

**OCBC AL-AMIN BANK BERHAD**  
**(Incorporated in Malaysia)**

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

		<b>30 September 2010</b>	<b>31 December 2009</b>
<b>ASSETS</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds		349,151	1,344,923
Securities available-for-sale	12	1,077,929	1,140,553
Financing and advances	13	2,246,167	2,112,137
Other assets	15	444,152	229,130
Derivative assets	16	6,498	3,983
Statutory deposits with Bank Negara Malaysia		29,250	23,500
Property, plant and equipment		8,376	6,543
Deferred tax assets		9,306	11,296
Current tax assets		-	143
<b>Total assets</b>		<b>4,170,829</b>	<b>4,872,208</b>
<b>LIABILITIES</b>			
Deposits from customers	17	2,450,522	3,721,948
Deposits and placements of financial institutions	18	1,105,034	559,552
Bills and acceptances payable		11,600	19,674
Subordinated bonds	19	200,000	200,000
Other liabilities	20	101,841	156,416
Derivative liabilities	16	6,474	4,321
Current tax liabilities and zakat		1,325	10
<b>Total liabilities</b>		<b>3,876,796</b>	<b>4,661,921</b>
<b>Equity</b>			
Share capital		85,000	65,000
Reserves		209,033	145,287
<b>Total equity</b>		<b>294,033</b>	<b>210,287</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,170,829</b>	<b>4,872,208</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>1,312,602</b>	<b>1,145,428</b>

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

**OCBC AL-AMIN BANK BERHAD**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Income derived from investment of depositors' funds	21	42,937	40,869	131,894	131,308
Net impairment loss on financing and advances	22	(1,096)	(4,874)	(6,356)	(18,689)
Transfer from/(to) profit equalisation reserve (net)		-	(6,388)	8,073	(21,432)
Total attributable income		41,841	29,607	133,611	91,187
Income attributable to depositors	23	(22,990)	(16,811)	(63,802)	(51,854)
Income attributable to shareholders		18,851	12,796	69,809	39,333
Income derived from the investment of shareholder's funds	24	11,998	4,641	25,480	16,243
Total net income		30,849	17,437	95,289	55,576
Personnel costs	25	(5,848)	(3,421)	(17,071)	(9,752)
Other overhead expenses	26	(18,375)	(13,551)	(49,979)	(41,519)
Profit before income tax expense and zakat		6,626	465	28,239	4,305
Income tax expense	27	(1,462)	(289)	(7,074)	(1,402)
Zakat		(4)	-	(11)	-
Profit for the period		5,160	176	21,154	2,903
Basic earnings per ordinary share (sen)		7.79	0.27	32.40	4.47
Dividend per ordinary share		-	-	-	-

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

**OCBC AL-AMIN BANK BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED**  
**30 SEPTEMBER 2010**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Profit for the period	5,160	176	21,154	2,903
Fair value of available-for-sale securities :				
- change in fair value	2,949	4,632	4,598	(12,194)
- disposal	397	477	(1,141)	(1,864)
Income tax expense relating to components of other comprehensive income	(837)	(1,278)	(865)	3,514
Other comprehensive income/(loss) for the period, net of income tax	2,509	3,831	2,592	(10,544)
Total comprehensive income/(loss) for the period	7,669	4,007	23,746	(7,641)

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

**OCBC AL-AMIN BANK BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Non-distributable Reserves			Distributable Reserves		Total Equity
	Share Capital	Share Premium	Statutory Reserve	Fair value Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2010	65,000	130,000	8,660	(270)	6,897	210,287
Profit for the period	-	-	-	-	21,154	21,154
Other comprehensive income for the period	-	-	-	2,592	-	2,592
Total comprehensive income	-	-	-	2,592	21,154	23,746
Issue of ordinary shares	20,000	40,000	-	-	-	60,000
Balance at 30 September 2010	85,000	170,000	8,660	2,322	28,051	294,033

	Non-distributable Reserves			Distributable Reserves		Total Equity
	Share Capital	Share Premium	Statutory Reserve	Fair value Reserve	Retained Earnings/(Loss)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2009	65,000	130,000	-	3,310	(1,762)	196,548
Profit for the period	-	-	-	-	2,903	2,903
Other comprehensive loss for the period	-	-	-	(10,544)	-	(10,544)
Total comprehensive loss	-	-	-	(10,544)	2,903	(7,641)
Balance at 30 September 2009	65,000	130,000	-	(7,234)	1,141	188,907

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

**OCBC AL-AMIN BANK BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	<b>30 September 2010 RM'000</b>	<b>30 September 2009 RM'000</b>
Profit before income tax and zakat	28,239	4,305
Adjustments for non-operating and non-cash items	621	40,305
Operating profit before changes in working capital	<u>28,860</u>	<u>44,610</u>
Changes in working capital:		
Net changes in Operating Assets	(363,030)	110,362
Net changes in Operating Liabilities	(778,359)	(3,085)
Income tax and zakat paid	<u>(4,502)</u>	<u>(15)</u>
Net cash (used in) / from operating activities	(1,117,031)	151,872
Net cash from / (used in) investing activities	61,259	(200,562)
Net cash from financing activities	60,000	-
Net decrease in cash and cash equivalents	<u>(995,772)</u>	<u>(48,690)</u>
Cash and cash equivalents at beginning of the period	1,344,923	656,635
Cash and cash equivalents at end of the period	<u>349,151</u>	<u>607,945</u>

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

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010**

**1. GENERAL INFORMATION**

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983 and principally engaged in all aspects of Islamic Banking business.

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

**2. REVIEW OF PERFORMANCE**

The Bank recorded a net profit of RM21.2 million for the nine months period ended 30 September 2010 marking an increase of RM18.3 million as compared to the corresponding period last year. The increase was mainly due to a higher net income of RM39.7 million that was partially offset by higher overheads of RM15.8 million and taxation of RM5.6 million.

The increase in total overheads is attributable mainly to investments in the opening of new branches, higher personnel expenses and shared service costs.

Gross financing assets grew by RM125.8 million or 5.7% to RM2.3 billion, while deposits from customers decreased by RM1.3 billion or 34.2% to RM2.5 billion. The Bank is well capitalised with a core capital ratio of 9.11% and risk weighted capital ratio of 14.23% computed in accordance with Basel II guidelines.

**3. ECONOMIC PERFORMANCE AND PROSPECTS**

The Malaysian economy registered robust growth of 9.5% in the first half of 2010. This was achieved largely through the various stimulus packages implemented by the Government in 2009. The recent National Budget 2011 announcement envisages the economy to expand between 5% and 6%, supported by resilience in domestic demand as well as pro-growth strategies and measures that will be systematically implemented. The 2011 Budget, which is the first of the 10th Malaysian Plan, is pivotal for transforming Malaysia into a developed and high-income nation.

In line with the country's growth targets, the Bank will continue to focus on the manufacturing and services sectors together with the residential property segment. Following the recent initiatives and new incentives introduced for the Islamic capital market, the Bank will also concentrate on expanding its range of Islamic products to meet the needs of its customers. The Bank expects to reinforce its infrastructure and strong distribution channels to acquire new customers and to offer innovative solutions to existing customers.

In managing asset quality and capital, the Bank will maintain a cautious stance in preserving high quality assets while strengthening and improving the quality of its capital in view of anticipated future capital requirements to be introduced by the regulators.

**4. BASIS OF PREPARATION**

**4.1 STATEMENT OF COMPLIANCE**

The unaudited condensed interim financial statements for the third quarter ended 30 September 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 Bank's unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial 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 Bank since the financial year ended 31 December 2009.

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**4. BASIS OF PREPARATION (continued)**

**4.2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Bank for the preparation of the condensed interim financial statements are consistent with those adopted annual financial statements for the year ended 31 December 2009, except for the adoption of the following applicable Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretations and Technical Release ("TR") issued by MASB which are effective for annual periods beginning on or after 1 January 2010:

<i>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010</i>	
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
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

The Bank has not applied the following applicable FRSs, amendments to FRSs, IC Interpretations and Technical Release that have been issued by MASB but are not yet effective for the Bank:

<i>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010</i>	
Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues	

<i>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010</i>	
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	
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**4. BASIS OF PREPARATION (continued)**

<i>FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011</i>
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
Amendments to FRS 2, Group Cash-settled Share-based Payment
IC Interpretation 4, Determining whether an Arrangement contains a Lease
TR i-4, Shariah Compliant Sale Contracts

The initial adoption of the above FRSs, amendments to FRSs, IC Interpretations and TR did not have any material impact on the results of the Bank as the changes are presentation in nature except for FRS 139 and its related amendments and IC interpretation which is explained as below.

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

The adoption of FRS 7 has resulted in changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the statement of financial position as at 31 December 2009 and the income statement for the financial period ended 30 September 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 Licensed Islamic Banks (GP8-i) has already aligned certain requirements related to the recognition, derecognition, measurement and presentation of financial instruments and derivative instruments.

Prior to adoption of FRS 139, allowances for impaired financing and advances were guided by BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. The Bank has also adopted GP8-i where impaired financing and advances are measured at their estimated recoverable amount. Additional allowance is provided if the recoverable amount is lower than the net book value of the 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 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 Bank maintains a collective assessment allowances of at least 1.5% of total outstanding 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 Guideline on the Classification and Impairment Provisions for Loans/Financing, there is no adjustment to the Bank's retained earnings. The Bank's existing accounting policies relating to the assessment of impairment of financial assets are largely in line with those prescribed in FRS 139.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 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 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 Bank for the financial period ended 30 September 2010.

**8. CHANGE 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 2010.

**9. DEBT AND EQUITIES SECURITIES**

On 27 September 2010, the Bank issued an additional 20,000,000 ordinary shares of RM1.00 each at RM3.00 per ordinary share to its holding company; OCBC Bank (Malaysia) Berhad resulting in an enlarged issued and paid-up share capital of RM254,999,996 comprising of 85,000,000 ordinary shares of RM1.00 each.

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

**10. DIVIDEND**

No dividend was paid in respect of the financial period ended 30 September 2010.

**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. SECURITIES AVAILABLE-FOR-SALE**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
<u>At fair value</u>		
Malaysian Government Investment Issues	196,593	174,583
Islamic Private Debt Securities	326,420	324,049
Bank Negara Malaysia Sukuk Islamic	33,217	-
Islamic Negotiable Instruments of Deposits	25,000	621,825
Cagamas Sanadat Bonds	-	20,096
Bank Negara Malaysia Monetary Notes	496,699	-
	<u>1,077,929</u>	<u>1,140,553</u>

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**13. FINANCING AND ADVANCES**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
i) By type of financing and advances		
<u>At amortised cost</u>		
Cash financing	395,797	333,541
Term financing :		
- House financing	128,588	95,632
- Syndicated term financing	325,592	355,780
- Hire purchase receivables	530,419	546,451
- Other term financing	418,562	499,753
Bills receivable	11,145	14,141
Trust receipts	129	-
Revolving credit	510,295	365,446
Claims on customer under acceptance credits	222,684	213,116
Other financing	30,045	21,442
Less : Unearned income	(257,356)	(255,198)
Gross financing and advances	<u>2,315,900</u>	<u>2,190,104</u>
Less : Allowance for impairment loss on impaired financing and advances		
- individual assessed	(31,794)	(39,252)
- collective assessed	(37,939)	(38,715)
Net financing and advances	<u>2,246,167</u>	<u>2,112,137</u>
	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
ii) By concepts		
Al-Ijarah Thumma Al Bai	482,806	498,825
Al-Qardhul Hassan	86	503
Bai' Bithaman Ajil	700,634	772,030
Bai' Inah	295,581	245,784
Al Murabahah	343,860	221,534
Other principles	492,933	451,428
	<u>2,315,900</u>	<u>2,190,104</u>
	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
iii) By type of customer		
Domestic non-bank financial institutions		
- Others	-	10,054
Domestic business enterprises		
- Small and medium enterprises	352,070	344,211
- Others	1,500,855	1,456,214
Individuals	398,299	309,505
Foreign entities	64,676	70,120
	<u>2,315,900</u>	<u>2,190,104</u>

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**
**13. FINANCING AND ADVANCES (continued)**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
iv) By profit rate sensitivity		
Fixed rate		
- House financing	48,904	57,543
- Hire purchase receivables	482,806	498,825
- Other fixed rate financing	865,276	912,510
Variable rate		
- BFR plus	47,961	-
- Cost plus	870,953	721,226
	<u>2,315,900</u>	<u>2,190,104</u>
	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
v) By sector		
Agriculture	489,965	576,461
Mining and quarrying	83,388	25,807
Manufacturing	641,993	602,046
Electricity, gas and water	111,595	-
Construction	78,327	143,444
Real Estate	85,025	95,861
Wholesale & retail trade and restaurants & hotels	152,588	171,696
Transport, storage and communication	148,211	136,948
Finance, insurance and business services	26,300	42,418
Community, social and personal services	35,798	15,010
Households, of which:		
i. Purchase of residential properties	94,955	60,484
ii. Purchase of non-residential properties	2,673	2,437
iii. Others	302,310	247,501
Others	62,772	69,991
	<u>2,315,900</u>	<u>2,190,104</u>
	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
vi) By geographical distribution		
Malaysia	2,253,814	2,121,333
Singapore	62,086	68,771
	<u>2,315,900</u>	<u>2,190,104</u>
	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
vii) By residual contractual maturity		
Within 1 year	772,044	730,315
1 to 5 years	876,327	755,636
Over 5 years	667,529	704,153
	<u>2,315,900</u>	<u>2,190,104</u>

**OCBC AL-AMIN BANK BERHAD**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**14. IMPAIRED FINANCING AND ADVANCES**

- i) Movements of the impaired financing and advances are as follows :-

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
At 1 January	53,598	43,947
Impaired during the period/year	35,646	51,373
Reclassified as non impaired during the period/year	(9,179)	(11,137)
Amount recovered	(15,582)	(8,318)
Amount written off	(17,895)	(22,267)
At 30 September / 31 December	<u>46,588</u>	<u>53,598</u>
Individual assessed allowance for impairment loss	<u>(31,794)</u>	<u>(39,252)</u>
Net impaired financing and advances	<u>14,794</u>	<u>14,346</u>

- ii) Movements in the allowances for impairment loss on impaired financing and advances are as follows:

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
<u>Collective assessed allowance for impairment loss</u>		
At 1 January	38,715	33,517
Change for the period/year	(776)	5,198
At 30 September / 31 December	<u>37,939</u>	<u>38,715</u>
As % of net financing and advances	<u>1.66%</u>	<u>1.80%</u>

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
<u>Individual assessed allowance for impairment loss</u>		
At 1 January	39,252	35,592
Change for the period/year	29,418	41,024
Amount written back in respect of recoveries	(18,827)	(15,097)
Amount written off	(17,896)	(22,267)
Income recognised on impaired financing	(153)	-
At 30 September / 31 December	<u>31,794</u>	<u>39,252</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**14. IMPAIRED FINANCING AND ADVANCES (continued)**

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

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
Agriculture	522	203
Manufacturing	24,313	28,085
Construction	4,440	5,395
Real Estate	7	96
Wholesale & retail trade and restaurants & hotels	2,640	3,861
Transport, storage and communication	524	694
Finance, insurance and business services	685	195
Community, social and personal services	276	273
Household, of which:		
i. Purchase of residential properties	3,664	3,358
ii. Purchase of non-residential properties	23	64
iii. Others	9,494	11,374
	<u>46,588</u>	<u>53,598</u>

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
iv) Impaired financing and advances by geographical distribution		
Malaysia	<u>46,588</u>	<u>53,598</u>

**15. OTHER ASSETS**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
Profit receivable	8,052	6,229
Other debtors, deposits and prepayments	8,075	15,147
Shared service fee receivable from holding company	115	68
Amount due from holding company *	427,910	207,686
	<u>444,152</u>	<u>229,130</u>

\* The amount due from holding company is the end of day balance arising from daily operations and is to be settled by cash the following day.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2010 (continued)**

**16. DERIVATIVES ASSETS AND LIABILITIES**

Details of derivatives assets and liabilities are as follows:

	30 September 2010			31 December 2009		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Asset RM'000	Liability RM'000		Asset RM'000	Liability RM'000
	<b>Financial derivatives</b>					
Trading:						
Foreign exchange derivatives						
- forward	244,624	1,759	4,753	246,963	1,260	1,598
- swaps	110,995	3,018	-	-	-	-
- currency option	45,054	1,721	1,721	196,916	2,719	2,719
Equity related contracts						
- option	-	-	-	76,838	4	4
	<u>400,673</u>	<u>6,498</u>	<u>6,474</u>	<u>520,717</u>	<u>3,983</u>	<u>4,321</u>

**17. DEPOSITS FROM CUSTOMERS**

	30 September 2010 RM'000	31 December 2009 RM'000
i) By type of deposit		
<b>Non-Mudharabah Fund:</b>		
Demand deposits	910,303	700,441
Savings deposits	316,174	310,479
Negotiable instrument of deposits	70,473	868,680
Structured investments	94,482	133,763
	<u>1,391,432</u>	<u>2,013,363</u>
<b>Mudharabah Fund:</b>		
General investment deposits	793,455	1,504,980
Islamic short term Mudharabah Investment	265,635	203,605
	<u>1,059,090</u>	<u>1,708,585</u>
Total deposits from customers	<u>2,450,522</u>	<u>3,721,948</u>
ii) By type of customers:-		
Government and statutory bodies	300,016	286,907
Business enterprises	1,295,643	1,210,629
Individuals	423,245	455,664
Foreign entities	9,268	10,257
Others	422,350	1,758,491
	<u>2,450,522</u>	<u>3,721,948</u>
iii) Maturity structure of deposits are as follows:		
Within 6 months	2,308,980	3,499,042
6 months to 1 year	38,510	169,084
1 to 3 years	9,705	53,726
3 to 5 years	93,327	96
	<u>2,450,522</u>	<u>3,721,948</u>

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**18. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
<b>Non-Mudharabah Fund:</b>		
Licensed banks	670,553	119,552
<b>Mudharabah Fund:</b>		
Licensed banks	434,481	440,000
Total deposits and placements of financial institutions	<u>1,105,034</u>	<u>559,552</u>

**19. SUBORDINATED BONDS**

On 1 December 2008, the Bank issued RM200 million non-tradeable non-transferable redeemable Islamic subordinated bonds due in 2021 and non-callable until 2016 under the principle of Mudharabah (profit sharing contract) at a projected constant rate of 5.45% for the period from the issue date up to 23 November 2016 and a step up of 100 basis points commencing from 24 November 2016 and ending on the date of full redemption of the subordinated bonds, subject to the availability of profits and the investors' entitlement under the profit sharing ratio. Unless the call option is exercised by the Bank, the subordinated bonds shall be redeemed in full by five equal and consecutive annual payments. The call option is subject to prior approval from Bank Negara Malaysia and Monetary Authority of Singapore (MAS), be redeemable in whole but not in part on 24 November 2016 and on every Profit Payment Date thereafter.

The restricted subordinated bonds qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank subject to up to a maximum of 50% of total Tier 1 capital.

**20. OTHER LIABILITIES**

	<b>30 September 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
Profit payable	13,151	12,569
Other accruals and charges *	44,718	92,232
Profit Equalisation Reserves (a)	-	8,073
Shared service fee payable to holding company	3,972	3,542
Other financing with holding company	40,000	40,000
	<u>101,841</u>	<u>156,416</u>

\* Includes accruals for personnel costs.

a) Profit Equalisation Reserves (PER)

At 1 January	8,073	16,161
Amount provided during the period/year	-	28,820
Amount written back during the period/year	(8,073)	(36,908)
At 30 September / 31 December	<u>-</u>	<u>8,073</u>

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**21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Income derived from investment of:				
(i) General investment deposits	13,961	31,279	29,433	48,760
(ii) Other funds	28,976	9,590	102,461	82,548
	<u>42,937</u>	<u>40,869</u>	<u>131,894</u>	<u>131,308</u>
(i) Income derived from investment of general investment deposit:				
<u>Finance income and hibah:</u>				
Financing and advances	9,955	23,026	20,892	35,748
Investment securities available-for-sale	2,292	4,993	4,435	7,687
Money at call and deposit with financial institutions	1,733	3,035	3,871	4,672
	<u>13,980</u>	<u>31,054</u>	<u>29,198</u>	<u>48,107</u>
<u>Other operating income</u>				
Net (loss)/gain from sale of investment securities available-for-sale	(19)	225	235	653
	<u>13,961</u>	<u>31,279</u>	<u>29,433</u>	<u>48,760</u>
Of which:				
Financing income earned on impaired financing	13	-	31	-
	<u>13</u>	<u>-</u>	<u>31</u>	<u>-</u>
(ii) Income derived from investment of other funds:				
<u>Finance income and hibah:</u>				
Financing and advances	20,780	7,420	72,725	60,519
Investment securities available-for-sale	5,260	1,771	15,440	13,014
Money at call and deposit with financial institutions	3,323	1,077	13,477	7,909
	<u>29,363</u>	<u>10,268</u>	<u>101,642</u>	<u>81,442</u>
<u>Other operating income</u>				
Net (loss)/gain from sale of investment securities available-for-sale	(387)	(678)	819	1,106
	<u>28,976</u>	<u>9,590</u>	<u>102,461</u>	<u>82,548</u>
Of which:				
Financing income earned on impaired financing	24	-	110	-
	<u>24</u>	<u>-</u>	<u>110</u>	<u>-</u>

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**22. IMPAIRMENT LOSS ON FINANCING AND ADVANCES**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Impairment loss on financing and advances:				
Individual assessed allowance				
- Made during the period	9,827	9,526	29,418	30,564
- Written back	(7,348)	(3,143)	(18,827)	(10,633)
Collective assessed allowance				
- Made/(written back) during the period	-	(598)	(776)	1,604
Bad debts and financing				
- Recovered	(1,383)	(911)	(3,459)	(2,846)
	<u>1,096</u>	<u>4,874</u>	<u>6,356</u>	<u>18,689</u>

**23. INCOME ATTRIBUTABLE TO DEPOSITORS**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Deposits from customers				
- Mudharabah Fund	9,968	10,383	30,365	28,117
- Non Mudharabah Fund	5,863	2,484	17,554	6,944
Deposits and placements of financial institutions				
- Mudharabah Fund	1,731	1,699	10,264	8,199
- Non Mudharabah Fund	5,428	2,245	5,619	8,594
	<u>22,990</u>	<u>16,811</u>	<u>63,802</u>	<u>51,854</u>

**24. INCOME DERIVED FROM THE INVESTMENT OF SHAREHOLDER'S FUNDS**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<u>Finance income and hibah:</u>				
Financing and advances	4,372	1,899	7,742	5,723
Investment securities available-for-sale	983	198	1,644	601
Money at call and deposits with financial institutions	776	479	1,435	1,378
	<u>6,131</u>	<u>2,576</u>	<u>10,821</u>	<u>7,702</u>
<u>Other operating income</u>				
Net gain/(loss) from sale of investment securities available-for-sale	9	(24)	87	105
Net gain/(loss) on revaluation of derivatives	64	(160)	399	19
Net foreign currency	1,202	210	2,944	906
<u>Fee and commission income:</u>				
Commission	2,448	1,219	6,599	3,306
Service charges and fees	2,144	820	4,630	4,205
	<u>11,998</u>	<u>4,641</u>	<u>25,480</u>	<u>16,243</u>
Of which:				
Financing income earned on impaired financing	6	-	12	-

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**25. PERSONAL COSTS**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Salaries and wages	3,210	2,082	9,475	5,863
Allowances and bonuses	1,562	494	4,311	1,389
Equity compensation benefit	54	15	128	40
Defined contribution plan (EPF)	728	413	2,133	1,152
Others	294	417	1,024	1,308
	<u>5,848</u>	<u>3,421</u>	<u>17,071</u>	<u>9,752</u>

**26. OTHER OVERHEAD EXPENSES**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Establishment costs</b>	<b>1,210</b>	<b>871</b>	<b>3,698</b>	<b>2,300</b>
- Rental of premises	395	290	1,245	871
- Depreciation of property, plant and equipment	303	435	866	936
- Repair and maintenance	28	3	88	25
- Others	484	143	1,499	468
<b>Marketing expenses</b>	<b>601</b>	<b>570</b>	<b>874</b>	<b>1,720</b>
- Transport and travelling	97	81	279	225
- Advertising and business promotion	488	461	565	1,438
- Others	16	28	30	57
<b>Administration and general expenses</b>	<b>16,564</b>	<b>12,110</b>	<b>45,407</b>	<b>37,499</b>
- Printing and stationery	123	111	460	299
- Postage and courier	102	69	223	192
- Telephone, telex and fax	115	111	329	348
- Legal and consultancy fees	58	68	209	426
- Shared service fees paid/payable to OCBCM	12,291	9,601	34,519	29,858
- Transaction processing fees paid/payable to related company	3,305	1,642	8,304	5,024
- Other administrative and general expenses	570	508	1,363	1,352
<b>Total Other Overhead Expenses</b>	<u>18,375</u>	<u>13,551</u>	<u>49,979</u>	<u>41,519</u>

**27. INCOME TAX EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Malaysian income tax :				
- current period	1,965	1,843	5,379	5,689
- under provision in prior year	570	-	570	-
Deferred tax :				
- relating to originating and reversal of temporary differences	(194)	(1,554)	2,004	(4,287)
- over provision in prior year	(879)	-	(879)	-
	<u>1,462</u>	<u>289</u>	<u>7,074</u>	<u>1,402</u>

**28. CAPITAL COMMITMENTS**

	30 September 2010 RM'000	31 December 2009 RM'000
Capital expenditure in respect of property, plant and equipment:		
- authorised and contracted for	1,227	1,854
- authorised but not contracted for	18,293	19,667
	<u>19,520</u>	<u>21,521</u>

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**29. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. There were no material losses anticipated as a result of these transactions.

	30 September 2010			31 December 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
Direct credit substitutes	4,353	4,353	4,340	1,893	1,893	1,893
Transaction-related contingent items	93,483	46,742	30,408	100,049	50,024	50,024
Short-term self-liquidating trade-related contingencies	18,057	3,611	2,361	8,767	1,753	1,753
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	790,276	466	350	496,299	-	-
- maturity exceeding one year	5,760	5,351	1,547	17,703	7,480	7,480
Foreign exchange related contracts:						
- less than one year	348,734	10,023	8,458	338,269	6,510	1,307
- one year or less than five years	51,939	8,787	1,498	105,610	6,130	1,227
Equity related contracts	-	-	-	76,838	8,248	1,650
	<b>1,312,602</b>	<b>79,333</b>	<b>48,962</b>	<b>1,145,428</b>	<b>82,038</b>	<b>65,334</b>

\* The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks.

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**30. CAPITAL ADEQUACY**

	<b>Basel II</b>	<b>Basel I</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Components of Tier-1 and Tier-2 capital are as follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	85,000	65,000
Share premium	170,000	130,000
Accumulated loss	(4,309)	(4,309)
Other reserves	8,660	8,660
	<u>259,351</u>	<u>199,351</u>
<u>Tier-2 capital</u>		
General allowance	-	38,715
Subordinated bonds	129,676	99,675
Others	15,931	-
Total Tier-2 capital	<u>145,607</u>	<u>138,390</u>
Capital base	<u>404,958</u>	<u>337,741</u>
Risk weighted assets	2,846,021	2,573,754
<u>Capital Ratios</u>		
Core-capital ratio	9.11%	7.74%
Risk-weighted capital ratio	14.23%	13.12%

With effect from 1 January 2010, the capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB-Basel II). The Bank has 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%. The comparative figures which have been computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (RWCAF-Basel 1) have not been restated.

The breakdown of risk-weighted assets by each major category is as follows:

	<b>Basel II</b>	<b>Basel I</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	2,611,519	2,546,361
Market risk	21,065	27,393
Operational risk	213,437	-
	<u>2,846,021</u>	<u>2,573,754</u>

**31. COMPARATIVE FIGURES**

Certain comparative figures have been restated arising from the reclassification of profit payable on negotiable instrument of deposits issued; which were previously included in other liabilities to Deposits from customers to conform to current year's presentation.

	<b>As previously</b>	<b>As</b>
	<b>reported</b>	<b>restated</b>
<b>Balance sheet as at 31 December 2009</b>		
Deposits from customers	3,720,288	3,721,948
Other liabilities	158,076	156,416