	(45,419)	(5,888)
Unrealised (losses)/gains on securities held-for-trading	(1,055)	6,705	(11,263)	6,690
Unrealised gains/(losses) on trading derivatives	78,594	(60,839)	55,971	(75,017)
	9,046	43,931	92,252	147,141
Bank				
(Losses)/Gains on foreign currency	(48,192)	99,108	75,412	223,574
(Losses)/Gains on hedging derivatives	(212)	240	(815)	(588)
Realised (losses)/gains on securities held-for-trading	(579)	(1,249)	18,366	(1,630)
Realised losses on trading derivatives	(19,510)	(34)	(45,419)	(5,888)
Unrealised (losses)/gains on securities held-for-trading	(1,055)	6,705	(11,263)	6,690
Unrealised gains/(losses) on trading derivatives	78,594	(60,839)	55,971	(75,017)
	9,046	43,931	92,252	147,141

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**27 OTHER OPERATING INCOME**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Gross dividends from securities available- for-sale				
- Malaysia	-	360	607	709
- Outside Malaysia	16	14	50	46
Gross dividends from securities held- for-trading				
- Malaysia	3,073	540	21,614	1,319
Rental of premises	1,575	1,892	4,823	5,066
Net gains from disposal of securities available-for-sale	2,297	3,854	12,633	14,657
Net gains from disposal of property, plant and equipment	971	4	972	211
Others	(84)	3	46	96
	7,848	6,667	40,745	22,104
Bank				
Gross dividends from securities available- for-sale				
- Malaysia	-	360	607	709
- Outside Malaysia	16	14	50	46
Gross dividends from securities held- for-trading				
- Malaysia	3,073	540	21,614	1,319
Rental of premises	1,626	1,905	4,919	5,188
Net gains from disposal of securities available-for-sale	2,297	3,854	12,633	14,657
Net gains from disposal of property, plant and equipment	971	4	972	211
Others	(84)	3	46	96
	7,899	6,680	40,841	22,226

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**28 PERSONNEL AND OPERATING EXPENSES**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	98,830	81,337	282,356	233,003
Establishment expenses (ii)	27,810	18,951	68,919	59,609
Marketing expenses (iii)	9,605	8,748	22,049	20,222
Administration and general expenses (iv)	62,185	61,739	171,614	172,583
	198,430	170,775	544,938	485,417

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	88,384	75,432	256,337	215,735
Establishment expenses (ii)	26,108	17,749	64,705	56,018
Marketing expenses (iii)	8,917	8,147	20,674	19,348
Administration and general expenses (iv)	57,831	57,768	159,348	162,618
	181,240	159,096	501,064	453,719

(i) Personnel expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	76,387	63,085	218,846	182,661
Defined contribution plan (EPF)	11,909	9,984	34,231	29,101
Equity compensation benefits	2,084	2,058	6,400	5,799
Other personnel costs	8,450	6,210	22,879	15,442
	98,830	81,337	282,356	233,003

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	68,247	58,273	198,423	168,732
Defined contribution plan (EPF)	10,708	9,249	31,135	26,944
Equity compensation benefits	2,040	2,004	6,243	5,671
Other personnel costs	7,389	5,906	20,536	14,388
	88,384	75,432	256,337	215,735

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**28 PERSONNEL AND OPERATING EXPENSES (continued)****(ii) Establishment expenses**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Rental of premises	3,040	2,829	9,011	8,760
Rental of equipment	427	369	1,394	1,334
Depreciation of property, plant and equipment	8,848	9,981	27,898	31,168
Depreciation of investment properties	135	265	660	796
Amortisation of prepaid lease payments	47	13	65	39
Repair and maintenance	1,120	1,084	3,551	3,831
Others	14,193	4,410	26,340	13,681
	27,810	18,951	68,919	59,609

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Rental of premises	2,588	2,443	7,817	7,535
Rental of equipment	427	369	1,394	1,334
Depreciation of property, plant and equipment	8,223	9,677	25,966	30,300
Depreciation of investment properties	135	265	660	796
Amortisation of prepaid lease payments	47	13	65	39
Repair and maintenance	1,044	1,056	3,354	3,743
Others	13,644	3,926	25,449	12,271
	26,108	17,749	64,705	56,018

(iii) Marketing expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Transport and travelling	1,582	1,455	4,412	3,829
Advertisement and business promotion	7,565	6,871	16,451	15,365
Others	458	422	1,186	1,028
	9,605	8,748	22,049	20,222

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**28 PERSONNEL AND OPERATING EXPENSES (continued)****(iii) Marketing expenses (continued)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Transport and travelling	1,451	1,358	4,064	3,550
Advertisement and business promotion	7,037	6,383	15,474	14,800
Others	429	406	1,136	998
	8,917	8,147	20,674	19,348

(iv) Administration and general expenses

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Printing and stationery	2,182	1,761	5,477	5,203
Postage and courier	1,768	1,263	4,864	3,627
Telephone, telex and fax	2,484	2,145	6,960	6,290
Legal and consultancy fees	2,538	1,020	6,235	3,544
Transaction processing fees	43,267	40,364	115,443	110,604
Other administrative and general expenses	9,946	15,186	32,635	43,315
	62,185	61,739	171,614	172,583

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Printing and stationery	2,004	1,638	5,020	4,742
Postage and courier	1,642	1,161	4,548	3,404
Telephone, telex and fax	2,336	2,029	6,561	5,960
Legal and consultancy fees	2,401	962	5,872	3,332
Transaction processing fees	39,461	37,059	105,053	102,300
Other administrative and general expenses	9,987	14,919	32,294	42,880
	57,831	57,768	159,348	162,618

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**29 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Impairment allowance of impaired loans, advances and financing:				
i) Individually assessed impairment allowances				
- made during the financial period	38,767	88,026	133,352	191,327
- written back	(24,546)	(44,442)	(76,664)	(98,337)
ii) Collectively assessed impairment allowances				
- made during the financial period	40,797	15,821	90,385	30,624
Impaired loans, advances and financing - recovered	(11,941)	(6,576)	(31,995)	(25,491)
Others	19	100	34	353
	43,096	52,929	115,112	98,476

Bank	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Impairment allowance of impaired loans, advances and financing:				
i) Individually assessed impairment allowances				
- made during the financial period	30,220	78,199	104,913	161,909
- written back	(21,262)	(37,094)	(65,633)	(79,510)
ii) Collectively assessed impairment allowances				
- made during the financial period	37,324	15,836	86,575	31,415
Impaired loans, advances and financing - recovered	(10,287)	(5,193)	(27,034)	(22,032)
Others	19	100	19	353
	36,014	51,848	98,840	92,135

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**30 INCOME TAX EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current period	66,031	61,153	200,391	193,512
- under provision in prior year	-	13,103	-	13,103
	66,031	74,256	200,391	206,615
Deferred tax :				
- relating to originating and reversal of temporary differences	(15,934)	(1,624)	(24,816)	(7,465)
- over provision in prior year	-	(10,549)	-	(10,549)
	(15,934)	(12,173)	(24,816)	(18,014)
	50,097	62,083	175,575	188,601

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Bank	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- current period	62,803	58,618	193,229	187,563
- under provision in prior year	-	13,103	-	13,103
	62,803	71,721	193,229	200,666
Deferred tax :				
- relating to originating and reversal of temporary differences	(14,427)	(554)	(23,540)	(8,552)
- over provision in prior year	-	(10,549)	-	(10,549)
	(14,427)	(11,103)	(23,540)	(19,101)
	48,376	60,618	169,689	181,565

31 CAPITAL COMMITMENTS

	Group		Bank	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Capital expenditure in respect of property, plant and equipment:				
- authorised and contracted for	-	6,741	19,421	5,869
- authorised but not contracted for	20,301	41,998	80,167	22,331
	20,301	48,739	99,588	28,200

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (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 condensed financial statements, no material losses are anticipated as a result of these transactions.

	30 Sept 2011			31 Dec 2010		
	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
Group						
Direct credit substitutes	319,674	319,674	310,453	225,280	225,280	192,329
Transaction-related contingent items	2,106,877	1,053,439	1,056,196	2,035,213	1,017,607	1,089,435
Short-term self-liquidating trade-related contingencies	359,079	71,816	56,496	451,331	90,267	58,317
Commitments with certain drawdowns	106,785	106,785	52,154	-	-	-
Obligations under underwriting agreement	5,000	2,500	2,500	8,000	4,000	4,000
Foreign exchange related contracts						
- less than one year	37,728,311	1,257,258	317,170	17,204,174	459,224	119,782
- one year to less than five years	2,915,914	298,785	165,087	1,991,282	215,289	114,290
- five years and above	1,550,926	348,644	302,043	783,419	194,938	181,992
Interest rate contracts						
- less than one year	9,987,985	72,746	26,937	7,295,035	32,254	5,583
- one year to less than five years	18,860,609	528,232	199,035	18,790,778	544,515	215,007
- five years and above	1,889,310	152,765	93,382	999,923	88,621	37,568
Equity and commodity related contracts	390,583	83,884	59,172	242,352	14,958	1,289
Formal standby facilities and credit lines:						
- maturity not exceeding one year	33,237	33,237	12,035	7,950	1,590	1,192
- maturity exceeding one year	2,645,555	2,644,120	428,249	1,481,016	1,069,626	1,183,964
Other unconditionally cancellable commitments	12,770,396	1,773,225	380,385	12,980,333	467,906	134,373
Total	91,670,241	8,747,110	3,461,294	64,496,086	4,426,075	3,339,121

* The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**32 COMMITMENTS AND CONTINGENCIES (continued)**

	30 Sept 2011			31 Dec 2010		
	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
<u>Bank</u>						
Direct credit substitutes	315,326	315,326	307,104	220,927	220,927	187,989
Transaction-related contingent items	2,012,139	1,006,069	1,017,403	1,953,925	976,963	1,058,865
Short-term self-liquidating trade-related contingencies	337,459	67,492	53,582	422,113	84,423	52,088
Commitments with certain drawdowns	79,455	79,455	12,603	-	-	-
Obligations under underwriting agreement	5,000	2,500	2,500	8,000	4,000	4,000
Foreign exchange related contracts						
- less than one year	37,150,924	1,229,239	295,989	16,942,929	449,414	111,171
- one year to less than five years	2,904,988	295,209	162,459	1,900,151	203,105	109,276
- five years and above	1,550,925	348,644	302,043	783,419	194,938	181,992
Interest rate contracts						
- less than one year	9,987,985	72,746	26,937	7,295,035	32,254	5,583
- one year to less than five years	18,860,609	528,232	199,035	18,790,778	544,515	215,007
- five years and above	1,889,310	152,766	93,382	999,923	88,621	37,568
Equity and commodity related contracts	390,583	83,884	59,172	242,352	14,958	1,289
Formal standby facilities and credit lines:						
- maturity not exceeding one year	32,008	32,008	11,266	5,740	1,148	861
- maturity exceeding one year	2,710,539	2,709,104	477,870	1,472,644	1,062,657	1,181,587
Other unconditionally cancellable commitments	12,047,442	1,762,538	374,015	12,352,715	467,906	134,373
Total	90,274,692	8,685,212	3,395,360	63,390,651	4,345,829	3,281,649

* The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**33 CAPITAL ADEQUACY**

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

	Group		Bank	
	Basel II	Basel II	Basel II	Basel II
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
		restated		
<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	2,660,641	2,688,851	2,676,216	2,704,217
Other reserves	342,582	330,660	322,000	322,000
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Capital reserves	56,619	56,619	-	-
	<u>4,609,842</u>	<u>4,626,130</u>	<u>4,548,216</u>	<u>4,576,217</u>
Less: Deferred tax assets	(154,089)	(144,999)	(143,908)	(134,795)
Eligible Tier-1 capital	<u>4,455,753</u>	<u>4,481,131</u>	<u>4,404,308</u>	<u>4,441,422</u>
<u>Tier-2 capital</u>				
Collectively assessed allowance on unimpaired loans, advances and financing computed under standardised approach	26,932	105,078	16,808	97,102
Subordinated debt capital	1,098,562	1,096,117	898,562	896,117
Surplus of total Eligible Provisions, subject to limit	53,803	73,544	46,547	67,628
Total Tier-2 capital	<u>1,179,297</u>	<u>1,274,739</u>	<u>961,917</u>	<u>1,060,847</u>
Less:				
Investment in subsidiaries	-	-	(256,617)	(256,617)
Eligible Tier-2 capital	<u>1,179,297</u>	<u>1,274,739</u>	<u>705,300</u>	<u>804,230</u>
Capital base	<u>5,635,050</u>	<u>5,755,870</u>	<u>5,109,608</u>	<u>5,245,652</u>
<u>Before payment of dividend</u>				
Core capital ratio	11.98%	13.23%	12.80%	14.31%
Risk-weighted capital ratio	<u>15.15%</u>	<u>17.00%</u>	<u>14.85%</u>	<u>16.90%</u>
<u>After payment of dividend</u>				
Core capital ratio	11.98%	12.25%	12.80%	13.24%
Risk-weighted capital ratio	<u>15.15%</u>	<u>16.01%</u>	<u>14.85%</u>	<u>15.83%</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 30 SEPTEMBER 2011 (continued)**33 CAPITAL ADEQUACY (continued)**

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

	Group		Bank	
	Basel II	Basel II	Basel II	Basel II
	Risk-weighted	Risk-weighted	Risk-weighted	Risk-weighted
	30 Sept	31 Dec	30 Sept	31 Dec
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Credit risk RWA	32,170,820	29,783,175	29,449,920	27,068,410
Market risk RWA	1,773,455	1,016,271	1,765,468	1,007,869
Operational risk RWA	3,160,063	3,037,280	3,000,591	2,929,398
Large Exposure for Equity Holdings RWA	94,220	28,849	94,220	28,849
Additional RWA due to Capital Floor	-	-	99,287	-
Total RWA	37,198,558	33,865,575	34,409,486	31,034,526

The core capital ratio is a ratio of eligible Tier 1 capital over Total RWA, while the risk-weighted capital ratio is a ratio of capital base over Total RWA. The Total RWA of the Group is derived from the consolidated balances of the Bank and all its banking subsidiaries. There are no other banking subsidiaries that are not included in the consolidation for regulatory purposes and for those consolidated, there are no differences in the basis of consolidation for accounting and regulatory purposes.

The capital ratios of the Group and Bank are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (RWCAF-Basel II) which is based on Basel Committee on Banking Supervision's "International Convergence of Capital Measurement and Capital Standards", commonly known as Basel II. The Group and the Bank have adopted the Internal Ratings-Based Approach for Credit Risk for the major credit portfolios whilst the other credit portfolios are on Standardised Approach. For market risk and operational risk, the Group and Bank have adopted the Standardised Approach and the Basic Indicator Approach, respectively.

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

	OCBC Al-Amin Bank Berhad	
	30 Sept	31 Dec
	2011	2010
	RM'000	RM'000
Core capital ratio	9.19%	10.00%
Risk-weighted capital ratio	13.81%	15.55%

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 is based on the Basel II. OCBC Al-Amin Bank Berhad has adopted the Internal Ratings Based Approach for Credit Risk for its major credit portfolios, the Standardised Approach for Market Risk and the Basic Indicator Approach for Operational Risk.