

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

		30 September 2011 RM'000	31 December 2010 RM'000
ASSETS	Note		
Cash and cash equivalents		375,591	604,280
Deposits and placements with financial institutions		-	4,624
Financial assets available-for-sale	12	1,738,523	1,111,552
Financing and advances	13	2,742,438	2,486,706
Derivative assets	15	11,521	7,640
Other assets	16	63,631	45,833
Statutory deposits with Bank Negara Malaysia		141,000	26,750
Property, plant and equipment		6,149	7,822
Deferred tax assets		11,154	10,171
Total assets		<u>5,090,007</u>	<u>4,305,378</u>
LIABILITIES			
Deposits from customers	17	3,954,432	2,920,890
Deposits and placements of financial institutions	18	496,958	799,846
Bills and acceptances payable		29,776	11,107
Subordinated bond	19	200,000	200,000
Derivative liabilities	15	11,556	7,628
Other liabilities	20	79,702	69,505
Current tax liabilities and zakat		5,645	1,898
Total liabilities		<u>4,778,069</u>	<u>4,010,874</u>
EQUITY			
Share capital		85,000	85,000
Reserves		226,938	209,504
Total equity		<u>311,938</u>	<u>294,504</u>
Total liabilities and equity		<u>5,090,007</u>	<u>4,305,378</u>
Commitments and contingencies	28	<u>1,479,136</u>	<u>1,061,806</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of depositors' funds	21	61,234	42,937	166,255	131,894
Allowance for impairment loss on financing and advances	22	(7,082)	(1,096)	(16,342)	(6,356)
Transfer from profit equalisation reserve (net)		-	-	-	8,073
Total attributable income		54,152	41,841	149,913	133,611
Income attributable to depositors	23	(26,870)	(22,990)	(75,241)	(63,802)
Income attributable to shareholders		27,282	18,851	74,672	69,809
Income derived from investment of shareholder's funds	24	9,921	11,998	29,078	25,480
Total net income		37,203	30,849	103,750	95,289
Personnel and operating expenses	25	(30,628)	(24,223)	(82,041)	(67,050)
Profit before income tax expense and zakat		6,575	6,626	21,709	28,239
Income tax expense	26	(1,729)	(1,462)	(5,699)	(7,074)
Zakat		(5)	(4)	(15)	(11)
Profit for the period		4,841	5,160	15,995	21,154
Profit attributable to:					
Owner of the Bank		4,841	5,160	15,995	21,154
Basic earnings per share (sen)		5.70	7.79	18.82	32.40

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

OCBC AL-AMIN BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2011

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Profit for the period	4,841	5,160	15,995	21,154
Fair value of financial assets available-for-sale:				
- change in fair value	2,224	2,949	5,019	4,598
- disposal	(1,587)	397	(3,100)	(1,141)
Income tax relating to components of other comprehensive income	(159)	(837)	(480)	(865)
Other comprehensive income for the period net of tax	478	2,509	1,439	2,592
Total comprehensive income attributable to: Owner of the Bank	5,319	7,669	17,434	23,746

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Non-distributable Reserves			Fair value Reserve	Distributable Reserves	Total Equity
	Share Capital	Share Premium	Statutory Reserve		Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2011	85,000	170,000	20,582	103	18,819	294,504
Profit for the period	-	-	-	-	15,995	15,995
Other comprehensive income for the period	-	-	-	1,439	-	1,439
Total comprehensive income for the period	-	-	-	1,439	15,995	17,434
Balance at 30 September 2011	85,000	170,000	20,582	1,542	34,814	311,938

	Non-distributable Reserves			Fair value Reserve	Distributable Reserves	Total Equity
	Share Capital	Share Premium	Statutory Reserve		Retained Profits	
	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 for the period	-	-	-	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

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

OCBC AL-AMIN BANK BERHAD
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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	30 September 2011 RM'000	30 September 2010 RM'000
Profit before income tax expense and zakat	21,709	28,239
Adjustments for non-operating and non-cash items	15,146	621
Operating profit before changes in working capital	<u>36,855</u>	<u>28,860</u>
Changes in working capital:		
Net changes in operating assets	(403,527)	(363,030)
Net changes in operating liabilities	763,448	(778,359)
Income tax and zakat paid	<u>(3,430)</u>	<u>(4,502)</u>
Net cash generated from/(used in) operating activities	393,346	(1,117,031)
Net cash (used in)/generated from investing activities	(622,035)	61,259
Net cash from financing activities	-	60,000
Net changes in cash and cash equivalents	<u>(228,689)</u>	<u>(995,772)</u>
Cash and cash equivalents at beginning of the period	604,280	1,344,923
Cash and cash equivalents at end of the period	<u>375,591</u>	<u>349,151</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

OCBC AL-AMIN BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011

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 RM16.0 million for the period ended 30 September 2011, a decrease of RM5.1 million as compared to the corresponding period last year. The decrease was mainly due to higher overheads of RM15.0 million offset by higher net income of RM8.5m and lower tax of RM1.4 million.

The increase in total overheads is attributable mainly to higher personnel expenses and shared service fees.

Net financing assets increased by RM0.3 billion to RM2.7 billion while deposits from customers increased by RM1.0 billion to RM3.9 billion. The Bank is well capitalised with a core capital ratio of 9.19% and risk weighted capital ratio of 13.81%.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy registered a growth of 4.4% in the first half of 2011 and is forecasted to expand between 5% and 5.5% for the entire year. Against a backdrop of slowing growth momentum made complicated by the unsettling situation in the Eurozone, the country's economic growth for the coming months would be impacted accordingly. In anticipation of the challenges ahead, the Government has put in place measures to stimulate domestic public and private investments supported by higher foreign direct investments, and implementation of the Economic Transformation Programme and Second Rolling Plan projects under the 10th Malaysian Plan. The effects of the measures would spill over to higher private consumption following from the higher disposable income and positive employment prospects. Hence, the country's economy is expected to grow between 5-6% in 2012.

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

4. BASIS OF PREPARATION

The unaudited interim financial statements for the period ended 30 September 2011 have been prepared in accordance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia ("BNM") guidelines.

The Bank's unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached in the unaudited 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 2010.

The accounting policies adopted for the interim financial statements are consistent with those adopted for the audited annual financial statements for the year ended 31 December 2010, except for the adoption of the following applicable accounting standards, amendments, interpretations, technical release ("TR") and improvements that have been issued by MASB which are effective on 1 January 2011.

OCBC AL-AMIN BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (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 FRS132, Financial instruments: Presentation - Classification of Rights Issues
FRS 1 (revised), First-time Adoption of Financial Reporting Standards
FRS 3 (revised), Business Combinations
FRS 127 (revised), Consolidated and Separate Financial Statements
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138, Intangible Assets
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
Amendments to FRS 1, First-time adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exceptions for First-time Adopters
Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers
TR i-4, Shariah Compliant Sale Contracts
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

The adoption of the above mentioned applicable standards, amendments, interpretations, TR and improvements is not expected to have any material impact on the financial statements of the Bank.

The Bank has not applied the following standards, amendments and interpretations 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 July 2011</i>
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

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

5. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

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 2011.

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 2011.

9. DEBT AND EQUITIES SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debt securities during the financial period ended 30 September 2011.

OCBC AL-AMIN BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

10. DIVIDEND

No dividend was paid in respect of the financial period ended 30 September 2011.

11. SUBSEQUENT EVENTS

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

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	30 September 2011 RM'000	31 December 2010 RM'000
<u>At fair value</u>		
Malaysian Government Investment Issues	821,549	297,129
Bank Negara Malaysia Islamic Bonds	-	33,255
Bank Negara Malaysia Monetary Notes	294,403	255,527
Islamic Private Debt Securities	300,010	323,547
Islamic Negotiable Instruments of Deposits	322,561	202,094
	<u>1,738,523</u>	<u>1,111,552</u>

13. FINANCING AND ADVANCES

	30 September 2011 RM'000	31 December 2010 RM'000
<u>At amortised cost</u>		
i) By type of financing and advances		
Cash financing	727,489	441,564
Term financing :		
- House financing	161,737	146,830
- Syndicated term financing	211,626	246,813
- Hire purchase receivables	615,356	558,445
- Other term financing	777,806	625,756
Bills receivables	12,320	11,944
Revolving credits	408,682	539,186
Claims on customer under acceptance credits	215,921	203,469
Other financing	31,060	45,060
Less : Unearned income	(344,306)	(263,334)
Gross financing and advances	<u>2,817,691</u>	<u>2,555,733</u>
Allowance for Impairment Loss:		
- Individually assessed	(33,489)	(31,088)
- Collectively assessed	(41,764)	(37,939)
Net financing and advances	<u>2,742,438</u>	<u>2,486,706</u>

Included in financing and advances is the specific business venture funded by the Restricted Profit Sharing Investment Accounts ("RPSIA") arrangement between the Bank and its parent bank, OCBCM. The parent bank, being the RPSIA depositor is exposed to risks and rewards of the business venture and will account for all the individually assessed allowance arising thereon whereas the collectively assessed allowance is borne by the Bank.

As at 30 September 2011, the gross exposure relating to RPSIA financing is RM179 million (2010: RM205 million) and the collective impairment relating to this RPSIA of RM2.7 million (2010: RM3.1 million) is recognised in the income statement of the Bank.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

13. FINANCING AND ADVANCES (continued)

	30 September 2011 RM'000	31 December 2010 RM'000
ii) By concepts		
Ijarah Thumma Al Bai	559,498	506,125
Bai' Bithaman Ajil	716,708	717,586
Bai' Inah	542,702	331,865
Murabahah	287,342	347,794
Ijarah Muntahiah Bi Al-Tamlik	281,147	236,474
Musharakah	131,778	94,365
Other principles	298,516	321,524
	<u>2,817,691</u>	<u>2,555,733</u>
	30 September 2011 RM'000	31 December 2010 RM'000
iii) By type of customer		
Domestic business enterprises		
- Small and medium enterprises	529,019	391,833
- Others	1,526,978	1,642,764
Individuals	694,721	456,652
Foreign entities	66,973	64,484
	<u>2,817,691</u>	<u>2,555,733</u>
	30 September 2011 RM'000	31 December 2010 RM'000
iv) By profit rate sensitivity		
Fixed rate		
- House financing	40,598	46,866
- Hire purchase receivables	559,498	506,125
- Other fixed rate financing	1,185,518	907,365
Variable rate		
- BFR plus	179,717	72,904
- Cost plus	852,360	1,022,473
	<u>2,817,691</u>	<u>2,555,733</u>
	30 September 2011 RM'000	31 December 2010 RM'000
v) By sector		
Agriculture	334,872	461,853
Mining and quarrying	250,058	269,689
Manufacturing	619,661	631,389
Electricity, gas and water	101,046	100,116
Construction	100,556	76,959
Real Estate	179,306	80,310
Wholesale & retail trade and restaurants & hotels	231,035	200,770
Transport, storage and communication	163,904	152,264
Finance, insurance and business services	40,848	32,129
Community, social and personal services	34,263	29,348
Households, of which:		
i. Purchase of residential properties	139,951	116,614
ii. Purchase of non-residential properties	3,497	2,754
iii. Others	554,307	339,163
Others	64,387	62,375
	<u>2,817,691</u>	<u>2,555,733</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

13. FINANCING AND ADVANCES (continued)

	30 September 2011 RM'000	31 December 2010 RM'000
vi) By geographical distribution		
Malaysia	2,753,752	2,493,976
Singapore	63,939	61,757
	<u>2,817,691</u>	<u>2,555,733</u>
	30 September 2011 RM'000	31 December 2010 RM'000
vii) By residual contractual maturity		
Within 1 year	728,705	900,187
1 to 5 years	1,399,356	1,000,487
More than 5 years	689,630	655,059
	<u>2,817,691</u>	<u>2,555,733</u>

14. IMPAIRED FINANCING AND ADVANCES

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

	30 September 2011 RM'000	31 December 2010 RM'000
Balance at 1 January	45,444	53,598
Classified as impaired	31,524	46,054
Reclassified as performing	(6,490)	(11,938)
Amount recovered	(10,284)	(18,759)
Amount written off	(14,961)	(23,511)
Balance at 30 September / 31 December	<u>45,233</u>	<u>45,444</u>
Individually assessed impairment allowance	<u>(33,489)</u>	<u>(31,088)</u>
Net impaired financing and advances	<u>11,744</u>	<u>14,356</u>

ii) The movements in allowance for impaired financing and advances are as follows:

	30 September 2011 RM'000	31 December 2010 RM'000
<u>Individually assessed impairment allowance</u>		
Amount written off	31,088	39,252
Made during the period/year	28,439	38,914
Amount written back	(11,031)	(23,351)
Amount written off	(14,961)	(23,511)
Income recognised on impaired financing	(46)	(216)
Balance at 30 September / 31 December	<u>33,489</u>	<u>31,088</u>

	30 September 2011 RM'000	31 December 2010 RM'000
<u>Collectively assessed impairment allowance</u>		
Balance at 1 January	37,939	38,715
Made/(written back) during the period/year	3,825	(776)
Balance at 30 September / 31 December	<u>41,764</u>	<u>37,939</u>

As % of gross financing and advances less individually assessed impairment allowance

<u>1.50%</u>	<u>1.50%</u>
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OCBC AL-AMIN BANK BERHAD
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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

14. IMPAIRED FINANCING AND ADVANCES (continued)

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

	30 September 2011 RM'000	31 December 2010 RM'000
Agriculture	133	520
Manufacturing	23,211	24,016
Construction	3,694	4,127
Real Estate	-	7
Wholesale & retail trade and restaurants & hotels	3,502	3,458
Transport, storage and communication	368	508
Finance, insurance and business services	1,262	987
Community, social and personal services	795	149
Household, of which:		
i. Purchase of residential properties	2,150	3,312
ii. Others	10,118	8,360
	<u>45,233</u>	<u>45,444</u>

iv) Impaired financing and advances by geographical distribution

	30 September 2011 RM'000	31 December 2010 RM'000
Malaysia	<u>45,233</u>	<u>45,444</u>

15. DERIVATIVE ASSETS AND LIABILITIES

Details of derivatives are as follows:

	30 September 2011			31 December 2010		
	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
Financial derivatives						
Trading:						
Foreign exchange derivatives						
- forward	545,980	9,720	9,759	157,483	271	5,772
- swaps	431	-	1	113,402	5,513	-
- options	89,552	1,801	1,796	87,258	1,856	1,856
	<u>635,963</u>	<u>11,521</u>	<u>11,556</u>	<u>358,143</u>	<u>7,640</u>	<u>7,628</u>

16. OTHER ASSETS

	30 September 2011 RM'000	31 December 2010 RM'000
Profit receivable	8,672	9,432
Other debtors, deposits and prepayments	5,623	5,689
Shared service fee receivable from holding company	113	112
Amount due from holding company*	49,223	30,600
	<u>63,631</u>	<u>45,833</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 INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

17. DEPOSITS FROM CUSTOMERS

	30 September 2011 RM'000	31 December 2010 RM'000
i) By type of deposit		
Non-Mudharabah Fund:		
Demand deposits	1,368,291	1,066,695
Savings deposits	332,000	331,220
General investment deposits	1,000	100
Negotiable instrument of deposits	69,084	120,044
Structured investments	47,590	47,862
	<u>1,817,965</u>	<u>1,565,921</u>
Mudharabah Fund:		
General investment deposits	1,537,063	975,904
Islamic short term Mudharabah Investment	599,404	379,065
	<u>2,136,467</u>	<u>1,354,969</u>
 Total deposits from customers	 <u>3,954,432</u>	 <u>2,920,890</u>
 ii) By type of customers:		
Government and statutory bodies	531,883	412,004
Business enterprises	2,308,130	1,568,276
Individuals	461,722	449,759
Foreign entities	9,579	10,465
Others	643,118	480,386
	<u>3,954,432</u>	<u>2,920,890</u>
 iii) Maturity structure of deposits:		
Within 6 months	3,705,094	2,776,828
6 months to 1 year	146,055	41,906
1 to 3 years	48,641	7,988
3 to 5 years	282	41,379
More than 5 years	54,360	52,789
	<u>3,954,432</u>	<u>2,920,890</u>

18. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS

	30 September 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah Fund:		
Licensed banks	317,656	595,240
Mudharabah Fund:		
Licensed banks	179,302	204,606
 Total deposits and placements of financial institutions	 <u>496,958</u>	 <u>799,846</u>

Included in the deposits and placements of financial institutions is the Restricted Profit Sharing Investment Account ('RPSIA') placed by OCBCM amounting to RM179 million (2010: RM205 million) for tenures of more than 1 year at profit rates ranging from 1.90% to 4.53% per annum. These deposits are used to fund certain specific business venture. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a business venture where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and losses shall be borne by the depositors.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)

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 subordinated bond was fully subscribed by its parent company.

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

	30 September 2011 RM'000	31 December 2010 RM'000
Profit payable	18,119	9,738
Other accruals and charges*	57,432	55,787
Shared service fee payable to holding company	4,151	3,980
	<u>79,702</u>	<u>69,505</u>

* Includes accruals for personnel costs.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)
21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of:				
(i) General investment deposits	24,976	13,961	57,444	29,433
(ii) Other funds	36,258	28,976	108,811	102,461
	<u>61,234</u>	<u>42,937</u>	<u>166,255</u>	<u>131,894</u>
(i) Income derived from investment of general investment deposit:				
<u>Finance income and hibah:</u>				
Financing and advances	18,047	9,955	41,369	20,892
Financial assets available-for-sale	4,445	2,292	10,427	4,435
Money at call and deposits with financial institutions	1,918	1,733	4,647	3,871
	<u>24,410</u>	<u>13,980</u>	<u>56,443</u>	<u>29,198</u>
<u>Other operating income</u>				
Net gain/(loss) from sale of financial assets available-for-sale	566	(19)	1,001	235
	<u>24,976</u>	<u>13,961</u>	<u>57,444</u>	<u>29,433</u>
Of which:				
Financing income earned on impaired financing	<u>2</u>	<u>13</u>	<u>15</u>	<u>31</u>
(ii) Income derived from investment of other funds:				
<u>Finance income and hibah:</u>				
Financing and advances	26,245	20,780	78,360	72,725
Financial assets available-for-sale	6,384	5,260	19,752	15,440
Money at call and deposits with financial institutions	2,704	3,323	8,803	13,477
	<u>35,333</u>	<u>29,363</u>	<u>106,915</u>	<u>101,642</u>
<u>Other operating income</u>				
Net gain/(loss) from sale of financial assets available-for-sale	925	(387)	1,896	819
	<u>36,258</u>	<u>28,976</u>	<u>108,811</u>	<u>102,461</u>
Of which:				
Financing income earned on impaired financing	<u>(2)</u>	<u>24</u>	<u>28</u>	<u>110</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2011 (continued)
22. ALLOWANCE FOR IMPAIRMENT LOSS ON FINANCING AND ADVANCES

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Impairment loss on financing and advances:				
Individually assessed impairment allowance				
- Made during the period	8,547	9,827	28,439	29,418
- Written back	(3,284)	(7,348)	(11,031)	(18,827)
Collectively assessed impairment allowance				
- Made/(written back) during the period	3,473	-	3,825	(776)
Impaired financing recovered	(1,654)	(1,383)	(4,891)	(3,459)
	<u>7,082</u>	<u>1,096</u>	<u>16,342</u>	<u>6,356</u>

23. INCOME ATTRIBUTABLE TO DEPOSITORS

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Deposits from customers				
- Mudharabah Fund	17,589	9,968	45,097	30,365
- Non Mudharabah Fund	5,595	5,863	18,004	17,554
Deposits and placements of financial institutions				
- Mudharabah Fund	840	1,731	4,002	10,264
- Non Mudharabah Fund	2,846	5,428	8,138	5,619
	<u>26,870</u>	<u>22,990</u>	<u>75,241</u>	<u>63,802</u>

24. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
<u>Finance income and hibah:</u>				
Financing and advances	2,661	4,372	8,390	7,742
Financial assets available-for-sale	645	983	2,115	1,644
Money at call and deposits with financial institutions	273	776	943	1,435
	<u>3,579</u>	<u>6,131</u>	<u>11,448</u>	<u>10,821</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	96	9	203	87
<u>Other trading income</u>				
Net gain/(loss) on instruments held-for-trading				
- foreign currency	1,785	1,202	3,606	2,944
- trading derivatives	64	(7)	17	(252)
- revaluation of derivatives	(178)	71	(148)	651
<u>Fee and commission income:</u>				
Commission	2,839	2,448	7,955	6,599
Service charges and fees	1,736	2,144	5,997	4,630
	<u>9,921</u>	<u>11,998</u>	<u>29,078</u>	<u>25,480</u>
Of which:				
Financing income earned on impaired financing	-	6	3	12

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25. PERSONAL AND OPERATING EXPENSES

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Personnel expenses	10,387	5,848	25,803	17,071
Establishment expenses	1,749	1,210	4,298	3,698
Marketing expenses	688	601	1,375	874
Administration and general expenses	17,804	16,564	50,565	45,407
	<u>30,628</u>	<u>24,223</u>	<u>82,041</u>	<u>67,050</u>

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
(i) Personnel expenses	10,387	5,848	25,803	17,071
Wages, salaries and bonus	8,099	4,772	20,268	13,786
Defined contribution plan (EPF)	1,195	728	3,071	2,133
Equity compensation benefit	44	54	157	128
Other personnel costs	1,049	294	2,307	1,024
(ii) Establishment expenses	1,749	1,210	4,298	3,698
Rental of premises	467	395	1,236	1,245
Depreciation of property, plant and equipment	625	303	1,932	866
Repair and maintenance	76	28	197	88
Others	581	484	933	1,499
(iii) Marketing expenses	688	601	1,375	874
Transport and travelling	131	97	348	279
Advertising and business promotion	528	488	977	565
Others	29	16	50	30
(iv) Administration and general expenses	17,804	16,564	50,565	45,407
Printing and stationery	177	123	456	460
Postage and courier	126	102	316	223
Telephone, telex and fax	147	115	398	329
Legal and consultancy fees	133	58	351	209
Shared service fees paid/payable to OCBCM	13,109	12,291	37,260	34,519
Transaction processing fees paid/payable to related company	3,806	3,305	10,390	8,304
Other administration and general expenses	306	570	1,394	1,363
Total Expenses	<u>30,628</u>	<u>24,223</u>	<u>82,041</u>	<u>67,050</u>

26. INCOME TAX EXPENSE

	3rd Quarter Ended		Nine Months Ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Malaysian income tax				
- current period	3,228	1,965	7,162	5,379
- under provision in prior year	-	570	-	570
Deferred taxation:				
- relating to originating and reversal of temporary differences	(1,499)	(194)	(1,463)	2,004
- under provision in prior year	-	(879)	-	(879)
	<u>1,729</u>	<u>1,462</u>	<u>5,699</u>	<u>7,074</u>

27. CAPITAL COMMITMENTS

	30 September 2011 RM'000	31 December 2010 RM'000
Capital expenditure in respect of property, plant and equipment:		
- authorised and contracted for	880	1,216
- authorised but not contracted for	11,240	18,240
	<u>12,120</u>	<u>19,456</u>

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28. 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 2011				31 December 2010			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	4,348		4,348	3,348	4,353		4,353	4,340
Transaction-related contingent items	94,738		47,369	38,793	81,288		40,644	30,570
Short-term self-liquidating trade-related contingencies	21,619		4,324	2,914	29,218		5,844	6,229
Forward asset purchases	27,331		27,331	39,551	-		-	-
Foreign exchange related contracts:								
- less than one year	590,570	15,219	29,293	21,421	261,246	5,775	9,810	8,611
- one year or less than five years	3,842	2,046	2,392	2,392	47,501	5,728	8,258	1,088
Irrevocable commitments to extend credit:								
- maturity not exceeding one year	724,184		11,916	7,139	629,828		442	331
- maturity exceeding one year	12,504		12,504	2,965	8,372		6,969	2,377
	1,479,136	17,265	139,477	118,523	1,061,806	11,503	76,320	53,546

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

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29. CAPITAL ADEQUACY

	30 September 2011 RM'000	31 December 2010 RM'000
Components of Tier-1 and Tier-2 capital are as follows:		
<u>Tier-1 capital</u>		
Paid-up share capital	85,000	85,000
Share premium	170,000	170,000
Retained profit	18,819	18,819
Other reserves	20,582	20,582
	<u>294,401</u>	<u>294,401</u>
Less: Deferred tax assets	(10,205)	(10,205)
Total Tier-1 capital	<u>284,196</u>	<u>284,196</u>
<u>Tier-2 capital</u>		
Collective assessment allowance	8,121	8,013
Subordinated bonds	142,098	142,098
Others	(7,160)	7,811
Total Tier-2 capital	<u>143,059</u>	<u>157,922</u>
Capital base	<u>427,255</u>	<u>442,118</u>
Risk weighted assets	3,093,772	2,842,353
<u>Capital Ratios before the effects of PSIA</u>		
Core-capital ratio	8.74%	9.30%
Risk-weighted capital ratio	13.14%	14.47%
<u>Capital Ratios after the effects of PSIA</u>		
Core-capital ratio	9.19%	10.00%
Risk-weighted capital ratio	13.81%	15.55%

Breakdown of risk-weighted assets in the various categories of risk weights:

	30 September 2011 RM'000	31 December 2010 RM'000
Credit risk	2,851,560	2,668,660
Market risk	9,845	14,447
Operational risk	232,367	159,246
	<u>3,093,772</u>	<u>2,842,353</u>

The capital adequacy ratios of the Bank is 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 for the major credit portfolios whilst the other credit portfolios are on Standardised Approach. For Market and Operational risk, the Bank has adopted the Standardised Approach and the Basic Indicator Approach, respectively. The minimum regulatory capital adequacy requirement is 8.0%.