

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	Note	Group		Bank	
		31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>					
Cash and cash equivalents		7,077,226	11,004,041	7,014,490	10,616,038
Deposits and placements with banks and other financial institutions		6,177,227	1,935,632	6,220,920	2,235,614
Securities held-for-trading	13	659,910	505,657	659,910	505,657
Securities available-for-sale	14	6,643,509	5,964,308	5,303,362	4,904,779
Loans, advances and financing	15	35,909,990	35,143,119	33,351,334	32,656,423
Derivative assets	17	524,823	499,772	520,167	492,132
Other assets	18	196,161	203,813	391,069	395,030
Statutory deposits with Bank Negara Malaysia	19	50,012	79,342	20,092	52,592
Investment in subsidiary companies		-	-	256,611	256,611
Property, plant and equipment		204,969	210,647	197,660	202,825
Prepaid lease payments		991	1,000	991	1,000
Investment properties		20,411	20,731	20,411	20,731
Non-current assets held for sale		58	-	58	-
Deferred tax assets		137,952	137,896	127,449	127,725
<b>Total assets</b>		<u>57,603,239</u>	<u>55,705,958</u>	<u>54,084,524</u>	<u>52,467,157</u>
<b>Liabilities</b>					
Deposits from customers	20	43,391,884	43,236,933	40,157,296	40,381,661
Deposits and placements of banks and other financial institutions	21	6,386,935	5,013,388	6,230,673	4,734,425
Bills and acceptances payable		308,796	281,944	295,800	270,837
Recourse obligation on loans sold to Cagamas Berhad		322,622	329,988	322,622	329,988
Subordinated term loan / bonds	22	1,499,459	1,504,132	1,499,459	1,504,132
Derivative liabilities	17	638,486	485,177	633,853	477,549
Other liabilities	23	491,839	472,329	438,275	440,166
Current tax liabilities and zakat		52,111	30,022	49,619	28,124
<b>Total Liabilities</b>		<u>53,092,132</u>	<u>51,353,913</u>	<u>49,627,597</u>	<u>48,166,882</u>
<b>Equity</b>					
Share capital		291,500	291,500	291,500	291,500
Reserves		4,219,607	4,060,545	4,165,427	4,008,775
<b>Total equity</b>		<u>4,511,107</u>	<u>4,352,045</u>	<u>4,456,927</u>	<u>4,300,275</u>
<b>Total liabilities and equity</b>		<u>57,603,239</u>	<u>55,705,958</u>	<u>54,084,524</u>	<u>52,467,157</u>
<b>Commitments and contingencies</b>	32	<u>78,202,246</u>	<u>64,496,086</u>	<u>76,052,590</u>	<u>63,390,651</u>

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2011**

	Note	<b>Group</b>		<b>Bank</b>	
		1 <sup>st</sup> quarter ended		1 <sup>st</sup> quarter ended	
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Interest income	24	552,564	479,033	559,643	484,452
Interest expense	24	(263,556)	(214,773)	(263,562)	(214,779)
<b>Net interest income</b>	24	<u>289,008</u>	<u>264,260</u>	<u>296,081</u>	<u>269,673</u>
Net fee and commission income	25	65,955	63,562	77,632	74,096
Income from Islamic banking operations		44,365	41,500	-	-
Net trading income	26	48,930	67,838	48,930	67,838
Other operating income	27	3,598	7,545	3,623	7,554
<b>Operating income</b>		<u>451,856</u>	<u>444,705</u>	<u>426,266</u>	<u>419,161</u>
Personnel and operating expenses	28	(168,877)	(143,770)	(156,332)	(134,569)
<b>Operating profit before allowance for impairment loss and provision</b>		<u>282,979</u>	<u>300,935</u>	<u>269,934</u>	<u>284,592</u>
Impairment allowance on loans, advances and financing	29	(33,195)	(21,171)	(26,790)	(17,751)
Provision for commitment and contingencies		-	100	-	100
<b>Profit before income tax expense and zakat</b>		<u>249,784</u>	<u>279,864</u>	<u>243,144</u>	<u>266,941</u>
Income tax expense	30	(63,246)	(70,725)	(61,511)	(67,380)
Zakat		(15)	(4)	-	-
<b>Profit for the period</b>		<u>186,523</u>	<u>209,135</u>	<u>181,633</u>	<u>199,561</u>
<b>Basic earnings per ordinary share (sen)</b>		<u>61.8</u>	<u>69.6</u>	<u>60.1</u>	<u>66.3</u>

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH  
2011**

	<b>Group</b>		<b>Bank</b>	
	1 <sup>st</sup> quarter ended		1 <sup>st</sup> quarter ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<u>186,523</u>	<u>209,135</u>	<u>181,633</u>	<u>199,561</u>
Fair value of securities available-for-sale				
-change in fair value	(22,120)	(3,337)	(21,984)	(3,719)
-disposal	(3,517)	(7,031)	(1,075)	(5,651)
Income tax expense relating to components of other comprehensive income	7,122	2,563	7,024	2,292
<b>Other comprehensive (expense)/income for the period, net of tax</b>	<u>(18,515)</u>	<u>(7,805)</u>	<u>(16,035)</u>	<u>(7,078)</u>
<b>Total comprehensive income for the period</b>	<u>168,008</u>	<u>201,330</u>	<u>165,598</u>	<u>192,483</u>
<b>Profit attributable to:</b>				
Owner of the Bank	<u>186,523</u>	<u>209,135</u>	<u>181,633</u>	<u>199,561</u>
<b>Total comprehensive income attributable to:</b>				
Owner of the Bank	<u>168,008</u>	<u>201,330</u>	<u>165,598</u>	<u>192,483</u>

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2011**

	<i>Non-distributable</i>				<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>Group</b>							
Balance at 1 January 2011	291,500	858,500	330,660	56,619	125,915	2,688,851	4,352,045
Profit for the period	-	-	-	-	-	186,523	186,523
Other comprehensive expense for the period	-	-	-	-	(18,515)	-	(18,515)
Total comprehensive (expense)/income for the period	-	-	-	-	(18,515)	186,523	168,008
Transfer to Statutory reserve	-	-	11,922	-	-	(11,922)	-
Dividends to preference shareholders	-	-	-	-	-	-	-
						(8,946)	(8,946)
Balance at 31 March 2011	<u>291,500</u>	<u>858,500</u>	<u>342,582</u>	<u>56,619</u>	<u>107,400</u>	<u>2,854,506</u>	<u>4,511,107</u>
Balance at 1 January 2010							
- As previously stated	291,500	858,500	330,660	56,619	128,936	2,023,141	3,689,356
- Effect of adopting FRS 139	-	-	-	-	-	20,427	20,427
As restated	<u>291,500</u>	<u>858,500</u>	<u>330,660</u>	<u>56,619</u>	<u>128,936</u>	<u>2,043,568</u>	<u>3,709,783</u>
Profit for the period	-	-	-	-	-	209,135	209,135
Other comprehensive expense for the period	-	-	-	-	(7,805)	-	(7,805)
Total comprehensive (expense)/income for the period	-	-	-	-	(7,805)	209,135	201,330
Dividends to preference shareholders	-	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2010	<u>291,500</u>	<u>858,500</u>	<u>330,660</u>	<u>56,619</u>	<u>121,131</u>	<u>2,243,757</u>	<u>3,902,167</u>

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2011**  
**(continued)**

	<i>Non-distributable</i>			<i>Distributable</i>		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
<b><u>Bank</u></b>						
Balance at 1 January 2011	291,500	858,500	322,000	124,058	2,704,217	4,300,275
Profit for the period	-	-	-	-	181,633	181,633
Other comprehensive (expense)/income for the period	-	-	-	(16,035)	-	(16,035)
Total comprehensive (expense)/income for the period	-	-	-	(16,035)	181,633	165,598
Dividends to preference shareholders	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2011	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>108,023</u>	<u>2,876,904</u>	<u>4,456,927</u>
Balance at 1 January 2010						
- As previously stated	291,500	858,500	322,000	127,537	2,062,029	3,661,566
- Effect of adopting FRS 139	-	-	-	-	20,427	20,427
As restated	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>127,537</u>	<u>2,082,456</u>	<u>3,681,993</u>
Profit for the period	-	-	-	-	199,561	199,561
Other comprehensive (expense)/income for the period	-	-	-	(7,078)	-	(7,078)
Total comprehensive (expense)/income for the period	-	-	-	(7,078)	199,561	192,483
Dividends to preference shareholders	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2010	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>120,459</u>	<u>2,273,071</u>	<u>3,865,530</u>

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

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2011**

	Note	Group		Bank	
		1 <sup>st</sup> quarter ended		1 <sup>st</sup> quarter ended	
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Cash flows from operating activities					
Profit before income tax expense and zakat		249,784	279,864	243,144	266,941
Adjustments for non-operating and non-cash items		97,470	62,527	90,771	65,724
Operating profit before changes in working capital		<u>347,254</u>	<u>342,391</u>	<u>333,915</u>	<u>332,665</u>
Changes in working capital:					
Net increase in operating assets		(5,032,541)	(1,769,080)	(4,702,023)	(1,809,652)
Net increase/(decrease) in operating liabilities		1,512,966	(1,007,342)	1,236,110	(371,930)
Cash (used in)/generated from operations		<u>(3,172,321)</u>	<u>(2,434,031)</u>	<u>(3,131,998)</u>	<u>(1,848,917)</u>
Income tax and zakat paid		(33,378)	(44,301)	(32,716)	(42,205)
Net cash (used in)/generated from operating activities		<u>(3,205,699)</u>	<u>(2,478,332)</u>	<u>(3,164,714)</u>	<u>(1,891,122)</u>
Net cash generated from investing activities		(712,170)	344,209	(427,888)	190,862
Net cash (used in)/generated from financing activities		(8,946)	(28,209)	(8,946)	(28,209)
Net (decrease)/increase in cash and cash equivalents		<u>(3,926,815)</u>	<u>(2,162,332)</u>	<u>(3,601,548)</u>	<u>(1,728,469)</u>
Cash and cash equivalents at beginning of the period		11,004,041	11,211,535	10,616,038	9,945,874
<b>Cash and cash equivalents at end of the period</b>		<u><b>7,077,226</b></u>	<u><b>9,049,203</b></u>	<u><b>7,014,490</b></u>	<u><b>8,217,405</b></u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011**

**1 GENERAL INFORMATION**

The principal activities of the Group and of the Bank are banking and related financial services which also include Islamic Banking (“IB”) business. The principal activities of the subsidiary companies during the financial period are in the businesses of IB, lease financing and the provision of nominees services. There have been no significant changes in the nature of these activities during the financial period.

The condensed interim financial statements of the Group as at and for the three months period ended 31 March 2011 comprise the Company and its subsidiary companies (together referred to as the Group).

**2 REVIEW OF PERFORMANCE**

The Bank and its subsidiary companies (the “Group”) recorded a net profit for the period of RM187 million for the first three months of 2011. The lower net profit of RM23 million or 11% compared to the corresponding period in 2010, was mainly due to lower operating profit of RM18 million or 6% to RM283 million and higher impairment allowance on loans, advances and financing of RM12 million or 57% to RM33 million, partly offset by lower taxation of RM7 million or 11% to RM63 million.

Operating profit fell by RM18 million mainly due to lower non-interest income of RM20 million or 15% to RM118 million despite the growth of 7% or RM3 million in Islamic banking income. The decline in net trading income of RM19 million or 28% from treasury activities was attributed to lower trading gain derived from foreign currency transactions of RM9 million or 11% and higher unrealised loss from trading derivatives of RM24 million. Net interest income recorded growth of RM25 million or 9% to RM289 million as net interest margin improved by 12 bps to 2.39% and average interest earnings assets increased by RM3 billion.

Overhead increased by RM25 million or 17% to RM169 million mainly from personnel expenses in line with the Group’s expansion plan in opening new branches and building capabilities.

Impairment allowance on loans, advances and financing increased by RM12 million or 57% to RM33 million was mainly due to higher specific allowances as a result of the revision in impairment methodologies for retail portfolio amounting to RM11 million.

For the first 3 months in the year, gross loans, advances and financing grew by RM0.8 billion or 2% to RM36.9 billion derived from higher consumer and business loans of RM0.5 billion and RM0.3 billion respectively.

Shareholders’ fund strengthened to RM4.5 billion and the Group’s risk weighted capital ratio as at 31 March 2011 computed in accordance with Basel II guidelines stood at 14.42% (after payment of FY2010 dividend of RM323 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011**

**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. Improvement is 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 Group 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 Group will expand its customer reach through the participation of MEPS network and the opening of more full-fledged Islamic branches.

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

**4 BASIS OF PREPARATION**

The unaudited condensed interim financial statements of the Group and the Bank for the period 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 Group and the Bank's unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2010.

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)**

**4 BASIS OF PREPARATION (continued)**

<b>FRSs, Amendments and interpretations effective for annual periods beginning on or after 1 January 2011</b>
Amendments to FRS132, Financial instruments: Presentation-Classification of right Issues
FRS 1 (revised), First-time Adoption of Financial Reporting Standards
FRS 3 (revised), Business Combinations
FRS 127 (revised), Consolidated and Separate Financial Statements
IC Interpretation 17, Distributions of Non-cash Assets to Owners
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138, Intangible Assets
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards -Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters -Additional Exemptions for First-time Adopters
Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers
TR i-4, Shariah Compliant Sale Contracts
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010)”

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

The Group and the Bank has not applied the following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Bank.

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

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

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

**5 AUDITOR’S REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)**

**6 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

**7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 31 March 2011.

**8 CHANGES IN ACCOUNTING ESTIMATES**

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the financial period ended 31 March 2011.

**9 DEBT AND EQUITIES SECURITIES**

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

**10 DIVIDEND**

A net cash dividend of 4.15% amounting to RM8.95 million was paid to preference shareholders on 20 March 2011 and final gross dividend of 150.0 sen per ordinary share less tax at 25% amounting to RM323.44 million was paid on 21 April 2010 in respect of the financial year ended 31 December 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 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group during the financial period ended 31 March 2011.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****13 SECURITIES HELD-FOR-TRADING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	499	-	499	-
Malaysian Government securities	312,446	5,008	312,446	5,008
Government Investment Certificate	59,452	31,156	59,452	31,156
Bank Negara Malaysia bills	2,700	68,912	2,700	68,912
Private debt securities	53,137	283,051	53,137	283,051
Quoted shares in Malaysia	231,676	117,530	231,676	117,530
	<b>659,910</b>	<b>505,657</b>	<b>659,910</b>	<b>505,657</b>

**14 SECURITIES AVAILABLE-FOR-SALE**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<u>At fair value</u>				
Malaysian Government securities	2,720,082	2,262,198	2,720,082	2,262,198
Government Investment Certificate	708,354	610,317	191,093	313,188
Bank Negara Malaysia bills	80,280	544,449	80,280	544,449
Bank Negara Malaysia Monetary Notes	513,252	255,527	263,685	-
Bank Negara Malaysia Islamic bonds	-	33,255	-	-
Private debt securities	1,763,038	1,471,625	1,440,117	1,232,024
Negotiable instruments of deposit	487,790	502,094	237,392	352,023
Bankers' acceptances	253,725	84,330	253,725	84,330
Unquoted shares in Malaysia	106,478	106,478	106,478	106,478
Unquoted shares outside Malaysia	10,441	10,020	10,441	10,020
Debentures	190	190	190	190
	<b>6,643,630</b>	<b>5,964,429</b>	<b>5,303,483</b>	<b>4,904,900</b>
Impairment allowance:				
- Unquoted shares in Malaysia	(109)	(109)	(109)	(109)
- Debentures	(12)	(12)	(12)	(12)
	<b>(121)</b>	<b>(121)</b>	<b>(121)</b>	<b>(121)</b>
	<b>6,643,509</b>	<b>5,964,308</b>	<b>5,303,362</b>	<b>4,904,779</b>

During the period, no securities available-for-sale was pledged to third parties in sale and repurchase agreements.

Included in Malaysian Government Securities are securities utilised to meet the statutory reserve requirement as referred to in Note 19. The nominal value of securities utilised as at 31 March 2011 is RM248,000,000. (31 December 2010: RM 233,000,000).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****14 SECURITIES AVAILABLE-FOR-SALE (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance at 1 January / 31 December	<u>121</u>	<u>121</u>	<u>121</u>	<u>121</u>

**15 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<u>At amortisation cost</u>				
i) By type				
Overdrafts	3,369,819	3,357,978	2,852,941	2,916,414
Term loans/financing :				
- Housing loans/financing	10,578,388	10,166,900	10,429,922	10,020,070
- Syndicated term loan/financing	3,598,734	3,967,231	3,363,999	3,720,418
- Hire purchase receivables	592,919	558,520	72	75
- Lease receivables	1,288	2,264	1,288	2,227
- Other term loans	13,056,288	12,607,066	12,426,767	11,981,310
Credit/charge cards receivables	385,205	421,253	385,205	421,253
Bills receivable	49,211	76,387	33,409	64,443
Trust receipts	48,912	54,515	48,912	54,515
Claims on customers under acceptance credits	2,020,839	1,997,296	1,775,314	1,793,827
Block discounting	330	330	330	330
Loans to banks and other financial institutions	241,056	230,767	241,056	230,767
Revolving credits	2,133,869	2,135,768	1,645,235	1,596,582
Staff loans	110,863	113,248	110,863	113,248
Other loans	<u>951,762</u>	<u>642,722</u>	<u>911,144</u>	<u>597,662</u>
	<u>37,139,483</u>	<u>36,332,245</u>	<u>34,226,457</u>	<u>33,513,141</u>
Less: Unearned interest and income	<u>(280,981)</u>	<u>(263,527)</u>	<u>(134)</u>	<u>(161)</u>
Gross loans, advances and financing	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>
Impairment allowance :				
- Individually assessed	(401,174)	(389,872)	(366,615)	(358,784)
- Collectively assessed	<u>(547,338)</u>	<u>(535,727)</u>	<u>(508,374)</u>	<u>(497,773)</u>
Net loans, advances and financing	<u>35,909,990</u>	<u>35,143,119</u>	<u>33,351,334</u>	<u>32,656,423</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
ii) By type of customer				
Domestic non-bank financial institutions				
- Stockbroking companies	-	1,801	-	1,801
- Others (non-stockbroking companies)	1,013,704	945,519	1,013,704	945,519
Domestic business enterprises				
- Small medium enterprises ("SME")	5,814,207	5,651,910	5,331,652	5,260,077
- Others	15,552,953	15,722,735	13,987,765	14,079,971
Individuals	14,061,040	13,570,766	13,540,160	13,114,114
Other domestic entities	1,266	1,223	1,266	1,218
Foreign entities	415,332	174,764	351,776	110,280
	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>
iii) By interest/profit rate sensitivity				
Fixed rate				
Housing loans/financing	43,023	46,866	-	-
Hire purchase receivables	536,905	506,200	72	75
Other fixed rate loans/financing	2,224,706	1,885,344	1,238,003	977,974
Variable rate				
BLR plus	23,458,817	23,113,163	23,354,738	23,040,259
Cost-plus	4,161,863	4,244,415	3,200,322	3,221,942
Other variable rates	6,433,188	6,272,730	6,433,188	6,272,730
	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>
iv) By sector				
Agriculture	2,137,144	2,253,919	1,752,698	1,792,066
Mining and quarrying	565,908	570,977	296,726	301,288
Manufacturing	4,967,566	4,838,887	4,283,783	4,207,498
Electricity, gas and water	768,387	816,120	668,271	716,004
Construction	787,323	1,062,486	703,211	985,527
Real estate	4,661,149	4,350,295	4,580,353	4,269,985
Wholesale and retail trade and restaurants and hotels	4,931,774	4,846,634	4,714,401	4,645,864
Transport, storage and communication	1,169,892	1,216,769	1,006,616	1,064,505
Finance, insurance and business services	1,729,682	1,429,305	1,692,595	1,397,171
Community, social and personal services	660,094	668,459	633,141	639,111
Household sector, of which				
i. Purchase of residential properties	10,470,980	10,092,467	10,349,586	9,975,853
ii. Purchase of non-residential properties	1,244,073	1,220,609	1,240,771	1,217,855
iii. Others	2,448,168	2,359,480	2,049,895	2,020,317
Others	316,362	342,311	254,276	279,936
	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
v) By geographical distribution				
Malaysia	36,686,994	35,896,212	34,115,538	33,402,226
Singapore	112,375	129,471	51,652	67,719
Other ASEAN	3,038	2,899	3,038	2,899
Rest of the world	56,095	40,136	56,095	40,136
	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>

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

## vi) By residual contractual maturity

Maturity within one year	14,187,459	13,832,285	13,303,510	12,932,098
One year to five years	9,579,592	9,497,541	8,479,430	8,497,054
Over five years	13,091,451	12,738,892	12,443,383	12,083,828
	<u>36,858,502</u>	<u>36,068,718</u>	<u>34,226,323</u>	<u>33,512,980</u>

**16 IMPAIRED LOANS, ADVANCES AND FINANCING**

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Balance at 1 January	1,006,464	1,234,780	961,020	1,181,182
Classified as impaired	86,707	451,038	76,573	404,984
Reclassified as non-impaired	(41,696)	(173,010)	(39,448)	(161,072)
Amount recovered	(62,301)	(359,577)	(59,566)	(340,818)
Amount written off	(15,023)	(143,257)	(11,670)	(119,746)
Effect of foreign exchange difference	(775)	(3,510)	(775)	(3,510)
Balance at 31 March/ 31 December	973,376	1,006,464	926,134	961,020
Less: individually assessed impairment allowance	<u>(401,174)</u>	<u>(389,872)</u>	<u>(366,615)</u>	<u>(358,784)</u>
Net impaired loans, advances and financing	<u>572,202</u>	<u>616,592</u>	<u>559,519</u>	<u>602,236</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (Continued)**

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<u>Collectively assessed impairment allowance</u>				
Balance at 1 January	535,727	489,927	497,773	451,197
Allowance made during the period / year	11,611	45,800	10,601	46,576
Balance at end of the period / year	<u>547,338</u>	<u>535,727</u>	<u>508,374</u>	<u>497,773</u>
(As % of gross loans, advances and financing less individual assessment allowance)	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
<u>Individually assessed impairment allowance</u>				
Balance at 1 January	389,872	457,392	358,784	418,140
Effect of adopting FRS 139	-	(27,236)	-	(27,236)
Balance at 1 January, restated	389,872	430,156	358,784	390,904
Allowance made during the period / year	57,352	253,728	46,047	214,814
Amount written back	(28,940)	(136,342)	(24,492)	(112,991)
Amount written off	(15,023)	(143,257)	(11,670)	(119,746)
Interest recognised	(1,698)	(12,611)	(1,665)	(12,395)
Effect of foreign exchange difference	(389)	(1,802)	(389)	(1,802)
Balance at 31 March/ 31 December	<u>401,174</u>	<u>389,872</u>	<u>366,615</u>	<u>358,784</u>

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Agriculture	11,522	13,224	11,001	12,704
Manufacturing	344,931	348,289	320,839	324,273
Electricity, gas and water	-	48	-	48
Construction	72,863	70,443	68,557	66,316
Real estate	44,195	49,954	44,188	49,947
Wholesale and retail trade and restaurant	144,014	144,883	140,116	141,425
Transport, storage and communication	23,892	23,697	23,417	23,189
Finance, insurance and business services	21,269	21,685	20,218	20,698
Community, social and personal services	4,196	3,391	3,516	3,242
Household sector, of which				
i. Purchase of residential properties	213,545	229,864	210,897	226,552
ii. Purchase of non-residential properties	16,543	18,488	16,543	18,488
iii. Others	70,791	76,209	61,227	67,849
Others	5,615	6,289	5,615	6,289
	<u>973,376</u>	<u>1,006,464</u>	<u>926,134</u>	<u>961,020</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

iv) impaired loans, advances and financing by geography are as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Malaysia	<u>973,376</u>	<u>1,006,464</u>	<u>926,134</u>	<u>961,020</u>

**17 DERIVATIVE ASSETS AND LIABILITIES**

<b>Group</b>	<b>31 Mar 2011</b>			<b>31 Dec 2010</b>		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading:</b>						
Foreign exchange derivatives						
- forward	9,062,684	26,267	38,770	3,642,172	19,973	36,409
- swaps	31,785,549	296,822	385,120	17,708,541	258,152	258,696
- options	2,888,041	18,417	23,370	1,315,447	13,115	13,813
- others	25,443	4,172	4,171	17,262	2,648	2,648
Interest rate derivatives						
- swaps	26,847,057	157,103	112,784	25,727,144	184,855	137,629
- options	2,188,363	1,800	16,661	1,490,742	2,380	10,765
- swaptions	350,000	2,199	1,168	200,000	-	1,009
- others	41,405	4,176	-	27,770	2,710	-
Equity and other derivatives						
- swaps	71,780	917	917	71,780	779	779
- exchange traded futures	14,934	52	-	21,170	1	62
- options	615,416	1,470	50,099	555,421	688	21,272
- commodity futures	4,453	802	802	1,887	7	-
	<u>73,895,125</u>	<u>514,197</u>	<u>633,862</u>	<u>50,779,336</u>	<u>485,308</u>	<u>483,082</u>
<b>Hedging:</b>						
Interest rate derivatives						
- swaps	1,371,289	10,626	4,624	1,370,653	14,464	2,095
	<u>75,266,414</u>	<u>524,823</u>	<u>638,486</u>	<u>52,149,989</u>	<u>499,772</u>	<u>485,177</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****17 DERIVATIVE ASSETS AND LIABILITIES (continued)**

Bank	31 Mar 2011			31 Dec 2010		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading:</b>						
Foreign exchange derivatives						
- forward	7,746,038	23,436	35,962	3,484,689	19,702	30,637
- swaps	31,785,549	296,822	385,120	17,595,139	252,639	258,696
- options	2,802,107	16,592	21,545	1,228,189	11,259	11,957
- others	25,443	4,172	4,171	17,262	2,648	2,648
Interest rate derivatives						
- swaps	26,847,057	157,103	112,784	25,727,144	184,855	137,629
- options	2,188,363	1,800	16,661	1,490,742	2,380	10,765
- swaptions	350,000	2,199	1,168	200,000	-	1,009
- others	41,405	4,176	-	27,770	2,710	-
Equity and others derivatives						
- swaps	71,780	917	917	71,780	779	779
- exchange traded futures	14,934	52	-	21,170	1	62
- options	615,416	1,470	50,099	555,421	688	21,272
- commodity futures	4,453	802	802	1,887	7	-
	<u>72,492,545</u>	<u>509,541</u>	<u>629,229</u>	<u>50,421,193</u>	<u>477,668</u>	<u>475,454</u>
<b>Hedging:</b>						
Interest rate derivatives						
- swaps	<u>1,371,289</u>	<u>10,626</u>	<u>4,624</u>	<u>1,370,653</u>	<u>14,464</u>	<u>2,095</u>
	<u>73,863,834</u>	<u>520,167</u>	<u>633,853</u>	<u>51,791,846</u>	<u>492,132</u>	<u>477,549</u>

**18 OTHER ASSETS**

	Group		Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Interest receivable	71,515	83,944	68,253	76,869
Unquoted Islamic Subordinated Bonds of subsidiary	-	-	200,000	200,000
Other debtors, deposits and prepayments	124,646	119,869	122,816	118,161
	<u>196,161</u>	<u>203,813</u>	<u>391,069</u>	<u>395,030</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****19 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1) (c) of the Central Bank of Malvasia Act 1958 (Revised – 1994) ,the amounts of which are determined as set percentages of total eligible liabilities.

Pursuant to BNM’s circular “Statutory Reserve Requirement” and BNM’s subsequent letter dated 10 July 2009 in regards to “Regulatory Treatment related to the Statutory Reserve Requirement (SRR) Incentive for Principal Dealers and Islamic Principal Dealers”, the Bank has utilised Malaysian Government Securities instead of cash to meet a portion of the SRR requirement as allowed under the Principal Dealership granted to the Bank. The nominal value of securities utilised as at 31 March 2011 is RM248,000,000. ( 31 December 2010: RM233,000,000)

**20 DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
i) By type of deposits				
Demand deposits	6,506,811	6,550,242	5,377,623	5,497,122
Savings deposits	2,807,268	2,866,111	2,469,461	2,534,891
Fixed deposits	25,742,926	25,796,190	24,898,638	24,820,206
Negotiable instruments of deposits	295,732	106,860	-	38,839
Short-term money market deposits	6,280,475	6,635,552	5,700,764	6,256,487
Structured investments	1,715,154	1,271,963	1,667,292	1,224,101
Others	43,518	10,015	43,518	10,015
	<u>43,391,884</u>	<u>43,236,933</u>	<u>40,157,296</u>	<u>40,381,661</u>
ii) By type of customers				
Government and statutory bodies	311,405	416,667	5,695	4,663
Business enterprises	21,545,320	22,321,686	19,644,153	20,753,410
Individuals	19,013,596	17,856,169	18,549,994	17,406,410
Foreign entities	9,349	10,465	-	-
Others	2,512,214	2,631,946	1,957,454	2,217,178
	<u>43,391,884</u>	<u>43,236,933</u>	<u>40,157,296</u>	<u>40,381,661</u>
iii) By maturity structure				
Maturity within six months	36,082,546	37,718,345	33,051,459	34,955,112
Six months to one year	5,529,559	4,052,463	5,428,371	4,010,557
One year to three years	545,587	808,786	496,750	800,798
Three years to five years	1,234,192	657,339	1,180,716	615,194
	<u>43,391,884</u>	<u>43,236,933</u>	<u>40,157,296</u>	<u>40,381,661</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Licensed banks	4,388,830	4,510,560	4,232,568	4,231,597
Bank Negara Malaysia	1,512,618	-	1,512,618	-
Other financial institutions	485,487	502,828	485,487	502,828
	<u>6,386,935</u>	<u>5,013,388</u>	<u>6,230,673</u>	<u>4,734,425</u>

**22 SUBORDINATED TERM LOAN / BONDS**

	<b>Group and Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000
RM 200 million redeemable Islamic subordinated bonds 2006/2021	200,000	200,000
RM 400 million redeemable subordinated bonds 2007/2017	404,216	406,027
RM 400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM 500 million redeemable subordinated bonds 2010/2020	495,243	498,105
	<u>1,499,459</u>	<u>1,504,132</u>

**23 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Accruals for personnel costs *	20,234	57,297	20,186	57,265
Equity compensation benefits	11,655	14,524	11,655	14,524
Obligations under finance lease	-	-	337	363
Provision for commitments and contingencies	7,704	7,704	7,704	7,704
Interest payable	207,684	185,048	198,554	177,667
Other accruals and charges	244,562	207,756	199,839	182,643
	<u>491,839</u>	<u>472,329</u>	<u>438,275</u>	<u>440,166</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****24 NET INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
<b>Interest income</b>				
Loans, advances and financing				
- Other than recoveries from impaired loans, advances and financing	430,095	358,014	430,095	358,014
- Recoveries from impaired loans, advances and financing	3,249	10,627	3,249	10,627
- Interest earned from impaired loan, advances and financing	1,665	3,172	1,665	3,172
Money at call and deposit placements with financial institutions	74,726	61,650	78,692	64,381
Securities held-for-trading	2,222	2,869	2,222	2,869
Securities available-for-sale	34,732	38,143	34,732	38,143
Unquoted Islamic Subordinated Bonds of subsidiary	-	-	3,113	2,688
Others	5,875	4,558	5,875	4,558
	<u>552,564</u>	<u>479,033</u>	<u>559,643</u>	<u>484,452</u>
<b>Interest expense</b>				
Deposits from other customers	226,671	175,712	226,671	175,712
Deposits and placements of banks and other financial institutions	15,524	16,957	15,524	16,957
Loans sold to Cagamas Berhad	3,281	3,518	3,281	3,518
Subordinated term loan / bonds	16,545	17,536	16,545	17,536
Others	1,535	1,050	1,541	1,056
	<u>263,556</u>	<u>214,773</u>	<u>263,562</u>	<u>214,779</u>
<b>Net interest income</b>	<u>289,008</u>	<u>264,260</u>	<u>296,081</u>	<u>269,673</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****25 NET FEE AND COMMISSION INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Commission	26,486	22,332	26,486	22,332
Service charges and fees	34,382	35,144	34,382	35,144
Guarantee fees	4,811	3,880	4,811	3,880
Other fee income	276	2,206	11,953	12,740
	<u>65,955</u>	<u>63,562</u>	<u>77,632</u>	<u>74,096</u>

**26 NET TRADING INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Gains on foreign currency	75,603	84,809	75,603	84,809
Unrealised gains on securities held-for-trading	13,972	6,225	13,972	6,225
Realised losses on trading derivatives	(8,824)	(10,043)	(8,824)	(10,043)
Losses on hedging derivatives	(395)	(132)	(395)	(132)
Unrealised losses on trading derivatives	(36,849)	(13,036)	(36,849)	(13,036)
Realised gains/(losses) on securities held-for-trading	5,423	15	5,423	15
	<u>48,930</u>	<u>67,838</u>	<u>48,930</u>	<u>67,838</u>

**27 OTHER OPERATING INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Gross dividends from securities available-for-sale				
- Malaysia	847	303	847	303
- Outside Malaysia	16	15	16	15
Rental of premises	1,653	1,573	1,678	1,582
Net gains from disposal of securities available-for-sale	1,075	5,651	1,075	5,651
Net gains from disposal of property, plant and equipment	2	1	2	1
Others	5	2	5	2
	<u>3,598</u>	<u>7,545</u>	<u>3,623</u>	<u>7,554</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****28 PERSONNEL AND OPERATING EXPENSES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Personnel expenses (i)	90,539	67,514	83,459	62,253
Establishment expenses (ii)	18,660	20,275	17,453	19,115
Marketing expenses (iii)	5,325	5,417	5,077	5,218
Administration and general expenses (iv)	54,353	50,564	50,343	47,983
	<u>168,877</u>	<u>143,770</u>	<u>156,332</u>	<u>134,569</u>
<b>(i) Personnel expenses</b>				
Wages, salaries and bonus	70,220	53,665	64,634	49,499
Defined contribution plan (EPF)	11,110	8,591	10,206	7,935
Equity compensation benefits	2,188	1,949	2,134	1,923
Other personnel costs	7,021	3,309	6,485	2,896
	<u>90,539</u>	<u>67,514</u>	<u>83,459</u>	<u>62,253</u>
<b>(ii) Establishment expenses</b>				
Rental of premises	3,041	2,973	2,671	2,518
Rental of equipment	488	520	488	520
Depreciation of property, plant and equipment	9,546	10,879	8,896	10,610
Depreciation of investment properties	262	132	262	132
Amortisation of prepaid lease payments	9	9	9	9
Repair and maintenance	1,025	1,308	978	1,307
Others	4,289	4,454	4,149	4,019
	<u>18,660</u>	<u>20,275</u>	<u>17,453</u>	<u>19,115</u>
<b>(iii) Marketing expenses</b>				
Transport and travelling	1,108	1,137	1,035	1,060
Advertisement and business promotion	3,765	3,928	3,599	3,811
Others	452	352	443	347
	<u>5,325</u>	<u>5,417</u>	<u>5,077</u>	<u>5,218</u>
<b>(iv) Administration and general expenses</b>				
Printing and stationery	1,440	1,748	1,306	1,581
Postage and courier	1,538	1,306	1,430	1,242
Telephone, telex and fax	2,122	2,002	1,989	1,900
Legal and consultancy fees	1,349	1,296	1,254	1,259
Transaction processing fees	34,596	32,098	31,225	29,844
Other administration and general expenses	13,308	12,114	13,139	12,157
	<u>54,353</u>	<u>50,564</u>	<u>50,343</u>	<u>47,983</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****29 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Impairment allowance of impaired loans, advances and financing:				
i) Individually assessed impairment allowances				
- made during the financial period	57,352	53,946	46,047	38,029
- written back	(28,940)	(35,184)	(24,492)	(24,256)
ii) Collectively assessed impairment allowances				
- made during the financial period	11,611	8,675	10,601	9,451
Impaired loans, advances and financing				
- recovered	(6,918)	(6,376)	(5,441)	(5,583)
Others	90	110	75	110
	<u>33,195</u>	<u>21,171</u>	<u>26,790</u>	<u>17,751</u>

**30 INCOME TAX EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Malaysian income tax				
- current period	55,452	71,889	54,211	70,685
Deferred tax :				
- relating to originating and reversal of temporary differences	7,794	(1,164)	7,300	(3,305)
	<u>63,246</u>	<u>70,725</u>	<u>61,511</u>	<u>67,380</u>

**31 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Capital expenditure in respect of property, plant and equipment:-				
- authorised and contracted for	11,397	6,741	10,378	5,869
- authorised but not contracted for	56,286	41,998	36,046	22,331
	<u>67,683</u>	<u>48,739</u>	<u>46,424</u>	<u>28,200</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****32 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the interim condensed financial statements (Note 23), no material losses are anticipated as a result of these transactions.

Group	31 Mar 2011			31 Dec 2010		
	Principal	Credit	Risk	Principal	Credit	Risk
	Amount	Equivalent	Weighted	Amount	Equivalent	Weighted
	Amount	Amount*	Amount	Amount	Amount*	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	190,131	190,131	158,555	225,280	225,280	192,329
Transaction-related contingent items	2,069,898	1,034,949	1,123,280	2,035,213	1,017,607	1,089,435
Short-term self-liquidating trade-related contingencies	443,504	88,701	95,380	451,331	90,267	58,317
Commitments with certain drawdowns	189,742	189,742	22,188	-	-	-
Obligations under underwriting agreement	5,000	2,500	2,500	8,000	4,000	4,000
Foreign exchange related contracts						
- less than one year	29,388,914	702,699	166,769	17,204,174	459,224	119,782
- one year to less than five years	2,012,843	182,692	112,217	1,991,282	215,289	114,290
- five years and above	1,113,443	268,462	233,708	783,419	194,938	181,992
Interest rate contracts						
- less than one year	9,170,684	50,982	16,008	7,295,035	32,254	5,583
- one year to less than five years	18,272,453	514,241	171,388	18,790,778	544,515	215,007
- five years and above	1,187,994	100,935	41,922	999,923	88,621	37,568
Equity and commodity related contracts	273,914	18,960	2,049	242,352	14,958	1,289
Formal standby facilities and credit lines:						
- maturity not exceeding one year	6,897	1,380	1,034	7,950	1,590	1,192
- maturity exceeding one year	1,265,009	909,949	1,117,482	1,481,016	1,069,626	1,183,964
Other unconditionally cancellable commitments	12,611,820	475,442	130,628	12,980,333	467,906	134,373
<b>Total</b>	<b>78,202,246</b>	<b>4,731,765</b>	<b>3,395,108</b>	<b>64,496,086</b>	<b>4,426,075</b>	<b>3,339,121</b>

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****32 COMMITMENTS AND CONTINGENCIES (continued)**

	31 Mar 2011			31 Dec 2010		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
<b>Bank</b>						
Direct credit substitutes	185,778	185,778	154,215	220,927	220,927	187,989
Transaction-related contingent items	1,982,098	991,049	1,091,121	1,953,925	976,963	1,058,865
Short-term self-liquidating trade-related contingencies	403,035	80,607	87,858	422,113	84,423	52,088
Commitments with certain drawdowns	189,742	189,742	22,188	-	-	-
Obligations under underwriting agreement	5,000	2,500	2,500	8,000	4,000	4,000
Foreign exchange related contracts						
- less than one year	28,038,290	672,340	148,380	16,942,929	449,414	111,171
- one year to less than five years	1,958,801	177,217	107,868	1,900,151	203,105	109,276
- five years and above	1,113,443	268,462	233,708	783,419	194,938	181,992
Interest rate contracts						
- less than one year	9,170,684	50,982	16,008	7,295,035	32,254	5,583
- one year to less than five years	18,272,453	514,241	171,388	18,790,778	544,515	215,007
- five years and above	1,187,994	100,934	41,922	999,923	88,621	37,568
Equity and commodity related contracts	273,914	18,960	2,049	242,352	14,958	1,289
Formal standby facilities and credit lines:						
- maturity not exceeding one year	5,150	1,030	772	5,740	1,148	861
- maturity exceeding one year	1,258,381	904,054	1,115,730	1,472,644	1,062,657	1,181,587
Other unconditionally cancellable commitments	12,007,827	475,442	130,628	12,352,715	467,906	134,373
<b>Total</b>	<b>76,052,590</b>	<b>4,633,338</b>	<b>3,326,335</b>	<b>63,390,651</b>	<b>4,345,829</b>	<b>3,281,649</b>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****33 CAPITAL ADEQUACY**

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

	Group		Bank	
	Basel II	Basel II	Basel II	Basel II
	31 Mar 2011 RM'000	31 Dec 2010 RM'000 restated	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<u>Tier-1 capital</u>				
Paid-up share capital	287,500	287,500	287,500	287,500
Paid-up non-cumulative perpetual preference shares	4,000	4,000	4,000	4,000
Share premium	858,500	858,500	858,500	858,500
Retained profits	2,667,983	2,688,851	2,695,271	2,704,217
Other reserves	342,582	330,660	322,000	322,000
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Capital reserves	56,619	56,619	-	-
	<u>4,617,184</u>	<u>4,626,130</u>	<u>4,576,271</u>	<u>4,576,217</u>
Less: Deferred tax assets	(144,999)	(144,999)	(134,795)	(134,795)
Eligible Tier-1 capital	<u>4,472,185</u>	<u>4,481,131</u>	<u>4,432,476</u>	<u>4,441,422</u>
<u>Tier-2 capital</u>				
Collectively assessed allowance (2009: General allowance) on unimpaired loans, advances and financing computed under standardised approach	101,100	105,078	92,743	97,102
Subordinated debt capital	1,093,545	1,096,117	893,545	896,117
Surplus of total Eligible Provisions, subject to limit	105,206	73,544	84,446	67,628
Total Tier-2 capital	<u>1,299,851</u>	<u>1,274,739</u>	<u>1,070,734</u>	<u>1,060,847</u>
Less:				
Investment in subsidiaries	-	-	(256,617)	(256,617)
Valuation adjustments	-	-	-	-
Eligible Tier-2 capital	<u>1,299,851</u>	<u>1,274,739</u>	<u>814,117</u>	<u>804,230</u>
Capital base	<u>5,772,036</u>	<u>5,755,870</u>	<u>5,246,593</u>	<u>5,245,652</u>
<u>Before payment of dividend</u>				
Core capital ratio	11.84%	12.78%	12.72%	13.62%
Risk-weighted capital ratio	<u>15.28%</u>	<u>16.42%</u>	<u>15.06%</u>	<u>16.09%</u>
<u>After payment of dividend</u>				
Core capital ratio	10.98%	11.83%	11.79%	12.61%
Risk-weighted capital ratio	<u>14.42%</u>	<u>15.47%</u>	<u>14.13%</u>	<u>15.07%</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011 (continued)****33 CAPITAL ADEQUACY (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>Basel II</b>	<b>Basel II</b>	<b>Basel II</b>	<b>Basel II</b>
	Risk-weighted	Risk-weighted	Risk-weighted	Risk-weighted
	31 Mar	31 Dec	31 Mar	31 Dec
	2011	2010	2011	2010
Credit risk RWA	30,403,245	29,783,175	27,852,369	27,068,410
Market risk RWA	1,552,848	1,016,271	1,574,024	1,007,869
Operational risk RWA	3,069,568	3,037,280	2,945,697	2,929,398
Large Exposure for Equity Holdings RWA	167,615	28,849	167,615	28,849
Additional RWA due to Capital Floor	2,593,986	1,191,876	2,308,682	1,563,163
<b>Total RWA</b>	<b>37,787,262</b>	<b>35,057,451</b>	<b>34,848,387</b>	<b>32,597,689</b>

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

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

	<b>OCBC Al-Amin Bank Berhad</b>	
	2011	2010
	RM'000	RM'000
Core capital ratio	9.77%	10.00%
Risk-weighted capital ratio	<u>15.28%</u>	<u>15.55%</u>

The capital adequacy ratios of OCBC Al-Amin Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which is based on the Basel II. OCBC Al-Amin Bank Berhad has adopted the Internal Ratings Based Approach for Credit Risk for its major credit portfolios, the Standardised Approach for Market Risk and the Basic Indicator Approach for Operational Risk.