

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Note	Group		Bank	
		31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
ASSETS					
Cash and short-term funds		9,049,203	11,211,535	8,217,405	9,945,874
Deposits and placements with financial institutions		3,167,753	2,019,784	3,607,753	2,459,784
Financial assets at fair value through profit and loss	13	329,543	367,148	329,543	367,148
Available-for-sale financial assets	14	6,162,424	6,519,318	5,377,378	5,577,667
Loans, advances and financing	15	32,305,652	31,688,667	30,236,407	29,576,545
Derivative assets	17	582,796	547,154	578,696	543,171
Other assets	18	200,397	200,207	426,935	425,261
Statutory deposits with Bank Negara Malaysia	19	54,342	43,092	30,592	19,592
Investment in subsidiary companies		0	0	196,611	196,611
Property, plant and equipment		223,753	236,984	216,431	230,439
Investment properties		17,649	11,250	17,649	11,250
Prepaid lease payments		2,864	2,877	2,864	2,877
Deferred tax asset		118,961	115,263	109,586	103,989
Tax recoverable		1,093	133	0	0
TOTAL ASSETS		52,216,430	52,963,412	49,347,850	49,460,208
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	20	40,514,832	41,590,752	37,719,336	38,083,246
Deposits and placements of banks and other financial institutions	21	4,880,013	4,821,395	4,796,427	4,781,105
Bills and acceptances payable		270,584	244,983	260,642	225,309
Amount due to Cagamas		354,561	361,563	354,561	361,563
Subordinated term loan / bonds	22	1,279,146	1,295,098	1,279,146	1,295,098
Derivative liabilities	17	511,170	435,130	507,308	430,809
Other liabilities	23	426,195	482,676	487,152	579,053
Taxation and zakat		77,762	42,459	77,748	42,459
Total Liabilities		48,314,263	49,274,056	45,482,320	45,798,642
Financed by :					
Share capital		291,500	291,500	291,500	291,500
Reserves		3,610,667	3,397,856	3,574,030	3,370,066
Shareholders' Equity		3,902,167	3,689,356	3,865,530	3,661,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		52,216,430	52,963,412	49,347,850	49,460,208
COMMITMENTS AND CONTINGENCIES	31	72,364,575	64,332,373	70,808,546	63,186,944

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 FIRST QUARTER AND THREE MONTHS ENDED 31
MARCH 2010**

	Note	Group		Bank	
		1 st Quarter Ended		1 st Quarter Ended	
		31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Interest income	24	479,033	509,699	484,452	513,178
Interest expense	25	(214,773)	(257,202)	(214,779)	(257,207)
Net interest income		264,260	252,497	269,673	255,971
Islamic Banking income		41,500	32,600	0	0
		305,760	285,097	269,673	255,971
Non-interest income	26	138,945	173,226	149,488	181,904
Net income		444,705	458,323	419,161	437,875
Staff cost and overhead expenses	27	(143,770)	(139,624)	(134,569)	(132,967)
Operating profits before allowances		300,935	318,699	284,592	304,908
Allowance for impairment on loans, advances and financing	28	(21,171)	(43,050)	(17,751)	(37,570)
Write back of allowances for commitment and contingencies		100	0	100	0
Profit before tax and zakat		279,864	275,649	266,941	267,338
Income tax expense and zakat	29	(70,729)	(70,801)	(67,380)	(68,853)
Net profit for the period attributable to shareholders		209,135	204,848	199,561	198,485
Basic earnings per share (sen)		69.6	59.9	66.3	59.9

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 FIRST QUARTER AND THREE
MONTHS ENDED 31 MARCH 2010**

	Group		Bank	
	1 st Quarter Ended		1 st Quarter Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to shareholders	<u>209,135</u>	<u>204,848</u>	<u>199,561</u>	<u>198,485</u>
Other comprehensive income:				
Revaluation of available-for-sale financial assets (net)	(3,337)	(53,875)	(3,719)	(46,812)
Deferred tax on revaluation of available-for-sale financial assets (net)	2,563	22,198	2,292	19,934
Realised gain on available-for-sale financial assets reclassified to income statement upon disposal	(7,031)	(35,697)	(5,651)	(32,924)
Other comprehensive income for the period	<u>(7,805)</u>	<u>(67,374)</u>	<u>(7,078)</u>	<u>(59,802)</u>
Total comprehensive income for the period attributable to shareholders	<u>201,330</u>	<u>137,474</u>	<u>192,483</u>	<u>138,683</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 2009.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Non-distributable					Distributable	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Fair value reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
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	209,135	209,135
Other comprehensive income for the period	0	0	0	0	(7,805)	0	(7,805)
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2010	<u>291,500</u>	<u>858,500</u>	<u>330,660</u>	<u>56,619</u>	<u>121,131</u>	<u>2,243,757</u>	<u>3,902,167</u>
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	204,848	204,848
Other comprehensive income for the period	0	0	0	0	(67,374)	0	(67,374)
Dividends paid on preference shares	0	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2009	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>56,619</u>	<u>88,233</u>	<u>1,637,914</u>	<u>3,254,766</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 STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2010
(continued)

	Share capital	Non-distributable		Distributable		Total
		Share premium	Statutory reserve	Fair value reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank</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	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	199,561	199,561
Other comprehensive income for the period	0	0	0	(7,078)	0	(7,078)
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2010	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>120,459</u>	<u>2,273,071</u>	<u>3,865,530</u>
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	198,485	198,485
Other comprehensive income for the period	0	0	0	(59,802)	0	(59,802)
Dividends paid on preference shares	0	0	0	0	(8,946)	(8,946)
Balance at 31 March 2009	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>87,418</u>	<u>1,682,495</u>	<u>3,241,913</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 CONDENSED CASH FLOW STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group		Bank	
	1 st Quarter Ended		1 st Quarter Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax and zakat	279,864	275,649	266,941	267,338
Adjustments for non-operating and non-cash items	62,527	(11,037)	65,724	(22,140)
Operating profit before changes in working capital	342,391	264,612	332,665	245,198
Changes in working capital:				
Net changes in Operating Assets	(1,769,080)	(696,802)	(1,809,652)	(845,317)
Net changes in Operating Liabilities	(1,007,342)	1,609,299	(371,930)	1,834,151
Income tax and zakat paid	(44,301)	(53,158)	(42,205)	(52,882)
Net cash generated from operating activities	(2,478,332)	1,123,951	(1,891,122)	1,181,150
Net cash generated from investing activities	344,209	1,636,313	190,862	1,640,341
Net cash generated from financing activities	(28,209)	9,737	(28,209)	9,737
Net (decrease)/increase in cash and cash equivalents	(2,162,332)	2,770,001	(1,728,469)	2,831,228
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	<u>9,049,203</u>	<u>7,144,065</u>	<u>8,217,405</u>	<u>6,548,657</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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 31 MARCH 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 nominees services.

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

IB refers generally to the acceptance of deposits and granting of financing under Syariah 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 RM209 million for the first three months of 2010, marking an increase of RM4 million or 2% compared to the corresponding period in 2009. The increase was mainly due to a corresponding decline of 50% in allowances to RM21 million, while operating profit fell by 6% or RM18 million to RM301 million.

Total income was also lower, falling by RM14 million or 3% to RM445 million mainly due to lower non-interest income earned from treasury activities in the first three months of 2010 compared to the corresponding quarter in 2009. Non-interest income fell by RM34 million or 20% to RM139 million due to lower revaluation gains from derivatives of RM46 million and reduced gains from the sale of securities of RM23 million. The decline was, however, offset by favourable foreign currency gains of RM24 million. Fee and commission income grew by RM11 million or 20% to RM64 million. Overheads rose by RM4 million or 3%, to RM144 million.

Individual assessment allowances declined by RM28 million while collective assessment allowances rose by RM7 million in line with loans growth.

Gross loans outstanding as at 31 March 2010 grew by RM0.6 billion or 2% to RM33.2 billion compared with that of 31 Dec 2009. The growth derived from consumer and business loans of RM0.4 billion and RM0.2 billion respectively.

Shareholders’ funds strengthened to RM3.9 billion and the Group’s risk weighted capital ratio as at 31 March 2010 computed in accordance with Basel II guidelines stood at 12.68%.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)

3 ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy is projected to grow by between 4.5% - 5.5% in 2010 as the global economy gradually recovers from the preceding recession. The projected growth is expected to draw from the strengthening of domestic demand which would be mainly driven by the private sector. The growth itself is expected to be broad-based with improved performance in most sectors of the economy, while inflation is forecasted to remain in the region of 2.0% – 2.5% in 2010.

As economic growth gathers momentum during 2010, the Group will focus on its SME lending activities and continue to boost market share in Islamic banking products and financial services. Faced with stiff competition from both existing and new players in the banking industry, the Group will continue to introduce new innovative financial products and improve its services and delivery channels in order to meet its customers' needs.

Amidst the increasingly favourable economic conditions, the Group will remain cautious and focus on preserving the quality of its assets whilst further strengthening its capital position during what is expected to be a gradual and uneven period of recovery.

4 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 31 March 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 – 31 MARCH 2010 (continued)

4 BASIS OF PREPARATION (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
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
FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010
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 31 March 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 31 March 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 – 31 MARCH 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.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011
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 – 31 MARCH 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 31 March 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 31 March 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 31 March 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 31 March 2010.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	18,255	30,230	18,255	30,230
Malaysian Government securities	75,058	75,284	75,058	75,284
Government Investment Certificate	42,991	2,994	42,991	2,994
Bank Negara Malaysia Bills	49,695	73,676	49,695	73,676
Bank Negara Malaysia negotiable notes	34,855	3,445	34,855	3,445
Cagamas bond and notes	4,991	10,148	4,991	10,148
Private debt securities	60,219	131,903	60,219	131,903
Quoted shares in Malaysia	43,479	39,468	43,479	39,468
	<u>329,543</u>	<u>367,148</u>	<u>329,543</u>	<u>367,148</u>

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

<u>At fair value</u>				
Malaysian Government treasury bills	58,685	29,446	29,461	29,446
Malaysian Government securities	2,268,481	1,985,050	2,268,481	1,985,050
Government Investment Certificate	714,532	823,053	478,689	648,470
Bank Negara Malaysia negotiable notes	0	0	0	0
Bank Negara Malaysia bills	0	0	0	0
Cagamas bonds / notes	155,794	126,133	135,767	106,037
Private debt securities	1,248,342	1,014,320	902,582	690,271
Negotiable instruments of deposit	1,404,192	2,421,825	1,250,000	1,998,902
Other government securities	32,593	0	32,593	0
Bankers' acceptances	160,503	0	160,503	0
Unquoted shares in Malaysia	106,478	106,478	106,478	106,478
Unquoted shares outside Malaysia	13,393	13,582	13,393	13,582
Debentures	190	190	190	190
	<u>6,163,183</u>	<u>6,520,077</u>	<u>5,378,137</u>	<u>5,578,426</u>
Allowance for impairment 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>6,162,424</u>	<u>6,519,318</u>	<u>5,377,378</u>	<u>5,577,667</u>

During the period / year, no available-for-sale financial assets being 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 31 March 2010 is RM218,000,000.

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**15 LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
i) By type				
<u>At amortised cost</u>				
Overdrafts	3,393,209	3,436,809	3,058,158	3,103,268
Term loans/financing :				
Housing loans/financing	8,930,210	8,511,252	8,835,645	8,415,620
Syndicated term loan/financing	3,246,528	3,036,232	2,896,114	2,680,452
Hire purchase	550,916	546,579	128	128
Lease receivables	6,977	8,570	6,930	8,517
Other term loans	11,899,206	10,697,608	11,459,634	10,197,855
Credit/charge cards receivables	461,970	506,282	461,970	506,282
Bills receivable	68,075	87,764	52,019	73,623
Trust receipts	59,794	68,573	59,794	68,573
Claims on customers under acceptance credits	2,167,382	2,087,772	1,950,513	1,874,656
Block discounting	330	330	330	330
Loans to banks and other financial institutions	176,453	205,385	176,453	205,385
Revolving credit	1,837,335	1,863,930	1,461,048	1,498,484
Staff loans (of which RM Nil [2009 : RM Nil] to Directors)	115,992	117,182	115,992	117,182
Other loans	561,500	1,716,800	544,869	1,695,358
	<u>33,475,877</u>	<u>32,891,068</u>	<u>31,079,597</u>	<u>30,445,713</u>
Unearned interest and income	(249,838)	(255,720)	(358)	(469)
Gross loans, advances and financing	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>
Allowance for impaired loans, advances and financing :				
- Individual	(422,423)	(457,392)	(382,822)	(418,140)
- Collective	(497,964)	(489,289)	(460,010)	(450,559)
Net loans, advances and financing	<u>32,305,652</u>	<u>31,688,667</u>	<u>30,236,407</u>	<u>29,576,545</u>
ii) By type of customer				
Domestic non-bank financial institutions				
- Others	179,037	243,832	179,037	233,778
Domestic business enterprises				
- Small medium enterprises ("SME")	5,806,680	5,630,718	5,442,388	5,286,507
- Non-SME	14,895,243	14,793,598	13,492,410	13,337,384
Individuals	12,171,078	11,790,595	11,859,363	11,481,090
Other domestic entities	1,292	1,577	1,292	1,577
Foreign entities	172,709	175,028	104,749	104,908
	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**15 LOANS, ADVANCES AND FINANCING (continued)**

iii) By interest/profit rate sensitivity

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Fixed rate:				
Housing loans/financing	54,723	57,543	0	0
Hire purchase receivables	503,558	498,902	77	77
Other fixed rate loan/financing	1,863,464	1,995,606	1,005,284	1,083,096
Variable rate:				
BLR plus	21,448,156	21,018,906	21,444,441	21,018,906
Cost-plus	3,702,910	3,343,754	3,326,623	3,343,754
Other variable rates	5,653,228	5,720,637	5,302,814	4,999,411
	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>

iv) By sector

Agriculture	2,352,829	2,370,946	1,772,559	1,794,485
Mining and quarrying	365,926	301,218	338,476	275,411
Manufacturing	5,048,895	5,007,796	4,444,288	4,405,750
Electricity, gas and water	1,156,784	1,147,820	1,156,784	1,147,820
Construction	878,533	908,924	753,897	765,480
Real estate	3,664,687	3,584,656	3,574,744	3,488,795
Wholesale and retail trade and restaurants and hotels	4,904,401	4,908,760	4,749,233	4,737,064
Transport, storage and communication	831,569	843,097	699,484	706,149
Finance, insurance and business services	702,250	764,810	676,146	722,392
Community, social and personal services	644,191	622,040	618,865	607,030
Household sector, of which				
i. Purchase of residential properties	8,774,145	8,383,815	8,712,912	8,323,331
ii. Purchase of non-residential properties	1,169,659	1,170,817	1,167,299	1,168,380
iii. Others	2,326,443	2,335,157	2,076,984	2,087,656
Others	405,727	285,492	337,568	215,501
	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>

v) By geographical distribution

Malaysia	33,055,938	32,465,210	30,975,761	30,343,877
Singapore	118,776	118,916	52,153	50,145
Other ASEAN	7,254	7,106	7,254	7,106
Rest of the world	44,071	44,116	44,071	44,116
	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>

vi) By residual contractual maturity

Maturity within one year	9,714,247	12,613,936	8,980,417	11,883,621
One year to five years	10,084,954	10,239,796	9,355,930	9,484,160
Over five years	13,426,838	9,781,616	12,742,892	9,077,463
	<u>33,226,039</u>	<u>32,635,348</u>	<u>31,079,239</u>	<u>30,445,244</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**16 IMPAIRED LOANS, ADVANCES AND FINANCING**

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

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 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)	104,394	764,960	89,391	713,587
Reclassified as non-impaired during the period / year	(39,417)	(153,437)	(35,642)	(142,300)
Amount recovered	(72,040)	(255,490)	(67,068)	(247,172)
Amount written off	(23,460)	(175,723)	(18,863)	(152,926)
Foreign exchange difference	(867)	(3,495)	(867)	(3,495)
Balance at end of the period / year	1,203,390	1,234,780	1,148,133	1,181,182
Individual impairment allowance	(422,423)	(457,392)	(382,822)	(418,140)
Net impaired loans, advances and financing	<u>780,967</u>	<u>777,388</u>	<u>765,311</u>	<u>763,042</u>

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

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 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	8,675	29,280	9,451	24,082
Balance at end of the period / year	<u>497,964</u>	<u>489,289</u>	<u>460,010</u>	<u>450,559</u>
(As % of gross loans, advances and financing less individual assessment allowance)	<u>1.52%</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	50,253	316,769	38,029	275,745
Amount written back in respect of recoveries	(31,491)	(131,405)	(24,256)	(116,308)
Amount written off	(23,460)	(175,723)	(18,863)	(152,926)
Interest recognition on impaired loans	(3,215)	0	(3,172)	0
Foreign exchange difference	180	(1,526)	180	(1,526)
Balance at end of the period / year	<u>422,423</u>	<u>457,392</u>	<u>382,822</u>	<u>418,140</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Agriculture	14,930	19,432	14,750	19,229
Manufacturing	453,000	457,742	424,241	429,657
Electricity, gas and water	48	48	48	48
Construction	69,448	69,867	62,551	64,472
Real estate	84,393	91,125	84,344	91,029
Wholesale and retail trade and restaurant and hotels	178,981	190,219	174,815	186,358
Transport, storage and communication	4,998	5,649	4,427	4,955
Finance, insurance and business services	21,388	19,974	21,148	19,779
Community, social and personal services	3,274	2,392	3,001	2,119
Household sector, of which				
i. Purchase of residential properties	258,351	262,112	254,944	258,754
ii. Purchase of non-residential properties	20,857	19,238	20,789	19,174
iii. Others	80,430	82,980	69,783	71,606
Others	13,292	14,002	13,292	14,002
	<u>1,203,390</u>	<u>1,234,780</u>	<u>1,148,133</u>	<u>1,181,182</u>

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

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Malaysia	<u>1,203,390</u>	<u>1,234,780</u>	<u>1,148,133</u>	<u>1,181,182</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**17 DERIVATIVE FINANCIAL INSTRUMENTS**

Group	31 Mar 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
Financial derivatives						
Trading:						
Foreign exchange derivatives						
- forward	6,018,281	34,441	47,360	2,630,133	27,232	17,806
- swaps	16,747,437	229,762	222,519	14,149,744	120,221	130,932
- currency option	2,187,053	25,674	18,221	2,070,117	39,343	21,879
Interest rate derivatives						
- swaps	27,040,063	263,451	200,527	25,474,363	323,548	248,310
- option	1,250,855	4,633	4,266	1,301,275	6,624	1,748
- futures	30,341	3	71	0	0	0
- swaption	100,000	0	789	0	0	0
Equity and commodity derivatives						
- swaps	492	3	3	0	0	0
- option	719,758	4,886	16,585	907,050	6,827	14,455
- futures	26,737	5	64	0	0	0
- commodity	5,031	0	81	5,919	0	0
	<u>54,126,048</u>	<u>562,858</u>	<u>510,486</u>	<u>46,538,601</u>	<u>523,795</u>	<u>435,130</u>
Hedging:						
Interest rate derivatives						
- swaps	781,292	19,938	684	673,934	23,359	0
	<u>54,907,340</u>	<u>582,796</u>	<u>511,170</u>	<u>47,212,535</u>	<u>547,154</u>	<u>435,130</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

	31 Mar 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
Bank						
Financial derivatives						
Trading:						
Foreign exchange derivatives						
- forward	5,621,002	33,134	45,804	2,630,133	27,232	17,806
- swaps	16,583,610	229,275	222,519	14,149,744	120,221	130,932
- currency option	1,999,744	23,373	15,919	1,626,238	35,364	17,562
Interest rate derivatives						
- swaps	27,040,063	263,451	200,527	25,474,363	323,548	248,310
- option	1,250,855	4,633	4,266	1,301,275	6,624	1,748
- futures	30,341	3	71	0	0	0
- swaption	100,000	0	789	0	0	0
Equity and commodity derivatives						
- swaps	492	3	3	0	0	0
- option	646,466	4,882	16,581	830,212	6,823	14,451
- futures	26,737	5	64	0	0	0
- commodity	5,031	0	81	5,919	0	0
	<u>53,304,341</u>	<u>558,759</u>	<u>506,624</u>	<u>46,017,884</u>	<u>519,812</u>	<u>430,809</u>
Hedging:						
Interest rate derivatives						
- swaps	781,292	19,937	684	673,934	23,359	0
	<u>54,085,633</u>	<u>578,696</u>	<u>507,308</u>	<u>46,691,818</u>	<u>543,171</u>	<u>430,809</u>

18 OTHER ASSETS

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Interest receivable	69,493	77,993	67,670	74,652
Unquoted Islamic Subordinated Bonds of subsidiary	0	0	200,000	200,000
Other debtors, deposits and prepayments	130,904	122,214	159,265	150,609
	<u>200,397</u>	<u>200,207</u>	<u>426,935</u>	<u>425,261</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 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 31 March 2010 is RM218,000,000.

20 DEPOSITS FROM CUSTOMERS

i) By type of deposit

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Demand deposits	5,747,262	5,546,072	4,919,475	4,859,491
Savings deposits	2,652,547	2,583,132	2,330,891	2,272,653
Fixed deposits	26,113,784	26,898,390	25,247,671	25,393,430
Negotiable instruments of deposits	300,204	704,180	35,587	36,062
Short-term money market deposits	4,524,552	4,843,437	4,142,732	4,639,832
Structured investments	1,168,821	1,002,020	1,035,318	868,257
Others	7,662	13,521	7,662	13,521
	<u>40,514,832</u>	<u>41,590,752</u>	<u>37,719,336</u>	<u>38,083,246</u>

ii) By type of customers

Government and statutory bodies	248,193	288,465	2,389	1,558
Business enterprises	19,496,687	20,016,546	18,032,251	18,805,917
Individuals	18,248,314	18,073,785	17,780,325	17,618,121
Foreign entities	12,616	10,257	0	0
Others	2,509,022	3,201,699	1,904,371	1,657,650
	<u>40,514,832</u>	<u>41,590,752</u>	<u>37,719,336</u>	<u>38,083,246</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**20 DEPOSITS FROM CUSTOMERS (continued)**

iii) Maturity structure of deposits are as follows:-

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Maturity within six months	34,410,722	36,168,236	31,778,306	32,883,636
Six months to one year	4,749,448	4,656,088	4,637,180	4,487,004
One year to three years	505,715	320,213	496,067	266,487
Three years to five years	848,947	446,215	807,783	446,119
	<u>40,514,832</u>	<u>41,590,752</u>	<u>37,719,336</u>	<u>38,083,246</u>

21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Licensed banks	4,389,338	4,324,075	4,305,752	4,283,785
Other financial institutions	490,675	497,320	490,675	497,320
	<u>4,880,013</u>	<u>4,821,395</u>	<u>4,796,427</u>	<u>4,781,105</u>

22 SUBORDINATED TERM LOAN / BONDS

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
USD 100 million subordinated term loan 2003/2013	270,452	283,638	270,452	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	408,694	411,460	408,694	411,460
RM 400 million Innovative Tier 1 Capital Securities	400,000	400,000	400,000	400,000
	<u>1,279,146</u>	<u>1,295,098</u>	<u>1,279,146</u>	<u>1,295,098</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**23 OTHER LIABILITIES**

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Accruals for personnel costs *	19,669	62,475	19,608	62,422
Equity compensation benefits	10,683	11,533	10,683	11,533
Obligations under finance lease	0	0	332	354
Provision for commitments and contingencies				
(a)	0	100	0	100
Interest payable	209,238	199,872	196,844	188,519
Other accruals and charges	186,605	200,623	259,685	316,125
Profit equalisation reserve	0	8,073	0	0
	<u>426,195</u>	<u>482,676</u>	<u>487,152</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:

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Balance at 1 January	100	100	100	0
Amount provided during the period / year (net)	(100)	0	(100)	100
Balance at end of period / year	<u>0</u>	<u>100</u>	<u>0</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 – 31 MARCH 2010 (continued)**24 INTEREST INCOME**

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans, advances and financing	361,186	378,854	361,186	378,854
- Recoveries from impaired loans, advances and financing	10,627	5,334	10,627	5,334
Money at call and deposit placements with financial institutions	61,650	49,058	67,069	49,058
Financial assets at fair value through profit and loss	2,869	6,666	2,869	6,666
Available-for-sale financial assets	38,143	67,813	38,143	67,813
Others	4,558	1,974	4,558	5,453
	<u>479,033</u>	<u>509,699</u>	<u>484,452</u>	<u>513,178</u>

25 INTEREST EXPENSE

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Deposits and placements of banks and other financial institutions	16,957	11,395	16,957	11,395
Deposits from other customers	175,712	229,139	175,712	229,139
Loans sold to Cagamas	3,518	4,125	3,518	4,125
Subordinated term loan / bonds	17,536	12,217	17,536	12,217
Others	1,050	326	1,056	331
	<u>214,773</u>	<u>257,202</u>	<u>214,779</u>	<u>257,207</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**26 NON-INTEREST INCOME**

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Fee income:-				
Commission	22,332	20,051	22,332	20,051
Service charges and fees	35,144	22,932	35,144	22,932
Guarantee fees	3,880	3,866	3,880	3,866
Other fee income	2,206	6,180	12,740	14,854
	<u>63,562</u>	<u>53,029</u>	<u>74,096</u>	<u>61,703</u>
Income from securities (net):-				
Net gains/(losses) from sale of financial assets at fair value through profit and loss	15	(1,432)	15	(1,432)
Net gains from sale of available-for-sale financial assets	5,651	32,924	5,651	32,924
Unrealised gains on revaluation of financial assets at fair value through profit and loss (net)	6,225	2,392	6,225	2,392
Gross dividends from Malaysia:				
- available-for-sale financial assets	303	468	303	468
Gross dividends outside Malaysia:				
- available-for-sale financial assets	15	0	15	0
	<u>75,771</u>	<u>87,381</u>	<u>86,305</u>	<u>96,055</u>
Other income (net):-				
Gains arising from dealing in foreign currency (net)	84,809	61,225	84,809	61,225
(Losses)/Gains arising from trading derivatives (net)	(10,043)	1,979	(10,043)	1,979
Unrealised (losses)/gains on revaluation of derivatives (net)	(13,036)	20,506	(13,036)	20,506
Rental income (net)	1,573	1,603	1,582	1,607
Gain on disposal of property, plant and equipment	1	0	1	0
Others	(130)	532	(130)	532
	<u>63,174</u>	<u>85,845</u>	<u>63,183</u>	<u>85,849</u>
	<u>138,945</u>	<u>173,226</u>	<u>149,488</u>	<u>181,904</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**27 STAFF COST AND OVERHEAD EXPENSES**

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Personnel costs (i)	67,514	66,937	62,253	63,876
Establishment costs (ii)	20,275	19,689	19,115	18,921
Marketing expenses (iii)	5,417	4,505	5,218	4,046
Administration and general expenses (iv)	50,564	48,493	47,983	46,124
	<u>143,770</u>	<u>139,624</u>	<u>134,569</u>	<u>132,967</u>

(i) Personnel costs

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Wages, salaries and bonus	53,665	50,949	49,499	48,718
Defined contribution plan (EPF)	8,591	8,156	7,935	7,802
Equity compensation benefits	1,949	1,533	1,923	1,524
Employee benefits	(1,816)	(557)	(1,817)	(559)
Other personnel costs	5,125	6,856	4,713	6,391
	<u>67,514</u>	<u>66,937</u>	<u>62,253</u>	<u>63,876</u>

Defined contribution plan

The Group contributes 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

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Rental of premises	2,973	2,660	2,518	2,384
Rental of equipment	520	127	520	127
Depreciation of property, plant and equipment	10,875	10,516	10,606	10,383
Depreciation of investment property	132	209	132	209
Amortisation of prepaid lease payments	13	13	13	13
Repair and maintenance	1,308	1,992	1,307	1,974
Others	4,454	4,172	4,019	3,831
	<u>20,275</u>	<u>19,689</u>	<u>19,115</u>	<u>18,921</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**27 STAFF COST AND OVERHEAD EXPENSES (continued)****(iii) Marketing expenses**

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Transport and travelling	1,137	1,012	1,060	967
Advertisement and business promotion	3,928	3,146	3,811	2,745
Others	352	347	347	334
	<u>5,417</u>	<u>4,505</u>	<u>5,218</u>	<u>4,046</u>

(iv) Administration and general expenses

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Printing and stationery	1,748	1,659	1,581	1,588
Postage and courier	1,306	1,338	1,242	1,286
Telephone, telex and fax	2,002	1,851	1,900	1,743
Legal and consultancy fees	1,296	1,179	1,259	879
Transaction processing fees	32,098	31,115	29,844	29,592
Other administrative and general expenses	12,114	11,351	12,157	11,036
	<u>50,564</u>	<u>48,493</u>	<u>47,983</u>	<u>46,124</u>

28 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Allowance for impairment on loans, advances and financing:-				
Individual assessment allowance				
- made in the financial period	53,946	73,061	38,029	63,777
- written back	(35,184)	(26,083)	(24,256)	(22,430)
Collective assessment allowance				
- made in the financial period	8,675	1,811	9,451	1,155
Other allowance	110	217	110	217
Bad debts and financing				
- written off	0	31	0	31
- recovered	(6,376)	(5,987)	(5,583)	(5,180)
	<u>21,171</u>	<u>43,050</u>	<u>17,751</u>	<u>37,570</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**29 TAXATION AND ZAKAT**

	Group		Bank	
	31 Mar 2010 RM'000	31 Mar 2009 RM'000	31 Mar 2010 RM'000	31 Mar 2009 RM'000
Malaysian income tax – current period				
- current period	71,889	70,340	70,685	68,352
- zakat	4	0	0	0
Deferred taxation :				
- relating to originating and reversal of temporary differences	(1,164)	461	(3,305)	501
	<u>70,729</u>	<u>70,801</u>	<u>67,380</u>	<u>68,853</u>

30 CAPITAL COMMITMENTS

	Group		Bank	
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	6,741	13,272	5,869	11,418
- authorised but not contracted for	41,998	39,910	22,331	20,243
	<u>48,739</u>	<u>53,182</u>	<u>28,200</u>	<u>31,661</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**31 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 (Note 21), no material losses are anticipated as a result of these transactions.

	31 March 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
Group						
Direct credit substitutes	348,575	348,575	348,439	496,006	496,006	495,805
Transaction-related contingent items	1,765,723	882,861	857,169	1,643,315	821,657	796,654
Short-term self-liquidating trade-related contingencies	227,003	45,401	45,375	211,611	42,322	42,263
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	9,295,867	0	0	9,458,461	0	0
- maturity exceeding one year	4,802,821	1,521,688	1,521,688	5,141,104	1,588,153	1,588,153
Foreign exchange related contracts						
- less than one year	22,974,872	432,960	112,947	16,436,336	295,137	85,623
- one year to less than five years	1,636,733	167,746	41,973	2,294,951	293,688	82,590
- five years and above	341,166	79,733	19,950	118,707	20,618	5,889
Interest rate contracts						
- less than one year	9,848,081	42,685	11,874	8,371,152	48,651	13,427
- one year to less than five years	18,634,037	640,657	178,232	18,464,830	715,114	197,365
- five years and above	720,433	61,974	17,248	613,590	53,427	14,747
Equity and commodity related contracts	752,018	88,288	21,471	912,972	108,999	25,759
Miscellaneous	968,364	0	0	98,338	0	0
Total	72,364,575	4,337,009	3,200,807	64,332,373	4,519,272	3,383,775

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**31 COMMITMENTS AND CONTINGENCIES (continued)**

	31 March 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
Bank						
Direct credit substitutes	346,644	346,644	346,508	494,113	494,113	493,912
Transaction-related contingent items	1,667,726	833,863	808,171	1,543,266	771,633	746,630
Short-term self-liquidating trade-related contingencies	179,090	35,818	35,793	202,843	40,569	40,509
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	9,632,012	0	0	9,943,916	0	0
- maturity exceeding one year	3,880,195	1,503,821	1,503,821	4,141,647	1,580,674	1,580,674
Foreign exchange related contracts						
- less than one year	22,320,759	422,058	110,700	16,098,067	288,627	84,316
- one year to less than five years	1,542,431	162,936	40,983	2,189,341	287,557	81,362
- five years and above	341,166	79,733	19,950	118,707	20,618	5,889
Interest rate contracts						
- less than one year	9,848,081	42,685	11,874	8,371,152	48,651	13,427
- one year to less than five years	18,634,037	640,657	178,232	18,464,830	715,114	197,365
- five years and above	720,433	61,974	17,248	613,590	53,427	14,747
Equity and commodity related contracts	678,726	81,914	20,196	836,132	100,751	24,110
Miscellaneous	968,364	0	0	98,340	0	0
Total	70,808,546	4,236,544	3,117,917	63,186,944	4,437,234	3,318,441

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

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)**32 CAPITAL ADEQUACY**

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

	Group		Bank	
	Basel II	Basel I	Basel II	Basel I
	31 Mar 2010 RM'000	31 Dec 2009 RM'000	31 Mar 2010 RM'000	31 Dec 2009 RM'000
Tier-1 capital				
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	2,014,195	2,023,141	2,053,083	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>3,951,474</u>	<u>3,960,420</u>	<u>3,925,083</u>	<u>3,934,029</u>
Less: Deferred tax assets	(122,215)	(122,215)	(111,030)	(111,031)
Eligible Tier-1 capital	<u>3,829,259</u>	<u>3,838,205</u>	<u>3,814,053</u>	<u>3,822,998</u>
Tier-2 capital				
General provision under standardised approach	94,999	489,289	88,835	450,559
Subordinated debt capital	859,208	871,739	659,208	671,739
Total Tier-2 capital	<u>954,207</u>	<u>1,361,028</u>	<u>748,043</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	(123,995)	0	(127,749)	0
Valuation adjustments	(234)	(7,547)	(234)	(7,547)
Eligible Tier-2 capital	<u>829,978</u>	<u>1,353,481</u>	<u>423,443</u>	<u>918,134</u>
Capital base	<u>4,659,237</u>	<u>5,191,686</u>	<u>4,237,496</u>	<u>4,741,132</u>
Before payment of ordinary dividend				
Core capital ratio	10.54%	11.55%	11.34%	12.37%
Risk-weighted capital ratio	<u>12.82%</u>	<u>15.63%</u>	<u>12.60%</u>	<u>15.34%</u>
After payment of ordinary dividend				
Core capital ratio	10.39%	11.40%	11.18%	12.20%
Risk-weighted capital ratio	<u>12.68%</u>	<u>15.47%</u>	<u>12.44%</u>	<u>15.18%</u>

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

	Group		Bank	
	Basel II	Basel I	Basel II	Basel I
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
Credit risk	32,466,578	32,238,300	29,812,733	29,947,579
Market risk	1,070,537	967,643	1,109,718	941,525
Operational risk	2,800,340	0	2,710,860	0
	<u>36,337,455</u>	<u>33,205,943</u>	<u>33,633,311</u>	<u>30,889,104</u>

NOTES TO INTERIM FINANCIAL STATEMENTS – 31 MARCH 2010 (continued)

32 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:

	OCBC Al-Amin Bank Berhad	
	31 Mar 2010	31 Dec 2009
Core capital ratio	7.12%	7.74%
Risk-weighted capital ratio	<u>11.04%</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.