

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011**

		<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<b>ASSETS</b>	<b>Note</b>		
Cash and cash equivalents	12	881,908	604,280
Deposits and placements with financial institutions	13	-	4,624
Financial assets available-for-sale	14	1,208,379	1,111,552
Financing and advances	15	2,514,467	2,486,706
Derivative assets	17	17,378	7,640
Other assets	18	16,045	45,833
Statutory deposits with Bank Negara Malaysia		89,000	26,750
Property, plant and equipment		6,707	7,822
Deferred tax assets		9,814	10,171
<b>Total assets</b>		<u>4,743,698</u>	<u>4,305,378</u>
<b>LIABILITIES</b>			
Deposits from customers	19	3,436,409	2,920,890
Deposits and placements of financial institutions	20	601,198	799,846
Bills and acceptances payable		24,265	11,107
Subordinated bond	21	200,000	200,000
Derivative liabilities	17	17,363	7,628
Other liabilities	22	153,988	69,505
Current tax liabilities and zakat		3,856	1,898
<b>Total liabilities</b>		<u>4,437,079</u>	<u>4,010,874</u>
<b>EQUITY</b>			
Share capital		85,000	85,000
Reserves		221,619	209,504
<b>Total equity</b>		<u>306,619</u>	<u>294,504</u>
<b>Total liabilities and equity</b>		<u>4,743,698</u>	<u>4,305,378</u>
<b>Commitments and contingencies</b>	30	<u>2,107,061</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**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2011**

	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Income derived from investment of depositors' funds	23	53,535	45,475	105,021	88,957
Allowance for impairment loss on financing and advances	24	(2,785)	(1,840)	(9,260)	(5,260)
Transfer from profit equalisation reserve (net)		-	-	-	8,073
Total attributable income		50,750	43,635	95,761	91,770
Income attributable to depositors	25	(24,952)	(20,360)	(48,371)	(40,812)
Income attributable to shareholders		25,798	23,275	47,390	50,958
Income derived from the investment of shareholder's funds	26	10,420	8,122	19,157	13,482
Total net income		36,218	31,397	66,547	64,440
Personnel and operating expenses	27	(26,866)	(22,878)	(51,413)	(42,827)
Profit before income tax expense and zakat		9,352	8,519	15,134	21,613
Income tax expense	28	(2,427)	(2,238)	(3,970)	(5,612)
Zakat		(5)	(3)	(10)	(7)
Profit for the period		6,920	6,278	11,154	15,994
Profit attributable to:					
Owner of the Bank		6,920	6,278	11,154	15,994
Basic earnings per share (sen)		8.14	9.66	13.12	24.61

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 STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 JUNE 2011**

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Profit for the period	<u>6,920</u>	<u>6,278</u>	<u>11,154</u>	<u>15,994</u>
Fair value of financial assets available-for-sale:				
- change in fair value	2,931	1,267	2,795	1,649
- disposal	(1,254)	(73)	(1,513)	(1,538)
Income tax relating to components of other comprehensive income	<u>(419)</u>	<u>(299)</u>	<u>(321)</u>	<u>(28)</u>
Other comprehensive income/(expense) for the period net of tax	<u>1,258</u>	<u>895</u>	<u>961</u>	<u>83</u>
Total comprehensive income attributable to:				
Owner of the Bank	<u>8,178</u>	<u>7,173</u>	<u>12,115</u>	<u>16,077</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 STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 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	-	-	-	-	11,154	11,154
Other comprehensive income for the period	-	-	-	961	-	961
Total comprehensive income for the period	-	-	-	961	11,154	12,115
Balance at 30 June 2011	85,000	170,000	20,582	1,064	29,973	306,619

	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	-	-	-	-	15,994	15,994
Other comprehensive income for the period	-	-	-	83	-	83
Total comprehensive income for the period	-	-	-	83	15,994	16,077
Balance at 30 June 2010	65,000	130,000	8,660	(187)	22,891	226,364

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 HALF YEAR ENDED 30 JUNE 2011**

	<b>Note</b>	<b>30 June 2011 RM'000</b>	<b>30 June 2010 RM'000</b>
Profit before income tax expense and zakat		15,134	21,613
Adjustments for non-operating and non-cash items		9,086	(2,199)
Operating profit before changes in working capital		<u>24,220</u>	<u>19,414</u>
Changes in working capital:			
Net changes in operating assets		(74,567)	35,693
Net changes in operating liabilities		424,247	(116,369)
Income tax and zakat paid		<u>(1,986)</u>	<u>(3,323)</u>
Net cash generated from/(used in) operating activities		371,914	(64,585)
Net cash (used in)/generated from investing activities		(94,286)	219,789
Net changes in cash and cash equivalents		<u>277,628</u>	<u>155,204</u>
Cash and cash equivalents at beginning of the period		604,280	1,344,923
Cash and cash equivalents at end of the period	12	<u>881,908</u>	<u>1,500,127</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)

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 RM11.1 million for the half year ended 30 June 2011, a decrease of RM4.8 million as compared to the corresponding period last year. The decrease was mainly due to higher overheads of RM8.6 million offset by higher net income of RM2.1 million and lower tax of RM1.7 million.

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

Net financing assets increased by RM28 million to RM2.5 billion while deposits from customers increased by RM516 million to RM3.4 billion. The Bank is well capitalised with a core capital ratio of 10.46% and risk weighted capital ratio of 15.99%.

**3. ECONOMIC PERFORMANCE AND PROSPECTS**

Despite weak indicators and conditions on the global economic environment, the Malaysian economy continued to grow at a moderate pace benefiting from the surge in global commodity prices in the early part of this year.

Malaysia will still rely on its export and private consumption growth to sustain and support the economy. Further, on the investment front, the progress of the Economic Transformation Programme would also lend a positive note to the country's longer term growth outlook.

Riding on the domestic economy growth momentum, the Bank will continue to push for balanced growth from both its consumer and business segments in its loan assets, amid stiff competition from new entrants. The Bank will also continue to introduce more innovative financial products and services that meet its customers' needs and expand its reach to its customers.

Against the backdrop of the ongoing domestic economic conditions, the Bank will remain cautious in preserving its asset quality while improving its capital position to meet the challenges ahead.

**4. BASIS OF PREPARATION**

The unaudited interim financial statements for the half year ended 30 June 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**  
(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 June 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 June 2011.

**9. DEBT AND EQUITIES SECURITIES**

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

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**10. DIVIDEND**

No dividend was paid in respect of the financial period ended 30 June 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. CASH AND CASH EQUIVALENTS**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Cash and balances with financial institutions	15,278	14,250
Money at call and deposit placements with financial institutions maturing within one month	866,630	590,030
	<u>881,908</u>	<u>604,280</u>

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
i) By geographical distribution		
Malaysia	876,754	600,263
Singapore	311	123
Other ASEAN	169	179
Rest of the world	4,674	3,715
	<u>881,908</u>	<u>604,280</u>

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

ii) By residual contractual maturity		
Maturity within one month	881,908	604,280
	<u>881,908</u>	<u>604,280</u>

**13. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Licensed banks	-	4,624
	<u>-</u>	<u>4,624</u>
i) By geographical distribution		
Malaysia	-	4,624
	<u>-</u>	<u>4,624</u>
ii) By residual contractual maturity		
Maturity within one year	-	4,624
	<u>-</u>	<u>4,624</u>



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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**14. FINANCIAL ASSETS AVAILABLE-FOR-SALE**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<u>At fair value</u>		
Malaysian Government Investment Issues	738,273	297,129
Bank Negara Malaysia Islamic Bonds	-	33,255
Bank Negara Malaysia Monetary Notes	156,749	255,527
Islamic Private Debt Securities	239,446	323,547
Islamic Negotiable Instruments of Deposits	73,911	202,094
	<u>1,208,379</u>	<u>1,111,552</u>

**15. FINANCING AND ADVANCES**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<u>At amortised cost</u>		
i) By type of financing and advances		
Cash financing	610,448	441,564
Term financing :		
- House financing	152,524	146,830
- Syndicated term financing	222,879	246,813
- Hire purchase receivables	593,434	558,445
- Other term financing	646,772	625,756
Bills receivables	13,959	11,944
Revolving credits	410,199	539,186
Claims on customer under acceptance credits	215,540	203,469
Other financing	27,048	45,060
Less : Unearned income	<u>(305,606)</u>	<u>(263,334)</u>
Gross financing and advances	2,587,197	2,555,733
Allowance for Impairment Loss:		
- Individually assessed	(34,439)	(31,088)
- Collectively assessed	<u>(38,291)</u>	<u>(37,939)</u>
Net financing and advances	<u>2,514,467</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 June 2011, the gross exposure relating to RPSIA financing is RM184 million (2010: RM205 million) and the collective impairment relating to this RPSIA of RM2.8 million (2010: RM3.1 million) is recognised in the income statement of the Bank.

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**15. FINANCING AND ADVANCES (continued)**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
ii) By concepts		
Ijarah Thumma Al Bai	540,412	506,125
Bai' Bithaman Ajil	582,509	717,586
Bai' Inah	459,303	331,865
Murabahah	339,999	347,794
Ijarah Muntahiah Bi Al-Tamlik	252,307	236,474
Musharakah	113,399	94,365
Other principles	299,268	321,524
	<u>2,587,197</u>	<u>2,555,733</u>
	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
iii) By type of customer		
Domestic business enterprises		
- Small and medium enterprises	513,027	391,833
- Others	1,413,813	1,642,764
Individuals	596,353	456,652
Foreign entities	64,004	64,484
	<u>2,587,197</u>	<u>2,555,733</u>
	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
iv) By profit rate sensitivity		
Fixed rate		
- House financing	40,776	46,866
- Hire purchase receivables	538,354	506,125
- Other fixed rate financing	1,007,009	907,365
Variable rate		
- BFR plus	113,399	72,904
- Cost plus	887,659	1,022,473
	<u>2,587,197</u>	<u>2,555,733</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**15. FINANCING AND ADVANCES (continued)**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
v) By sector		
Agriculture	369,905	461,853
Mining and quarrying	233,502	269,689
Manufacturing	606,357	631,389
Electricity, gas and water	100,110	100,116
Construction	86,612	76,959
Real Estate	78,335	80,310
Wholesale & retail trade and restaurants & hotels	207,362	200,770
Transport, storage and communication	160,224	152,264
Finance, insurance and business services	41,163	32,129
Community, social and personal services	42,699	29,348
Households, of which:		
i. Purchase of residential properties	127,146	116,614
ii. Purchase of non-residential properties	3,254	2,754
iii. Others	468,476	339,163
Others	62,052	62,375
	<u>2,587,197</u>	<u>2,555,733</u>

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
vi) By geographical distribution		
Malaysia	2,526,353	2,493,976
Singapore	60,629	61,757
Other ASEAN	215	-
	<u>2,587,197</u>	<u>2,555,733</u>

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
vii) By residual contractual maturity		
Maturity within one year	728,990	900,187
One to five years	1,172,125	1,000,487
Over five years	686,082	655,059
	<u>2,587,197</u>	<u>2,555,733</u>

**16. IMPAIRED FINANCING AND ADVANCES**

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Balance at 1 January	45,444	53,598
Classified as impaired	21,295	46,054
Reclassified as performing	(4,282)	(11,938)
Amount recovered	(6,012)	(18,759)
Amount written off	(8,749)	(23,511)
Balance at 30 June / 31 December	47,696	45,444
Individually assessed impairment allowance	(34,439)	(31,088)
Net impaired financing and advances	<u>13,257</u>	<u>14,356</u>
Estimated fair value of collateral held	<u>22,835</u>	<u>25,791</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

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

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<u>Individually assessed impairment allowance</u>		
Net impaired financing and advances	31,088	39,252
Made during the period/year	19,892	38,914
Amount written back	(7,747)	(23,351)
Amount written off	(8,748)	(23,511)
Income recognised on impaired financing	(46)	(216)
Balance at 30 June / 31 December	<u>34,439</u>	<u>31,088</u>
	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<u>Collectively assessed impairment allowance</u>		
Balance at 1 January	37,939	38,715
Made/(written back) during the period/year	352	(776)
Balance at 30 June / 31 December	<u>38,291</u>	<u>37,939</u>
As % of gross financing and advances less individually assessed impairment allowance	<u>1.50%</u>	<u>1.50%</u>

(a) Collectively assessed and individually assessed impairment allowance by sector are as follows:

<b>30 June 2011</b>	<b>Collectively assessed impairment allowance RM'000</b>	<b>Individually assessed impairment allowance RM'000</b>	<b>Individually assessed allowance charged RM'000</b>	<b>Individually assessed allowance written-off RM'000</b>
Agriculture	5,545	202	4	-
Mining and quarrying	3,502	-	-	-
Manufacturing	8,813	18,819	2,385	402
Electricity, gas and water	1,502	-	-	-
Construction	1,293	425	88	948
Real estate	1,175	7	1	-
Wholesale & retail trade and restaurants & hotels	3,100	703	151	47
Transport, storage and communication	2,400	210	64	304
Finance, insurance and business services	613	314	-	-
Community, social and personal services	640	57	337	-
Households, of which:				
i. Purchase of residential properties	1,894	835	410	313
ii. Purchase of non-residential properties	49	-	-	-
iii. Others	6,848	11,956	11,936	2,495
Others	917	911	4,516	4,239
	<u>38,291</u>	<u>34,439</u>	<u>19,892</u>	<u>8,748</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

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

- (a) Collectively assessed and individually assessed impairment allowance by sector are as follows:  
(continued)

<b>31 December 2010</b>	<b>Collectively assessed impairment allowance RM'000</b>	<b>Individually assessed impairment allowance RM'000</b>	<b>Individually assessed allowance charged RM'000</b>	<b>Individually assessed allowance written-off RM'000</b>
Agriculture	6,937	200	74	-
Mining and quarrying	4,053	-	-	-
Manufacturing	9,211	18,427	7,345	3,204
Electricity, gas and water	1,504	-	-	-
Construction	1,134	1,475	867	2,591
Real estate	1,207	7	1	84
Wholesale & retail trade and restaurants & hotels	3,007	650	563	2,106
Transport, storage and communication	2,281	508	1	-
Finance, insurance and business services	478	318	317	-
Community, social and personal services	440	69	54	177
Households, of which:				
i. Purchase of residential properties	1,738	928	306	161
ii. Purchase of non-residential properties	41	-	23	27
iii. Others	4,971	8,360	24,571	15,154
Others	937	146	4,792	7
	<u>37,939</u>	<u>31,088</u>	<u>38,914</u>	<u>23,511</u>

- (b) Individually assessed and collectively assessed impairment allowance by geographical distribution

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<u>Individually assessed</u>		
- Malaysia	34,439	31,088
<u>Collectively assessed</u>		
- Malaysia	37,379	37,011
- Singapore	909	928
- Other ASEAN	3	-
	<u>38,291</u>	<u>37,939</u>

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Agriculture	522	520
Manufacturing	23,427	24,016
Construction	3,435	4,127
Real Estate	7	7
Wholesale & retail trade and restaurants & hotels	3,958	3,458
Transport, storage and communication	450	508
Finance, insurance and business services	1,027	987
Community, social and personal services	633	149
Household, of which:		
i. Purchase of residential properties	2,281	3,312
ii. Others	11,956	8,360
	<u>47,696</u>	<u>45,444</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

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

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Malaysia	47,696	45,444

v) Included in the impaired financing and advances above is an amount of RM0.5 million of impaired financing and advances without individually assessed impairment allowance as the individual financing's recoverable amount exceeds the carrying amount.

(vi) Impaired financing and advances by period overdue:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Up to 90 days	11,912	7,860
90 days and less than 180 days	7,051	8,474
180 days and less than 270 days	1,447	2,109
270 days and above	27,286	27,001
	<u>47,696</u>	<u>45,444</u>

(vii) Impaired financing and advances by collateral type:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Property	2,278	3,244
Secured-others	27,746	27,697
Unsecured-corporate and other guarantees	2,583	3,099
Unsecured-clean	15,089	11,404
	<u>47,696</u>	<u>45,444</u>

**17. DERIVATIVE ASSETS AND LIABILITIES**

Details of derivatives are as follows:

	<u>30 June 2011</u>			<u>31 December 2010</u>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>		<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>	
		<b>Asset RM'000</b>	<b>Liability RM'000</b>		<b>Asset RM'000</b>	<b>Liability RM'000</b>
<b>Financial derivatives</b>						
Trading:						
Foreign exchange derivatives						
- forward	1,364,321	15,593	15,582	157,483	271	5,772
- swaps	-	-	-	113,402	5,513	-
- option	85,502	1,785	1,781	87,258	1,856	1,856
	<u>1,449,823</u>	<u>17,378</u>	<u>17,363</u>	<u>358,143</u>	<u>7,640</u>	<u>7,628</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**18. OTHER ASSETS**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Profit receivable	10,607	9,432
Other debtors, deposits and prepayments	5,319	5,689
Shared service fee receivable from holding company	119	112
Amount due from holding company*	-	30,600
	<u>16,045</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.

**19. DEPOSITS FROM CUSTOMERS**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
i) By type of deposit		
<b>Non-Mudharabah Fund:</b>		
Demand deposits	1,223,226	1,066,695
Savings deposits	333,835	331,220
General investment deposits	1,100	100
Negotiable instrument of deposits	89,630	120,044
Structured investments	47,590	47,862
	<u>1,695,381</u>	<u>1,565,921</u>
<b>Mudharabah Fund:</b>		
General investment deposits	1,247,193	975,904
Islamic short term Mudharabah Investment	493,835	379,065
	<u>1,741,028</u>	<u>1,354,969</u>
Total deposits from customers	<u>3,436,409</u>	<u>2,920,890</u>
ii) By type of customers:		
Government and statutory bodies	460,492	412,004
Business enterprises	2,125,461	1,568,276
Individuals	464,443	449,759
Foreign entities	9,244	10,465
Others	376,769	480,386
	<u>3,436,409</u>	<u>2,920,890</u>
iii) By maturity structure:		
Within 6 months	3,205,167	2,776,828
6 months to 1 year	127,770	41,906
1 to 3 years	49,371	7,988
3 to 5 years	327	41,379
More than 5 years	53,774	52,789
	<u>3,436,409</u>	<u>2,920,890</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
<b>Non-Mudharabah Fund:</b>		
Licensed banks	416,759	595,240
<b>Mudharabah Fund:</b>		
Licensed banks	184,439	204,606
Total deposits and placements of financial institutions	<u>601,198</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 RM184 million (2010: RM205 million) for tenures of more than 1 year at profit rates ranging from 1.88% to 4.68% 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.

**21. 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.

**22. OTHER LIABILITIES**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Profit payable	12,273	9,738
Other accruals and charges*	62,408	55,787
Amount due from holding company	75,349	-
Shared service fee payable to holding company	3,958	3,980
	<u>153,988</u>	<u>69,505</u>

\* Includes accruals for personnel costs.



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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Income derived from investment of:				
(i) General investment deposits	22,005	4,180	32,468	15,472
(ii) Other funds	31,530	41,295	72,553	73,485
	<u>53,535</u>	<u>45,475</u>	<u>105,021</u>	<u>88,957</u>
(i) Income derived from investment of general investment deposit:				
<u>Finance income and hibah:</u>				
Financing and advances	15,758	3,153	23,322	10,937
Financial assets available-for-sale	3,837	577	5,982	2,143
Money at call and deposit with financial institutions	2,024	554	2,729	2,138
	<u>21,619</u>	<u>4,284</u>	<u>32,033</u>	<u>15,218</u>
<u>Other operating income</u>				
Net gain/(loss) from sale of financial assets available-for-sale	386	(104)	435	254
	<u>22,005</u>	<u>4,180</u>	<u>32,468</u>	<u>15,472</u>
Of which:				
Financing income earned on impaired financing	7	7	13	18
	<u>7</u>	<u>7</u>	<u>13</u>	<u>18</u>
(ii) Income derived from investment of other funds:				
<u>Finance income and hibah:</u>				
Financing and advances	22,461	29,756	52,115	51,945
Financial assets available-for-sale	4,956	5,715	13,368	10,180
Money at call and deposit with financial institutions	3,335	5,638	6,099	10,154
	<u>30,752</u>	<u>41,109</u>	<u>71,582</u>	<u>72,279</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	778	186	971	1,206
	<u>31,530</u>	<u>41,295</u>	<u>72,553</u>	<u>73,485</u>
Of which:				
Financing income earned on impaired financing	5	57	30	86
	<u>5</u>	<u>57</u>	<u>30</u>	<u>86</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**24. ALLOWANCE FOR IMPAIRMENT LOSS ON FINANCING AND ADVANCES**

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Impairment loss on financing and advances:				
Individually assessed impairment allowance				
- Made during the period	8,587	7,367	19,892	19,591
- Written back	(3,299)	(4,244)	(7,747)	(11,479)
Collectively assessed impairment allowance				
- (Written back)/made during the period	(673)	-	352	(776)
Impaired financing recovered	(1,830)	(1,283)	(3,237)	(2,076)
	<u>2,785</u>	<u>1,840</u>	<u>9,260</u>	<u>5,260</u>

**25. INCOME ATTRIBUTABLE TO DEPOSITORS**

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Deposits from customers				
- Mudharabah Fund	14,693	9,385	27,508	20,397
- Non Mudharabah Fund	7,180	6,014	12,409	11,691
Deposits and placements of financial institutions				
- Mudharabah Fund	782	4,821	3,162	8,533
- Non Mudharabah Fund	2,297	140	5,292	191
	<u>24,952</u>	<u>20,360</u>	<u>48,371</u>	<u>40,812</u>

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Finance income and hibah:</u>				
Financing and advances	3,055	1,478	5,729	3,370
Financial assets available-for-sale	712	280	1,470	661
Money at call and deposits with financial institutions	421	274	670	659
	<u>4,188</u>	<u>2,032</u>	<u>7,869</u>	<u>4,690</u>
<u>Other operating income</u>				
Net gain/(loss) from sale of financial assets available-for-sale	90	(9)	107	78
<u>Other trading income</u>				
Net gain/(loss) on instruments held-for-trading				
- foreign currency	962	2,934	1,821	1,742
- trading derivatives	78	(244)	(47)	(245)
- revaluation of derivatives	(22)	(265)	30	580
<u>Fee and commission income:</u>				
Commission	2,381	2,238	5,116	4,151
Service charges and fees	2,743	1,436	4,261	2,486
	<u>10,420</u>	<u>8,122</u>	<u>19,157</u>	<u>13,482</u>
Of which:				
Financing income earned on impaired financing	<u>1</u>	<u>4</u>	<u>3</u>	<u>6</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**27. PERSONAL AND OPERATING EXPENSES**

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Personnel expenses	8,393	6,015	15,416	11,223
Establishment expenses	1,322	1,324	2,549	2,488
Marketing expenses	439	74	687	273
Administrative and general expenses	16,712	15,465	32,761	28,843
	<u>26,866</u>	<u>22,878</u>	<u>51,413</u>	<u>42,827</u>

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<b>(i) Personnel expenses</b>	<b>8,393</b>	<b>6,015</b>	<b>15,416</b>	<b>11,223</b>
Wages, salaries and bonus	6,623	4,885	12,169	9,014
Defined contribution plan (EPF)	978	755	1,876	1,405
Equity compensation benefit	59	48	113	74
Other personnel costs	733	327	1,258	730
<b>(ii) Establishment expenses</b>	<b>1,322</b>	<b>1,324</b>	<b>2,549</b>	<b>2,488</b>
Rental of premises	389	390	769	850
Depreciation of property, plant and equipment	657	295	1,307	563
Repair and maintenance	74	59	121	60
Others	202	580	352	1,015
<b>(iii) Marketing expenses</b>	<b>439</b>	<b>74</b>	<b>687</b>	<b>273</b>
Transport and travelling	144	105	217	182
Advertising and business promotion	283	(40)	449	77
Others	12	9	21	14
<b>(iv) Administration and general expenses</b>	<b>16,712</b>	<b>15,465</b>	<b>32,761</b>	<b>28,843</b>
Printing and stationery	146	170	279	337
Postage and courier	82	57	190	121
Telephone, telex and fax	118	112	251	214
Legal and consultancy fees	126	114	218	151
Shared service fees paid/payable to holding company	12,474	11,694	24,151	22,228
Transaction processing fees paid/payable to related company	3,213	2,745	6,584	4,999
Other administrative and general expenses	553	573	1,088	793
<b>Total Expenses</b>	<u><b>26,866</b></u>	<u><b>22,878</b></u>	<u><b>51,413</b></u>	<u><b>42,827</b></u>

**28. INCOME TAX EXPENSE**

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Malaysian income tax - current period	2,683	2,210	3,934	3,414
Deferred taxation:				
- relating to originating and reversal of temporary differences	(256)	28	36	2,198
	<u>2,427</u>	<u>2,238</u>	<u>3,970</u>	<u>5,612</u>

**29. CAPITAL COMMITMENTS**

	30 June 2011 RM'000	31 December 2010 RM'000
	Capital expenditure in respect of property, plant and equipment:	
- authorised and contracted for	942	1,216
- authorised but not contracted for	20,240	18,240
	<u>21,182</u>	<u>19,456</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**30. 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 June 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	4,336	4,353		4,353	4,340
Transaction-related contingent items	93,412		46,706	35,565	81,288		40,644	30,570
Short-term self-liquidating trade-related contingencies	30,072		6,014	4,191	29,218		5,844	6,229
Forward asset purchases	22,629		22,629	4,526	-		-	-
Foreign exchange related contracts:								
- less than one year	1,208,674	15,582	38,692	6,299	261,246	5,775	9,810	8,611
- one year or less than five years	46,654	5,627	7,399	1,072	47,501	5,728	8,258	1,088
Irrevocable commitments to extend credit:								
- maturity not exceeding one year	692,847		63	47	629,828		442	331
- maturity exceeding one year	8,425		7,214	1,513	8,372		6,969	2,377
	<b>2,107,061</b>	<b>21,209</b>	<b>133,065</b>	<b>57,549</b>	<b>1,061,806</b>	<b>11,503</b>	<b>76,320</b>	<b>53,546</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 for Islamic Banks Basel II - Internal Ratings Approach.

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**31. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Aggregate value of outstanding credit exposures with connected parties <sup>^</sup> :		
Credit facility and leasing (except guarantee)	454	743
Off balance sheet exposures*	4,784	4,784
Total credit exposures	<u>5,238</u>	<u>5,527</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.18%</u>	<u>0.22%</u>
- which is impaired or in default	<u>-</u>	<u>-</u>

<sup>^</sup> Comprise of total outstanding balance and unutilised limit

\* Off balance sheet transactions that give rise to credit and/or counterparty risk

**32. CREDIT RISK**

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The following table presents the Bank's maximum credit exposure of the financial assets, without taking into account any collateral held or other credit enhancements of the Bank. For financial assets reported in the statements of financial position, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The analysis by geography is determined based on where the credit risk resides.

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Cash and cash equivalents	881,908	604,280
Deposits and placements with financial institutions	-	4,624
Financial assets available-for-sale	1,208,379	1,111,552
Financing and advances	2,514,467	2,486,706
Derivative assets	17,378	7,640
Contingent liabilities and credit commitments	159,200	125,441
	<u>4,781,332</u>	<u>4,340,243</u>

**Collaterals**

The main types of collateral obtained by the Bank are as follows:

- For personal house financing, mortgages over residential properties;
- For commercial property financing, charges over properties being financed; and
- For other financing, charges over business assets such as premise, inventories, trade receivables or deposits.

As at 30 June 2011, there were no assets repossessed by the Bank as a result of taking possession of collaterals held as security, or by calling upon other credit enhancements.

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**32. CREDIT RISK (continued)**

**Credit quality**

**(a) Credit quality of financing and advances**

Analysis of financing and advances by type, by type of customers and by sector are set out in Note 15.

Gross financing and advances are analysed as follows:-

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Neither past due nor impaired	2,519,550	2,343,812
Past due financing:	62,004	207,112
- not impaired	19,951	166,477
- impaired	42,053	40,635
Impaired but not past due	5,643	4,809
Less: Impairment allowance:	(72,730)	(69,027)
- Individually assessed	(34,439)	(31,088)
- Collectively assessed	(38,291)	(37,939)
Total financing and advances (net)	2,514,467	2,486,706

Financing and advances neither past due nor impaired

Financing and advances are categorised according to the Bank's customer classification grades as Passed, Special Mention, Substandard, Doubtful and Bad Financing and advances classified as Substandard, Doubtful and Bad are impaired financing and advances.

Analysis of financing and advances that are neither past due nor impaired analysed based on the Bank's internal grading system is as follows:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Passed	2,474,850	2,245,952
Special mention	44,700	97,860
	2,519,550	2,343,812

Financing and advances that would have been impaired had they not been rescheduled amounted to RM37 million as at 30 June 2011.

Financing and advances past due but not impaired by period overdue:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
30 days and less than 60 days	17,491	163,534
60 days and less than 90 days	2,460	2,943
	19,951	166,477

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**32. CREDIT RISK (continued)**

**Credit quality (continued)**

**(a) Credit quality of financing and advances (continued)**

Financing and advances past due but not impaired analysed by sector are as follows:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Agriculture	-	138,001
Mining and quarrying	-	169
Manufacturing	6,397	14,122
Construction	945	426
Wholesale & retail trade and restaurants & hotels	1,032	1,135
Transport, storage and communication	494	494
Finance, insurance and business services	491	79
Community, social and personal services	363	604
Households, of which:		
i. Purchase of residential properties	2,597	3,315
ii. Purchase of non-residential properties	111	53
iii. Others	7,521	8,079
	<u>19,951</u>	<u>166,477</u>

Financing and advances past due but not impaired analysed by geographic distribution are as follows:

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Malaysia	<u>19,951</u>	<u>166,477</u>

**(b) Credit quality of financial assets available-for-sale**

In view of the following sound credit rating of counterparties, the Bank does not expect any counterparty to fail to meet its obligation except for the allowance for impairment loss (if any) recognised in respect of financial assets available-for-sale as disclosed in Note 14. Detailed breakdown is as follows:-

**Analysis of financial assets available-for-sale**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
i) <u>By issuer</u>		
Public sector	913,971	644,977
Banks	88,946	217,153
Corporations	205,462	249,422
	<u>1,208,379</u>	<u>1,111,552</u>
ii) <u>By geography</u>		
Malaysia	1,208,379	1,071,624
Other ASEAN	-	39,928
	<u>1,208,379</u>	<u>1,111,552</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**32. CREDIT RISK (continued)**

**Credit quality (continued)**

**(b) Credit quality of financial assets available-for-sale (continued)**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
iii) <u>By credit rating</u>		
Malaysian government issues and notes	895,022	552,657
Other government securities	-	39,928
Investment grade (AAA to BBB)	158,983	203,055
Non-rated	154,374	315,912
	<u>1,208,379</u>	<u>1,111,552</u>
iv) <u>By industry - concentration risks</u>		
Manufacturing	70,421	70,511
Building and construction	34,852	45,379
Transport, storage and communication	15,049	15,063
Financial institutions, investment and holding companies	107,907	236,290
Others	980,150	744,309
	<u>1,208,379</u>	<u>1,111,552</u>
v) <u>By residual contractual maturity</u>		
Within one year	361,490	506,086
One to five years	725,844	601,469
Over five years	121,045	3,997
	<u>1,208,379</u>	<u>1,111,552</u>
<b>(c) Credit quality of derivative assets</b>		
<b>Analysis of derivative assets</b>		
	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
i) <u>By counterparty</u>		
Banks	17,371	7,562
Other financial institutions	6	3
Corporate	1	75
	<u>17,378</u>	<u>7,640</u>
ii) <u>By geography</u>		
Malaysia	15,587	5,782
Singapore	6	3
Rest of the World	1,785	1,855
	<u>17,378</u>	<u>7,640</u>
iii) <u>By industry - concentration risks</u>		
Manufacturing	-	71
Construction	-	4
Finance, insurance and business services	17,378	7,565
	<u>17,378</u>	<u>7,640</u>



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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**32. CREDIT RISK (continued)**

**Credit quality (continued)**

**(c) Credit quality of derivative assets (continued)**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
iv) <u>By residual contractual maturity</u>		
Within one year	17,201	5,785
One to five years	177	1,855
	<u>17,378</u>	<u>7,640</u>

**(d) Credit quality of contingent liabilities and credit commitments**

**Analysis of contingent liabilities and credit commitments**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
i) <u>By counterparty</u>		
Other financial institutions	768	1,291
Corporate	152,388	119,003
Individuals	6,005	5,108
Others	39	39
	<u>159,200</u>	<u>125,441</u>
ii) <u>By geography</u>		
Malaysia	159,200	125,441
	<u>159,200</u>	<u>125,441</u>

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

iii) By industry - concentration risks

Agriculture	3,278	1,109
Mining and quarrying	-	1,200
Manufacturing	18,837	26,660
Construction	87,907	75,418
Real estate	30	-
Wholesale & retail trade and restaurants & hotels	12,454	2,997
Transport, storage and communication	6,243	8,590
Finance, insurance and business services	1,778	2,320
Others	28,673	7,147
	<u>159,200</u>	<u>125,441</u>

iv) By residual contractual maturity

Within one year	80,868	72,729
One to five years	49,816	44,789
Over five years	28,516	7,923
	<u>159,200</u>	<u>125,441</u>

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

**NOTES TO INTERIM FINANCIAL STATEMENTS - 30 JUNE 2011 (continued)**

**33. CAPITAL ADEQUACY**

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
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	9,775	8,013
Subordinated bonds	142,098	142,098
Others	(1,841)	7,811
Total Tier-2 capital	<u>150,032</u>	<u>157,922</u>
Capital base	<u>434,228</u>	<u>442,118</u>
Risk weighted assets	2,715,817	2,842,353
<u>Capital Ratios before the effects of PSIA</u>		
Core-capital ratio	9.85%	9.30%
Risk-weighted capital ratio	15.05%	14.47%
<u>Capital Ratios after the effects of PSIA</u>		
Core-capital ratio	10.46%	10.00%
Risk-weighted capital ratio	15.99%	15.55%

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

	<b>30 June 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
Credit risk	2,498,604	2,668,660
Market risk	11,532	14,447
Operational risk	205,681	159,246
	<u>2,715,817</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%.