

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

ASSETS	Note	31 March 2011 RM'000	31 December 2010 RM'000
Cash and cash equivalents		715,843	604,280
Deposits and placements with financial institutions		-	4,624
Financial assets available-for-sale	12	1,395,427	1,111,552
Financing and advances	13	2,558,656	2,486,706
Derivative assets	15	4,656	7,640
Other assets	16	33,656	45,833
Statutory deposits with Bank Negara Malaysia		29,920	26,750
Property, plant and equipment		7,309	7,822
Deferred tax assets		9,977	10,171
Total assets		<u>4,755,444</u>	<u>4,305,378</u>
LIABILITIES			
Deposits from customers	17	3,301,432	2,920,890
Deposits and placements of financial institutions	18	853,062	799,846
Bills and acceptances payable		12,996	11,107
Subordinated bond	19	200,000	200,000
Derivative liabilities	15	4,633	7,628
Other liabilities	20	82,388	69,505
Current tax liabilities and zakat		2,492	1,898
Total liabilities		<u>4,457,003</u>	<u>4,010,874</u>
EQUITY			
Share capital		85,000	85,000
Reserves		213,441	209,504
Total equity		<u>298,441</u>	<u>294,504</u>
Total liabilities and equity		<u>4,755,444</u>	<u>4,305,378</u>
Commitments and contingencies	28	<u>2,106,689</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 FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2011**

	Note	1st Quarter Ended		Three Months Ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Income derived from investment of depositors' funds	21	51,486	43,482	51,486	43,482
Allowance for impairment loss on financing and advances	22	(6,475)	(3,420)	(6,475)	(3,420)
Transfer from profit equalisation reserve (net)		-	8,073	-	8,073
Total attributable income		45,011	48,135	45,011	48,135
Income attributable to depositors	23	(23,419)	(20,452)	(23,419)	(20,452)
Income attributable to shareholders		21,592	27,683	21,592	27,683
Income derived from the investment of shareholder's funds	24	8,737	5,360	8,737	5,360
Total net income		30,329	33,043	30,329	33,043
Personnel and operating expenses	25	(24,547)	(19,949)	(24,547)	(19,949)
Profit before income tax expense and zakat		5,782	13,094	5,782	13,094
Income tax expense	26	(1,543)	(3,374)	(1,543)	(3,374)
Zakat		(5)	(4)	(5)	(4)
Profit for the period		4,234	9,716	4,234	9,716
Profit attributable to:					
Owner of the Bank		4,234	9,716	4,234	9,716
Basic earnings per share (sen)		4.98	14.95	4.98	14.95

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 FIRST QUARTER AND THREE MONTHS ENDED

31 MARCH 2011

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the period	<u>4,234</u>	<u>9,716</u>	<u>4,234</u>	<u>9,716</u>
Fair value of financial assets available-for-sale:				
- change in fair value	(136)	382	(136)	382
- disposal	(259)	(1,465)	(259)	(1,465)
Income tax relating to components of other comprehensive income	<u>98</u>	<u>271</u>	<u>98</u>	<u>271</u>
Other comprehensive income/(expense) for the period net of tax	<u>(297)</u>	<u>(812)</u>	<u>(297)</u>	<u>(812)</u>
Total comprehensive income attributable to:				
Owner of the Bank	<u>3,937</u>	<u>8,904</u>	<u>3,937</u>	<u>8,904</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.

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 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	-	-	-	-	4,234	4,234
Other comprehensive expense for the period	-	-	-	(297)	-	(297)
Total comprehensive (expense)/income for the period	-	-	-	(297)	4,234	3,937
Balance at 31 March 2011	85,000	170,000	20,582	(194)	23,053	298,441

	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	-	-	-	-	9,716	9,716
Other comprehensive expense for the period	-	-	-	(812)	-	(812)
Total comprehensive (expense)/income for the period	-	-	-	(812)	9,716	8,904
Balance at 31 March 2010	65,000	130,000	8,660	(1,082)	16,613	219,191

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 CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2011

	31 March 2011 RM'000	31 March 2010 RM'000
Profit before income tax expense and zakat	5,782	13,094
Adjustments for non-operating and non-cash items	6,333	(5,661)
Operating profit before changes in working capital	<u>12,115</u>	<u>7,433</u>
Changes in working capital:		
Net changes in operating assets	(61,758)	126,566
Net changes in operating liabilities	445,535	(996,735)
Income tax and zakat paid	<u>(662)</u>	<u>(2,154)</u>
Net cash generated from/(used in) operating activities	395,230	(864,890)
Net cash (used in)/generated from investing activities	(283,667)	353,809
Net changes in cash and cash equivalents	<u>111,563</u>	<u>(511,081)</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><u>715,843</u></u>	<u><u>833,842</u></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 - 31 MARCH 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 RM 4.2 million for the three-month period ended 31 March 2011, a decrease of RM5.5 million as compared to the corresponding period last year. The decrease was mainly due to lower net income of RM2.7 million, higher overheads of RM4.6 million offset by lower tax of RM1.8 million. Net income was lower mainly due to higher writeback of profit equalisation reserve of RM8.1 million in the previous period.

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

Net financing assets increased by RM72 million to RM2.6 billion while deposits from customers increased by RM381 million to RM3.3 billion. The Bank is well capitalised with a core capital ratio of 9.77% and risk weighted capital ratio of 15.28%.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy is projected to grow between 5% - 6% in 2011, where slower growth is anticipated for the first half due to lower demand in electronic exports with improvement expected in the second half from higher exports and stronger expansion of domestic demand particularly in private consumption and investments. The strong consumer spending is supported by favourable labour market conditions, rising disposal income, sustained consumer confidence and continued access to credit. The economic growth is forecasted to be broad based with higher contribution from the services, manufacturing and construction sectors. Inflation is expected in the region of 2.5% – 3.5% in 2011, driven mainly by rising global commodity and energy prices.

Based on the above outlook, the Bank will continue its focus on consumer financial services, growing the SME portfolio and expanding its market share by offering new and innovative Islamic products that meet its customers' needs. To improve its delivery channels and build infrastructure capabilities, the Bank will expand its customer reach through the participation of MEPS network and the opening of more full-fledged Islamic branches.

In seeking growth, the Bank would continue to enhance its risk management capabilities and strengthen the quality in its capital.

4. BASIS OF PREPARATION

The unaudited interim financial statements for the first quarter ended 31 March 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.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 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 31 March 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 31 March 2011.

9. DEBT AND EQUITIES SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debt securities during the financial period ended 31 March 2011.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

10. DIVIDEND

No dividend was paid in respect of the financial period ended 31 March 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. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 March 2011 RM'000	31 December 2010 RM'000
<u>At fair value</u>		
Malaysian Government Investment Issues	517,261	297,129
Bank Negara Malaysia Islamic Bonds	-	33,255
Bank Negara Malaysia Monetary Notes	249,567	255,527
Islamic Private Debt Securities	322,921	323,547
Islamic Negotiable Instruments of Deposits	305,678	202,094
	<u>1,395,427</u>	<u>1,111,552</u>

13. FINANCING AND ADVANCES

	31 March 2011 RM'000	31 December 2010 RM'000
<u>At amortised cost</u>		
i) By type of financing and advances		
Cash financing	516,878	441,564
Term financing :		
- House financing	148,466	146,830
- Syndicated term financing	234,735	246,813
- Hire purchase receivables	592,847	558,445
- Other term financing	629,521	625,756
Bills receivables	15,802	11,944
Revolving credits	488,634	539,186
Claims on customer under acceptance credits	245,525	203,469
Other financing	40,618	45,060
Less : Unearned income	(280,847)	(263,334)
Gross financing and advances	<u>2,632,179</u>	<u>2,555,733</u>
Allowance for Impairment Loss:		
- Individually assessed	(34,559)	(31,088)
- Collectively assessed	(38,964)	(37,939)
Net financing and advances	<u>2,558,656</u>	<u>2,486,706</u>
	31 March 2011 RM'000	31 December 2010 RM'000
ii) By concepts		
Ijarah Thumma Al Bai	536,833	506,125
Bai' Bithaman Ajil	665,485	717,586
Bai' Inah	390,511	331,865
Murabahah	357,329	347,794
Ijarah Muntahiah Bi Al-Tamlik	237,957	236,474
Musharakah	104,078	94,365
Other principles	339,986	321,524
	<u>2,632,179</u>	<u>2,555,733</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

13. FINANCING AND ADVANCES (continued)

	31 March 2011 RM'000	31 December 2010 RM'000
iii) By type of customer		
Domestic business enterprises		
- Small and medium enterprises	482,555	391,833
- Others	1,565,188	1,642,764
Individuals	520,880	456,652
Foreign entities	63,556	64,484
	<u>2,632,179</u>	<u>2,555,733</u>
	31 March 2011 RM'000	31 December 2010 RM'000
iv) By profit rate sensitivity		
Fixed rate		
- House financing	43,023	46,866
- Hire purchase receivables	536,833	506,125
- Other fixed rate financing	986,703	907,365
Variable rate		
- BFR plus	104,079	72,904
- Cost plus	961,541	1,022,473
	<u>2,632,179</u>	<u>2,555,733</u>
	31 March 2011 RM'000	31 December 2010 RM'000
v) By sector		
Agriculture	384,446	461,853
Mining and quarrying	269,182	269,689
Manufacturing	683,783	631,389
Electricity, gas and water	100,116	100,116
Construction	84,112	76,959
Real Estate	80,796	80,310
Wholesale & retail trade and restaurants & hotels	217,373	200,770
Transport, storage and communication	163,276	152,264
Finance, insurance and business services	37,087	32,129
Community, social and personal services	26,953	29,348
Households, of which:		
i. Purchase of residential properties	121,394	116,614
ii. Purchase of non-residential properties	3,302	2,754
iii. Others	398,273	339,163
Others	62,086	62,375
	<u>2,632,179</u>	<u>2,555,733</u>
	31 March 2011 RM'000	31 December 2010 RM'000
vi) By geographical distribution		
Malaysia	2,571,456	2,493,976
Singapore	60,723	61,757
	<u>2,632,179</u>	<u>2,555,733</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

13. FINANCING AND ADVANCES (continued)

	31 March 2011 RM'000	31 December 2010 RM'000
vii) By residual contractual maturity		
Within 1 year	883,948	900,187
1 to 5 years	1,101,664	1,000,487
Over 5 years	646,567	655,059
	<u>2,632,179</u>	<u>2,555,733</u>

14. IMPAIRED FINANCING AND ADVANCES

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

	31 March 2011 RM'000	31 December 2010 RM'000
Balance at 1 January	45,444	53,598
Classified as impaired	10,134	46,054
Reclassified as performing	(2,248)	(11,938)
Amount recovered	(2,735)	(18,759)
Amount written off	(3,353)	(23,511)
Balance at 31 March / 31 December	<u>47,242</u>	<u>45,444</u>
Individually assessed impairment allowance	(34,559)	(31,088)
Net impaired financing and advances	<u>12,683</u>	<u>14,356</u>

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

	31 March 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	1,025	(776)
Balance at 31 March / 31 December	<u>38,964</u>	<u>37,939</u>
As % of gross financing and advances less individually assessed impairment allowance	<u>1.50%</u>	<u>1.50%</u>

	31 March 2011 RM'000	31 December 2010 RM'000
<u>Individually assessed impairment allowance</u>		
Balance at 1 January	31,088	39,252
Made during the year	11,305	38,914
Amount written back	(4,448)	(23,351)
Amount written off	(3,353)	(23,511)
Income recognised on impaired financing	(33)	(216)
Balance at 31 March / 31 December	<u>34,559</u>	<u>31,088</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

14. IMPAIRED FINANCING AND ADVANCES (continued)

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

	31 March 2011 RM'000	31 December 2010 RM'000
Agriculture	521	520
Manufacturing	24,092	24,016
Construction	4,306	4,127
Real Estate	7	7
Wholesale & retail trade and restaurants & hotels	3,898	3,458
Transport, storage and communication	475	508
Finance, insurance and business services	1,051	987
Community, social and personal services	680	149
Household, of which:		
i. Purchase of residential properties	2,648	3,312
ii. Others	9,564	8,360
	<u>47,242</u>	<u>45,444</u>

	31 March 2011 RM'000	31 December 2010 RM'000
iv) Impaired financing and advances by geographical distribution		
Malaysia	<u>47,242</u>	<u>45,444</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

15. DERIVATIVE ASSETS AND LIABILITIES

Details of derivatives are as follows:

	31 March 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	1,316,646	2,831	2,808	157,483	271	5,772
- swaps	-	-	-	113,402	5,513	-
- option	85,934	1,825	1,825	87,258	1,856	1,856
	<u>1,402,580</u>	<u>4,656</u>	<u>4,633</u>	<u>358,143</u>	<u>7,640</u>	<u>7,628</u>

16. OTHER ASSETS

	31 March 2011 RM'000	31 December 2010 RM'000
Profit receivable	8,115	9,432
Other debtors, deposits and prepayments	5,528	5,689
Shared service fee receivable from holding company	100	112
Amount due from holding company*	19,913	30,600
	<u>33,656</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.

17. DEPOSITS FROM CUSTOMERS

	31 March 2011 RM'000	31 December 2010 RM'000
i) By type of deposit		
Non-Mudharabah Fund:		
Demand deposits	1,142,811	1,066,695
Savings deposits	337,807	331,220
Negotiable instrument of deposits	348,933	120,044
Structured investments	47,862	47,862
	<u>1,877,413</u>	<u>1,565,821</u>
Mudharabah Fund:		
General investment deposits	844,308	976,004
Islamic short term Mudharabah Investment	579,711	379,065
	<u>1,424,019</u>	<u>1,355,069</u>
Total deposits from customers	<u>3,301,432</u>	<u>2,920,890</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011 (continued)

17. DEPOSITS FROM CUSTOMERS (continued)	31 March 2011 RM'000	31 December 2010 RM'000
ii) By type of customers:		
Government and statutory bodies	305,710	412,004
Business enterprises	1,901,167	1,568,276
Individuals	463,602	449,759
Foreign entities	9,349	10,465
Others	621,604	480,386
	<u>3,301,432</u>	<u>2,920,890</u>
iii) Maturity structure of deposits:		
Within 6 months	3,097,931	2,776,828
6 months to 1 year	101,188	41,906
1 to 3 years	48,837	7,988
3 to 5 years	275	41,379
More than 5 years	53,201	52,789
	<u>3,301,432</u>	<u>2,920,890</u>

18. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS	31 March 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah Fund:		
Licensed banks	659,369	595,240
Mudharabah Fund:		
Licensed banks	193,693	204,606
Total deposits and placements of financial institutions	<u>853,062</u>	<u>799,846</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 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

	31 March 2011 RM'000	31 December 2010 RM'000
Profit payable	13,983	9,738
Other accruals and charges*	64,663	55,787
Shared service fee payable to holding company	3,742	3,980
	<u>82,388</u>	<u>69,505</u>

* Includes accruals for personnel costs.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2011

21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Income derived from investment of:				
(i) General investment deposits	10,463	11,292	10,463	11,292
(ii) Other funds	41,023	32,190	41,023	32,190
	<u>51,486</u>	<u>43,482</u>	<u>51,486</u>	<u>43,482</u>
(i) Income derived from investment of general investment deposit:				
<u>Finance income and hibah:</u>				
Financing and advances	7,564	7,784	7,564	7,784
Financial assets available-for-sale	2,145	1,566	2,145	1,566
Money at call and deposit with financial institutions	705	1,584	705	1,584
	<u>10,414</u>	<u>10,934</u>	<u>10,414</u>	<u>10,934</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	49	358	49	358
	<u>10,463</u>	<u>11,292</u>	<u>10,463</u>	<u>11,292</u>
Of which:				
Financing income earned on impaired financing	6	10	6	10

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
(ii) Income derived from investment of other funds:				
<u>Finance income and hibah:</u>				
Financing and advances	29,654	22,189	29,654	22,189
Financial assets available-for-sale	8,412	4,465	8,412	4,465
Money at call and deposit with financial institutions	2,764	4,516	2,764	4,516
	<u>40,830</u>	<u>31,170</u>	<u>40,830</u>	<u>31,170</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	193	1,020	193	1,020
	<u>41,023</u>	<u>32,190</u>	<u>41,023</u>	<u>32,190</u>
Of which:				
Financing income earned on impaired financing	25	29	25	29

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22. ALLOWANCE FOR IMPAIRMENT LOSS ON FINANCING AND ADVANCES

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Impairment loss on financing and advances:				
Individually assessed impairment allowance				
- Made during the period	11,305	12,224	11,305	12,224
- Written back	(4,448)	(7,235)	(4,448)	(7,235)
Collectively assessed impairment allowance				
- Made/(written back) during the period	1,025	(776)	1,025	(776)
Impaired financing recovered	(1,407)	(793)	(1,407)	(793)
	<u>6,475</u>	<u>3,420</u>	<u>6,475</u>	<u>3,420</u>

23. INCOME ATTRIBUTABLE TO DEPOSITORS

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Deposits from customers				
- Mudharabah Fund	12,815	11,012	12,815	11,012
- Non Mudharabah Fund	5,229	5,677	5,229	5,677
Deposits and placements of financial institutions				
- Mudharabah Fund	2,380	3,712	2,380	3,712
- Non Mudharabah Fund	2,995	51	2,995	51
	<u>23,419</u>	<u>20,452</u>	<u>23,419</u>	<u>20,452</u>

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

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
<u>Finance income and hibah:</u>				
Financing and advances	2,674	1,892	2,674	1,892
Financial assets available-for-sale	758	381	758	381
Money at call and deposits with financial institutions	249	385	249	385
	<u>3,681</u>	<u>2,658</u>	<u>3,681</u>	<u>2,658</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	17	87	17	87
<u>Other trading income</u>				
Net gain/(loss) on instruments held-for-trading				
- foreign currency	859	(1,192)	859	(1,192)
- trading derivatives	(125)	(1)	(125)	(1)
- revaluation of derivatives	52	845	52	845
<u>Fee and commission income:</u>				
Commission	2,735	1,913	2,735	1,913
Service charges and fees	1,518	1,050	1,518	1,050
	<u>8,737</u>	<u>5,360</u>	<u>8,737</u>	<u>5,360</u>
Of which:				
Financing income earned on impaired financing	2	2	2	2

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25. PERSONAL AND OPERATING EXPENSES

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Personnel expenses	7,023	5,208	7,023	5,208
Establishment expenses	1,227	1,164	1,227	1,164
Marketing expenses	248	199	248	199
Administrative and general expenses	16,049	13,378	16,049	13,378
	<u>24,547</u>	<u>19,949</u>	<u>24,547</u>	<u>19,949</u>

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
(i) Personnel expenses	7,023	5,208	7,023	5,208
Wages, salaries and bonus	5,546	4,129	5,546	4,129
Defined contribution plan (EPF)	898	650	898	650
Equity compensation benefit	54	26	54	26
Other personnel costs	525	403	525	403
(ii) Establishment expenses	1,227	1,164	1,227	1,164
Rental of premises	380	460	380	460
Depreciation of property, plant and equipment	650	268	650	268
Repair and maintenance	47	1	47	1
Others	150	435	150	435
(iii) Marketing expenses	248	199	248	199
Transport and travelling	73	77	73	77
Advertising and business promotion	166	117	166	117
Others	9	5	9	5
(iv) Administration and general expenses	16,049	13,378	16,049	13,378
Printing and stationery	133	167	133	167
Postage and courier	108	64	108	64
Telephone, telex and fax	133	102	133	102
Legal and consultancy fees	92	37	92	37
Shared service fees paid/payable to OCBCM	11,677	10,534	11,677	10,534
Transaction processing fees paid/payable to related company	3,371	2,254	3,371	2,254
Other administrative and general expenses	535	220	535	220
Total Expenses	<u>24,547</u>	<u>19,949</u>	<u>24,547</u>	<u>19,949</u>

26. INCOME TAX EXPENSE

	1st Quarter Ended		Three Months Ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Malaysian income tax - current period	1,251	1,204	1,251	1,204
Deferred taxation:				
- relating to originating and reversal of temporary differences	292	2,170	292	2,170
	<u>1,543</u>	<u>3,374</u>	<u>1,543</u>	<u>3,374</u>

27. CAPITAL COMMITMENTS

	31 March 2011 RM'000	31 December 2010 RM'000
	Capital expenditure in respect of property, plant and equipment:	
- authorised and contracted for	1,019	1,216
- authorised but not contracted for	20,240	18,240
	<u>21,259</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.

	31 March 2011			31 December 2010		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	4,353	4,353	4,340	4,353	4,353	4,340
Transaction-related contingent items	87,801	43,900	32,159	81,288	40,644	30,570
Short-term self-liquidating trade-related contingencies	40,469	8,094	7,200	29,218	5,844	6,229
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	605,740	350	262	629,828	442	331
- maturity exceeding one year	6,628	5,896	1,752	8,372	6,969	2,377
Foreign exchange related contracts:						
- less than one year	1,314,859	24,488	5,868	261,246	9,810	8,611
- one year or less than five years	46,839	7,479	954	47,501	8,258	1,088
	<u>2,106,689</u>	<u>94,560</u>	<u>52,535</u>	<u>1,061,806</u>	<u>76,320</u>	<u>53,546</u>

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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30. CAPITAL ADEQUACY

	31 March 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	7,618	8,013
Subordinated bonds	142,098	142,098
Others	10,499	7,811
Total Tier-2 capital	<u>160,215</u>	<u>157,922</u>
Capital base	<u>444,411</u>	<u>442,118</u>
Risk weighted assets	2,907,871	2,842,353
<u>Capital Ratios before the effects of PSIA</u>		
Core-capital ratio	9.20%	9.30%
Risk-weighted capital ratio	14.38%	14.47%
<u>Capital Ratios after the effects of PSIA</u>		
Core-capital ratio	9.77%	10.00%
Risk-weighted capital ratio	15.28%	15.55%

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%.

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

	31 March 2011 RM'000	31 December 2010 RM'000
Credit risk	2,717,693	2,668,660
Market risk	8,091	14,447
Operational risk	182,087	159,246
	<u>2,907,871</u>	<u>2,842,353</u>