



Standard Chartered Bank Malaysia Berhad
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the nine months
ended 30 September 2011**

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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

	Note	Group		Bank	
		30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Assets					
Cash and short term funds		4,598,308	4,522,666	3,519,599	3,667,843
Deposits and placements with banks and other financial institutions		-	358,182	1,650,007	2,263,730
Securities purchased under resale agreements		243,083	89,854	243,083	89,854
Financial assets held for trading	12	3,743,235	3,349,777	3,743,235	3,349,777
Investment securities available-for-sale	13	4,119,296	6,622,786	4,049,173	5,999,460
Loans, advances and financing	14	30,419,895	28,107,906	27,504,164	25,765,761
Derivative financial assets		2,277,225	2,335,191	2,277,126	2,333,269
Other assets	16	1,331,579	207,373	1,552,338	284,945
Tax recoverable		-	3,271	-	-
Statutory deposits with Bank Negara Malaysia	17	632,019	36,760	539,510	12,000
Investments in subsidiaries		-	-	386,022	386,022
Property, plant and equipment		53,708	55,530	47,910	55,530
Deferred tax assets		157,353	120,032	148,487	112,832
Total assets		47,575,701	45,809,328	45,660,654	44,321,023
Liabilities					
Deposits from customers	18	34,678,583	34,256,728	32,818,015	32,935,268
Deposits and placements of banks and other financial institutions	19	4,056,582	3,621,804	3,958,046	3,520,407
Bills and acceptances payable		-	6,792	-	6,792
Recourse obligations on loans sold to Cagamas Berhad		-	72,919	-	72,919
Derivative financial liabilities		2,040,147	1,886,049	2,040,767	1,885,045
Other liabilities	20	2,998,757	2,448,903	3,142,168	2,444,303
Tax payable		134,505	15,940	132,962	15,940
Subordinated debts		884,241	885,652	884,241	885,652
Total liabilities		44,792,815	43,194,787	42,976,199	41,766,326
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		2,657,886	2,489,541	2,559,455	2,429,697
Total equity attributable to equity holder of the Bank		2,782,886	2,614,541	2,684,455	2,554,697
Total liabilities and equity		47,575,701	45,809,328	45,660,654	44,321,023
Commitments and contingencies	27	159,569,029	162,357,835	158,136,202	161,064,175

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	Group			
		3rd Quarter ended		Nine months ended	
		30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Interest income	21	415,973	349,824	1,191,356	992,522
Interest expense	22	(183,369)	(166,091)	(540,727)	(459,867)
Net interest income		232,604	183,733	650,629	532,655
Net income from Islamic Banking operations	23	82,229	60,340	186,416	185,726
		314,833	244,073	837,045	718,381
Other operating income	24	244,076	150,399	550,873	446,791
Total net income		558,909	394,472	1,387,918	1,165,172
Other operating expenses	25	(225,412)	(183,649)	(612,145)	(554,845)
Operating profit		333,497	210,823	775,773	610,327
Provisions for loans, advances and financing	26	(51,460)	(47,786)	(97,437)	(145,647)
Profit before taxation		282,037	163,037	678,336	464,680
Tax expense		(83,664)	(24,642)	(178,775)	(114,039)
Profit for the period		198,373	138,395	499,561	350,641
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(2,878)	3,830	(472)	1,621
Net amount transferred to profit or loss		2,269	1,829	2,663	(2,752)
Cash flow hedges:-					
Effective portion of changes in fair value		18,427	1,049	10,429	631
Net amount transferred to profit or loss		(6,058)	(690)	1,164	1,226
Other comprehensive income for the period, net of income tax		11,760	6,018	13,784	726
Total comprehensive income for the period		210,133	144,413	513,345	351,367
Profit for the period attributable to:-					
Equity holder of the Bank		198,373	138,395	499,561	350,641
Total comprehensive income attributable to:-		210,133	144,413	513,345	351,367
Equity holder of the Bank		210,133	144,413	513,345	351,367

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

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Interest income	21	429,836	361,033	1,232,378	1,028,111
Interest expense	22	(183,369)	(166,091)	(540,727)	(459,867)
Net interest income		246,467	194,942	691,651	568,244
Net income from Islamic Banking operations	23	-	-	-	-
		246,467	194,942	691,651	568,244
Other operating income	24	258,336	166,235	594,093	490,882
Total net income		504,803	361,177	1,285,744	1,059,126
Other operating expenses	25	(218,308)	(179,142)	(591,964)	(543,176)
Operating profit		286,495	182,035	693,780	515,950
Provisions for loans, advances and financing	26	(36,118)	(32,089)	(67,470)	(99,668)
Profit before taxation		250,377	149,946	626,310	416,282
Tax expense		(75,429)	(38,477)	(165,293)	(101,292)
Profit for the period		174,948	111,469	461,017	314,990
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(2,899)	3,909	(515)	2,094
Net amount transferred to profit or loss		2,269	1,828	2,663	(2,752)
Cash flow hedges:-					
Effective portion of changes in fair value		18,427	1,049	10,429	631
Net amount transferred to profit or loss		(6,058)	(690)	1,164	1,226
Other comprehensive income for the period, net of income tax		11,739	6,096	13,741	1,199
Total comprehensive income for the period		186,687	117,565	474,758	316,189
Profit for the period attributable to:-					
Equity holder of the Bank		174,948	111,469	461,017	314,990
Total comprehensive income attributable to:-		186,687	117,565	474,758	316,189

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

GROUP	← Non-Distributable Reserves →					Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2011	125,000	375,000	156,706	190	1,416	(8,601)	1,964,830	2,614,541
Profit for the period	-	-	-	-	-	-	499,561	499,561
Other comprehensive income/(expense) for the period	-	-	-	-	2,191	11,593	-	13,784
Total comprehensive income/(expense) for the period	-	-	-	-	2,191	11,593	499,561	513,345
Dividends (ordinary shares):-								
- 2010 final	-	-	-	-	-	-	(225,000)	(225,000)
- 2011 interim	-	-	-	-	-	-	(120,000)	(120,000)
At 30 September 2011	125,000	375,000	156,706	190	3,607	2,992	2,119,391	2,782,886

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

GROUP	← Non-Distributable Reserves →					Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2010	125,000	375,000	132,960	190	7,439	(8,669)	1,646,935	2,278,855
Profit for the period	-	-	-	-	-	-	350,641	350,641
Other comprehensive (expense)/income for the period	-	-	-	-	(1,131)	1,857	-	726
Total comprehensive (expense)/income for the period	-	-	-	-	(1,131)	1,857	350,641	351,367
Dividends (ordinary shares):- - 2010 interim	-	-	-	-	-	-	(99,000)	(99,000)
At 30 September 2010	125,000	375,000	132,960	190	6,308	(6,812)	1,898,576	2,531,222

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

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

BANK	← Non-Distributable Reserves →					Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2011	125,000	375,000	125,000	190	1,363	(8,601)	1,936,745	2,554,697
Profit for the period	-	-	-	-	-	-	461,017	461,017
Other comprehensive income/(expense) for the period	-	-	-	-	2,148	11,593	-	13,741
Total comprehensive income/(expense) for the period	-	-	-	-	2,148	11,593	461,017	474,758
Dividends (ordinary shares):-								
- 2010 final	-	-	-	-	-	-	(225,000)	(225,000)
- 2011 interim	-	-	-	-	-	-	(120,000)	(120,000)
At 30 September 2011	125,000	375,000	125,000	190	3,511	2,992	2,052,762	2,684,455

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

BANK	← Non-Distributable Reserves →					Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2010	125,000	375,000	125,000	190	6,868	(8,669)	1,641,356	2,264,745
Profit for the period	-	-	-	-	-	-	314,990	314,990
Other comprehensive (expense)/income for the period	-	-	-	-	(658)	1,857	-	1,199
Total comprehensive (expense)/income for the period	-	-	-	-	(658)	1,857	314,990	316,189
Dividends (ordinary shares):- - 2010 interim	-	-	-	-	-	-	(99,000)	(99,000)
At 30 September 2010	125,000	375,000	125,000	190	6,210	(6,812)	1,857,346	2,481,934

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Group		Bank	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Profit before taxation	678,336	464,680	626,310	416,282
Adjustment for non-cash items	(19,136)	(74,845)	(32,037)	(59,268)
Operating profit before working capital changes	659,200	389,835	594,273	357,014
Changes in working capital:-				
Net changes in operating assets	(3,992,430)	(6,716,090)	(3,394,670)	(6,380,910)
Net changes in operating liabilities	1,325,471	4,805,246	1,092,852	4,977,729
Income taxes paid	(98,855)	(76,956)	(88,507)	(69,532)
Net cash used in operating activities	(2,106,614)	(1,597,965)	(1,796,052)	(1,115,699)
Net cash generated from/(used in) investing activities	2,527,255	(1,000,387)	1,992,808	(270,419)
Net cash used in financing activities	(345,000)	(99,000)	(345,000)	(99,000)
Net increase/(decrease) in cash and cash equivalents	75,641	(2,697,352)	(148,244)	(1,485,118)
Cash and cash equivalent at beginning of the period	4,522,666	8,870,950	3,667,843	7,586,909
Cash and cash equivalent at end of the period	4,598,307	6,173,598	3,519,599	6,101,791

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

STANDARD CHARTERED BANK MALAYSIA BERHAD
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REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM 678.34 million for the nine months ended 30 September 2011, representing a RM 213.66 million or 46% increase compared with the corresponding period last year. Net interest income increased by RM 117.97 million to RM 650.63 million on the back of higher interest rates, in line with the upward OPR movements, and strong loans growth. Other operating income (including income from Islamic Banking operations) increased by RM 104.77 million or 16.56% to RM 632.52 million, whilst operating expenses increased by RM 57.30 million to RM 612.14 million. Recoveries from bad and doubtful debts on loans, advances and financing increased by RM 48.97 million to RM 93.71 million, due to disposal of impaired loans which were written off. Total assets increased by RM 1.77 billion or 4% to RM 47.58 billion. The Group's core capital ratio and risk-weighted capital ratio remained strong at 9.93% and 13.77% respectively.

PROSPECTS

The outlook for the Malaysian economy remains positive with strong growth and an improving business environment. The Group will continue to pursue growth while focusing on maintaining a strong capital and liquidity base in support of Standard Chartered PLC's aspiration to be the world's best international bank, leading the way in Asia, Africa and the Middle East.

The Group's agenda for Consumer Banking will focus on growing market share in target segments through product innovation and customer service while supporting and leveraging from the Islamic Banking business.

The Group aspires to sustain and build Wholesale Banking momentum by deepening relationship with clients and enhance cross border capabilities.

Barring unforeseen circumstances, the Group is expected to continue to record satisfactory performance for the rest of 2011.

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Notes to the financial statements for the nine months ended 30 September 2011

1. Basis of preparation of the financial statements

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

The financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Group. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements, except for the adoption of the following Financial Reporting Standards ("FRSs"), Amendments to FRSs, IC Interpretations and Technical Release ("TR") issued by the MASB:

- i) Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Right Issues*
- ii) FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- iii) FRS 3, *Business Combinations (revised)*
- iv) FRS 127, *Consolidated and Separate Financial Statements (revised)*
- v) Amendments to FRS 2, *Share-based Payment*
- vi) Amendments to FRS 5, *Non-current assets Held for Sale and Discontinued Operations*
- vii) Amendments to FRS 138, *Intangible assets*
- viii) IC Interpretation 12, *Service Concession Agreements*
- ix) IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- x) IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- xi) Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- xii) Amendments to FRS1, *Limited Exemption from Comparative FRS 7 Disclosures for First time Adopters and Additional Exemptions for First-time Adopters*
- xiii) Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- xiv) Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- xv) IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- xvi) IC Interpretation 18, *Transfers of Assets from Customers*
- xvii) Improvements to FRSs (2010)

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and TR do not have any material impacts on the financial statements of the Group and the Bank.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective:

- i) IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- ii) Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*
- iii) FRS 124, *Related Party Disclosures (revised)*
- iv) IC Interpretation 15, *Agreements for the Construction of Real Estate*

The 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 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.

2. 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.

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3. Seasonal or cyclical factors

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

4. 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 in the third quarter and nine months ended 30 September 2011.

5. 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 in the third quarter and nine months ended 30 September 2011.

6. Issuances, cancellations, repurchases, resale and repayments of securities portfolio

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the third quarter and nine months ended 30 September 2011.

7. Dividend

During the nine months ended 30 September 2011, a final dividend (gross) of 240 sen per share less tax, amounting to RM 225,000,000 in respect of the financial year ended 31 December 2010 was paid on 11 April 2011.

An interim dividend (gross) of 128 sen per share less tax, totalling RM 120,000,000 in respect of the financial half year ended 30 June 2011 was paid on 19 September 2011.

8. Carrying amount of revalued assets

The Group's and the Bank's property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The valuations of certain land and buildings of the Group and the Bank have been brought forward without amendment from the previous audited annual financial statements for the financial year ended 31 December 2010.

9. Subsequent events

There were no material events subsequent to the statement of financial position date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group in the third quarter and nine months ended 30 September 2011.

11. Significant event

On 8 February 2011, the Group and the Bank had entered into a conditional Sale and Purchase Agreement ("SPA") for the sale of impaired loans to Aiqon Direct Sdn. Bhd. and Aiqon Ehsan Sdn. Bhd., both are special purpose vehicles ("SPV") incorporated as subsidiaries of Aiqon Capital Sdn. Bhd. Total consideration for the sale amounted to RM 99 million and RM 81 million respectively. Impact to the Group's and the Bank's profit before taxation for the 9 months period ended 30 September 2011 are RM 59 million and RM 48 million respectively.

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12. Financial assets held for trading

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	55,761	194,831	55,761	194,831
Malaysian Government bonds/securities	1,080,823	636,956	1,080,823	636,956
Government Islamic bonds	12,943	20,705	12,943	20,705
Bank Negara Malaysia bills	2,124,356	2,156,498	2,124,356	2,156,498
Cagamas bonds	10,007	-	10,007	-
Negotiable instruments of deposit	290,029	-	290,029	-
Private debt securities	169,316	340,787	169,316	340,787
	<u>3,743,235</u>	<u>3,349,777</u>	<u>3,743,235</u>	<u>3,349,777</u>

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13. Investment securities available-for-sale

	Group		Bank	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities *	1,007,649	1,493,740	1,007,649	1,493,740
Bank Negara Malaysia bills	1,026,493	2,077,444	1,026,493	1,529,339
Cagamas bonds	25,040	25,077	-	-
Bankers' acceptances and Islamic acceptance bills	473,808	506,752	473,808	506,752
Negotiable instruments of deposit	1,550,138	2,480,002	1,515,134	2,445,002
Private debt securities	10,079	15,144	-	-
	<u>4,093,207</u>	<u>6,598,159</u>	<u>4,023,084</u>	<u>5,974,833</u>
Unquoted securities:-				
Equity shares, at cost	9,669	9,647	9,669	9,647
Private debt securities, at fair value	16,420	14,980	16,420	14,980
	<u>4,119,296</u>	<u>6,622,786</u>	<u>4,049,173</u>	<u>5,999,460</u>

* Included in Malaysian Government bonds/securities are Malaysian Government Securities of the Group and the Bank amounting to RM 350 million each (2010: RM 201 million) being utilised to meet Statutory Reserve Requirement as further explained in Note 17.

Included in unquoted equity shares are 51% shareholdings held in Popular Ambience Sdn. Bhd. ("PASB") and Resolution Alliance Sdn Bhd ("RASB"), amounting to RM 51 each. Both companies are incorporated in Malaysia. The remaining 49% shareholdings of PASB are held by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), while that of RASB are held by SCBHK (40%) and an unrelated third party (9%). The principal activities of PASB and RASB are that of special purpose vehicles established to undertake the purchase of non-performing loans.

In accordance with paragraphs 12 and 13 of FRS 127, *Consolidated and Separate Financial Statements*, consolidated financial statements shall include the financial statements of all subsidiaries of the parent where control exists.

The shareholders of PASB and RASB have entered into separate Master Shareholders' Agreements in which the Bank had assigned to SCBHK its rights over all the profits or losses of PASB and RASB and the entitlement to appoint Directors of PASB and RASB. The Bank has therefore ceased to have control over PASB and RASB as it does not have the ability to exercise its power to govern the financial and operating policies of PASB and RASB so as to obtain benefits from its activities. In view of the above, PASB and RASB are excluded from the Group's consolidated financial statements and they are classified under investment securities available-for-sale.

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14. Loans, advances and financing**(i) By type**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
<u>At amortised cost</u>				
Overdrafts	652,112	660,746	652,112	660,746
Term loans/financing				
- Housing loans/financing	13,364,363	13,022,787	12,416,562	12,188,088
- Syndicated term loan/financing	834,560	928,345	834,560	928,345
- Hire purchase receivables	167,912	101,845	-	-
- Lease receivables	449,694	365,030	-	-
- Other term loans/financing	9,311,755	7,827,018	7,511,213	6,438,005
Bills receivable	2,456,470	2,328,025	2,435,791	2,326,325
Trust receipts	1,807,304	1,435,463	1,552,307	1,250,769
Staff loans/financing	82,125	86,539	79,100	83,221
Loans/financing to banks and other financial institutions	224,912	358,259	224,912	358,259
Credit card receivables	1,684,340	1,505,746	1,684,340	1,505,746
Revolving credit	<u>1,287,060</u>	<u>1,120,404</u>	<u>827,884</u>	<u>722,637</u>
	32,322,607	29,740,207	28,218,781	26,462,141
Less: Unearned interest and income	<u>(1,139,573)</u>	<u>(893,959)</u>	<u>(1,686)</u>	<u>(1,693)</u>
Gross loans, advances and financing	31,183,034	28,846,248	28,217,095	26,460,448
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(298,581)	(311,096)	(285,705)	(298,740)
- Collective impairment provisions	<u>(464,558)</u>	<u>(427,246)</u>	<u>(427,226)</u>	<u>(395,947)</u>
Total net loans, advances and financing	<u>30,419,895</u>	<u>28,107,906</u>	<u>27,504,164</u>	<u>25,765,761</u>

(ii) By type of customer

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Domestic banking institutions	-	2,963	-	2,963
Domestic non-bank financial institutions	310,610	321,472	174,100	261,339
Domestic business enterprises	11,100,187	9,716,031	9,867,607	8,612,695
<i>Small medium enterprises</i>	<u>3,330,598</u>	<u>2,890,944</u>	<u>3,199,905</u>	<u>2,764,578</u>
<i>Others</i>	<u>7,769,589</u>	<u>6,825,087</u>	<u>6,667,702</u>	<u>5,848,117</u>
Individuals	17,927,668	16,929,474	16,359,764	15,736,971
Other domestic entities	-	669	-	669
Foreign entities	1,844,569	1,875,639	1,815,624	1,845,811
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

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14. Loans, advances and financing (continued)**(iii) By interest/profit rate sensitivity**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Fixed rate				
Housing loans/financing	46,080	49,725	41,894	45,031
Other fixed rate loan/financing	4,379,112	3,389,887	2,783,546	2,109,176
Variable rate				
BLR plus	16,780,678	16,315,907	16,395,759	16,010,288
Cost plus	9,104,357	8,109,945	8,485,456	7,714,900
Other variable rates	872,807	980,784	510,440	581,053
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

(iv) By sector

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Agriculture	365,761	312,620	200,539	188,985
Mining and quarrying	232,420	164,105	191,575	155,250
Manufacturing	3,843,054	3,350,381	3,445,908	3,096,185
Electricity, gas and water	418,190	639,117	415,913	638,925
Construction	388,721	319,412	358,075	302,016
Real estate	826,069	482,731	629,235	307,411
Wholesale & retail trade and restaurants & hotels	2,298,284	2,135,959	2,143,976	2,034,214
Transportation, storage and communication	408,879	340,342	246,848	107,744
Finance, insurance and business services	1,675,870	1,683,718	1,481,855	1,471,274
Household	18,976,438	17,901,437	17,379,589	16,679,106
Others	1,749,348	1,516,426	1,723,582	1,479,338
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

(v) By purpose

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of securities	406,772	633,625	406,772	633,625
Purchase of landed property	15,894,662	15,434,170	15,425,892	15,039,144
- Residential	12,990,515	12,664,411	12,560,513	12,352,786
- Non-residential	2,904,147	2,769,759	2,865,379	2,686,358
Fixed assets excluding land & building	89,948	53,237	-	-
Personal use	2,770,372	2,146,347	1,593,690	1,271,493
Credit cards	1,684,340	1,505,746	1,684,340	1,505,746
Working capital	10,089,647	8,761,108	8,881,489	7,698,425
Others	247,293	312,015	224,912	312,015
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

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14. Loans, advances and financing (continued)**(vi) By maturity structure**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Maturing within one year	9,937,579	10,456,653	8,908,019	9,494,847
One year to three years	2,025,281	1,232,516	1,604,488	846,327
Three years to five years	3,146,507	1,962,296	2,391,475	1,354,538
Over five years	16,073,667	15,194,783	15,313,113	14,764,736
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Within Malaysia	30,917,064	28,492,454	27,951,125	26,106,654
Outside Malaysia	265,970	353,794	265,970	353,794
	<u>31,183,034</u>	<u>28,846,248</u>	<u>28,217,095</u>	<u>26,460,448</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
USD	2,182,178	1,513,419	1,993,552	1,381,405
GBP	577,417	561,076	577,417	561,076
Other foreign currencies	11,872	23,259	11,872	22,987
	<u>11,872</u>	<u>23,259</u>	<u>11,872</u>	<u>22,987</u>

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15. Impaired loans, advances and financing**(i) Movements in impaired loans, advances and financing**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
At 1 January	441,715	453,505	419,285	439,359
Classified as impaired during the financial period/year	382,906	551,890	340,666	491,105
Reclassified as performing during the financial period/year	(222,551)	(293,399)	(221,953)	(292,512)
Amount recovered during the financial period/year	(55,351)	(67,274)	(49,104)	(59,660)
Amount written off during the financial period/year	(160,235)	(203,007)	(122,371)	(159,007)
At end of reporting period/year	<u>386,484</u>	<u>441,715</u>	<u>366,523</u>	<u>419,285</u>
Individual impairment provisions	<u>(298,581)</u>	<u>(311,096)</u>	<u>(285,705)</u>	<u>(298,740)</u>
Net impaired loans, advances and financing	<u>87,903</u>	<u>130,619</u>	<u>80,818</u>	<u>120,545</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.29%</u>	<u>0.46%</u>	<u>0.29%</u>	<u>0.46%</u>

(ii) Movements in impairment provisions for loans, advances and financing

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Collective impairment provisions				
At 1 January	427,246	352,831	395,947	329,090
Impairment made during the financial period/year	50,803	101,714	42,100	86,717
Amount written back	(13,491)	(27,299)	(10,821)	(19,860)
At end of reporting period/year	<u>464,558</u>	<u>427,246</u>	<u>427,226</u>	<u>395,947</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
Individual impairment provisions				
At 1 January	311,096	308,569	298,740	297,327
Impairment made during the financial period/year	152,241	214,421	113,482	168,375
Amount written back	(59,350)	(72,426)	(58,810)	(71,539)
Amount written off	(105,406)	(139,468)	(67,707)	(95,423)
At end of reporting period/year	<u>298,581</u>	<u>311,096</u>	<u>285,705</u>	<u>298,740</u>

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15. Impaired loans, advances and financing (continued)**(iii) Impaired loans, advances and financing by sector**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Agriculture	14,425	13,981	14,425	13,981
Manufacturing	29,695	34,832	29,451	32,819
Construction	55,025	55,563	55,025	55,563
Real estate	831	-	831	-
Wholesale & retail trade and restaurants & hotels	46,726	49,392	46,726	49,392
Transportation, storage and communication	134	32	134	32
Finance, insurance and business services	1,239	2,567	1,239	2,567
Household	236,603	273,169	216,886	252,752
Others	1,806	12,179	1,806	12,179
	<u>386,484</u>	<u>441,715</u>	<u>366,523</u>	<u>419,285</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of landed property	201,971	242,183	193,737	232,684
- Residential	185,944	217,209	177,710	207,710
- Non-residential	16,027	24,974	16,027	24,974
Personal use	26,536	27,875	14,924	14,979
Credit cards	13,676	14,790	13,676	14,790
Working capital	144,301	156,867	144,186	156,832
	<u>386,484</u>	<u>441,715</u>	<u>366,523</u>	<u>419,285</u>

(v) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Within Malaysia	386,382	441,098	366,421	418,668
Outside Malaysia	102	617	102	617
	<u>386,484</u>	<u>441,715</u>	<u>366,523</u>	<u>419,285</u>

16. Other assets

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Interest/Income receivables	29,159	39,392	39,458	40,906
Other receivables, deposits and prepayments	1,302,420	167,981	1,512,880	244,039
	<u>1,331,579</u>	<u>207,373</u>	<u>1,552,338</u>	<u>284,945</u>

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17. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in accordance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised 1994) to satisfy the Statutory Reserve Requirement ("SRR"); the amounts of which are determined as set percentages of total eligible liabilities.

In accordance with BNM's circular titled "Regulatory Treatment related to the Statutory Reserve Requirement Incentive for Principal Dealers and Islamic Principal Dealers" issued on 10 July 2009, the Bank, being a principal dealer appointed by BNM, is allowed to utilise Malaysian Government Securities ("MGS") to meet the SRR. As at 30 September 2011, MGS of the Group and the Bank with nominal amount of RM 350 million each (2010: RM 201 million) are utilised for SRR purposes. These securities are included in the investment securities available-for-sale (Note 13).

18. Deposits from customers**(i) By type of deposits**

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Demand deposits	12,950,584	12,825,314	12,558,123	12,359,091
Savings deposits	3,227,278	3,942,783	3,122,258	3,879,015
Fixed/Investment deposits	17,979,219	16,803,823	16,760,882	16,198,205
Negotiable instruments of deposits	521,502	684,808	376,752	498,957
	<u>34,678,583</u>	<u>34,256,728</u>	<u>32,818,015</u>	<u>32,935,268</u>

The maturity structure of the fixed/investment deposits and negotiable instruments of deposits is as follows:-

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Due within six months	14,919,553	13,976,010	13,868,596	13,384,052
Six months to one year	2,461,721	2,456,205	2,265,877	2,368,938
One year to three years	223,483	117,495	199,673	91,097
Three years to five years	502,025	533,137	502,025	533,137
Over five years	393,939	405,784	301,463	319,938
	<u>18,499,721</u>	<u>17,488,631</u>	<u>17,037,534</u>	<u>16,667,162</u>

(ii) By type of customers

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Government and statutory bodies	210,590	126,072	25,782	26,072
Business enterprises	15,465,545	15,032,215	14,788,254	14,486,533
Individuals	16,993,375	16,955,819	16,216,149	16,510,743
Others	2,009,073	2,142,622	1,787,830	1,911,920
	<u>34,678,583</u>	<u>34,256,728</u>	<u>32,818,015</u>	<u>32,935,268</u>

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19. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Licensed banks	249,652	278,846	242,255	253,271
Bank Negara Malaysia	88,738	77,637	88,738	77,637
Other financial institutions	3,718,192	3,265,321	3,627,053	3,189,499
	<u>4,056,582</u>	<u>3,621,804</u>	<u>3,958,046</u>	<u>3,520,407</u>

20. Other liabilities

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Interest/Income payable	161,164	125,194	153,452	121,319
Amount owing to subsidiaries	-	-	22	22
Profit equalisation reserve	3,528	7,478	-	-
Other payables and accruals	2,834,065	2,316,231	2,988,694	2,322,962
	<u>2,998,757</u>	<u>2,448,903</u>	<u>3,142,168</u>	<u>2,444,303</u>

The movements in profit equalisation reserve are as follows:-

Profit equalisation reserve

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
At 1 January	7,478	7,478	-	-
Amount provided during the financial period/year	-	-	-	-
Amount written back during the financial period	(3,950)	-	-	-
At end of reporting period/year	<u>3,528</u>	<u>7,478</u>	<u>-</u>	<u>-</u>

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21. Interest income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	331,023	263,557	936,448	710,150
- Recoveries from impaired loans	4,714	2,239	14,126	17,639
Money at call and deposit placements				
with banks and other financial institutions	25,477	11,007	82,914	96,220
Financial assets held for trading	22,972	30,169	53,982	62,824
Investment securities available-for-sale	31,787	42,852	103,886	105,689
	<u>415,973</u>	<u>349,824</u>	<u>1,191,356</u>	<u>992,522</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	331,023	263,557	936,448	710,150
- Recoveries from impaired loans	4,714	2,239	14,126	17,639
Money at call and deposit placements				
with banks and other financial institutions	39,337	22,216	123,933	131,809
Financial assets held for trading	22,975	30,169	53,985	62,824
Investment securities available-for-sale	31,787	42,852	103,886	105,689
	<u>429,836</u>	<u>361,033</u>	<u>1,232,378</u>	<u>1,028,111</u>

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22. Interest expense

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	9,002	14,297	42,593	53,561
Deposits from customers	162,261	138,280	461,433	365,886
Loans sold to Cagamas	-	1,408	708	4,369
Subordinated debts	12,106	12,106	35,993	36,051
	<u>183,369</u>	<u>166,091</u>	<u>540,727</u>	<u>459,867</u>

23. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	22,922	28,246	67,255	86,800
Transfer to profit equalisation reserves	3,950	-	3,950	-
Total distributable income	<u>26,872</u>	<u>28,246</u>	<u>71,205</u>	<u>86,800</u>
Income attributable to depositors	<u>(7,675)</u>	<u>(7,394)</u>	<u>(19,754)</u>	<u>(13,114)</u>
Income attributable to the Bank	19,197	20,852	51,451	73,686
Income derived from investment of Islamic banking capital funds and shareholder's funds	<u>63,032</u>	<u>39,488</u>	<u>134,965</u>	<u>112,040</u>
	<u>82,229</u>	<u>60,340</u>	<u>186,416</u>	<u>185,726</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	-	-	-
Transfer to profit equalisation reserves	-	-	-	-
Total distributable income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income attributable to depositors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income attributable to the Bank	-	-	-	-
Income derived from investment of Islamic banking capital funds and shareholder's funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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24. Other operating income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	73,943	69,042	205,426	198,580
- <i>Commission income</i>	46,073	37,486	135,009	115,538
- <i>Service fees</i>	19,791	22,465	47,901	63,052
- <i>Guarantee fees</i>	8,079	9,091	22,516	19,990
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(11,754)	(14,814)	(35,109)	(27,691)
- <i>Commission charges</i>	(3,805)	(10,181)	(16,919)	(12,102)
- <i>Service charges</i>	(7,949)	(4,633)	(18,190)	(15,589)
	<u>62,189</u>	<u>54,228</u>	<u>170,317</u>	<u>170,889</u>
Net trading income				
(Loss)/gains from sale of financial assets held for trading and derivative financial instruments	(47,717)	7,863	11,499	25,855
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	154,752	35,205	147,804	86,828
Foreign exchange currency				
- Gains/(loss) from dealing in foreign currency	47,108	42,679	138,605	(14,195)
- Unrealised gains/(loss) from foreign exchange translation	26,035	(936)	59,182	136,382
	<u>180,178</u>	<u>84,811</u>	<u>357,090</u>	<u>234,870</u>
Other income				
Gains from sale of investment securities available-for-sale	192	205	621	10,601
Gross dividends from unquoted investments	28	10,714	17,353	28,908
Rental (expense)/income	(64)	(1)	(93)	100
Gain on disposal of property, plant and equipment	-	32	-	435
Others	1,553	410	5,585	988
	<u>1,709</u>	<u>11,360</u>	<u>23,466</u>	<u>41,032</u>
Total other operating income	<u>244,076</u>	<u>150,399</u>	<u>550,873</u>	<u>446,791</u>

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24. Other operating income (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	73,943	69,042	205,426	198,580
- <i>Commission income</i>	46,073	37,486	135,009	115,538
- <i>Service fees</i>	19,791	22,465	47,901	63,052
- <i>Guarantee fees</i>	8,079	9,091	22,516	19,990
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(11,754)	(14,814)	(35,109)	(27,691)
- <i>Commission charges</i>	(3,805)	(10,181)	(16,919)	(12,102)
- <i>Service charges</i>	(7,949)	(4,633)	(18,190)	(15,589)
	<u>62,189</u>	<u>54,228</u>	<u>170,317</u>	<u>170,889</u>
Net trading income				
(Loss)/gains from sale of financial assets held for trading and derivative financial instruments	(47,717)	7,863	11,499	25,855
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	154,752	35,205	147,804	86,828
Foreign exchange currency				
- Gains/(loss) from dealing in foreign currency	47,108	42,679	138,605	(14,195)
- Unrealised gains/(loss) from foreign exchange translation	26,035	(936)	59,182	136,382
	<u>180,178</u>	<u>84,811</u>	<u>357,090</u>	<u>234,870</u>
Other income				
Gains from sale of investment securities available-for-sale	192	205	621	10,601
Gross dividends from unquoted investments	28	10,714	17,353	28,908
Rental (expense)/income	(64)	(1)	(93)	100
Gain on disposal of property, plant and equipment	-	32	-	435
Others	15,813	16,246	48,805	45,079
	<u>15,969</u>	<u>27,196</u>	<u>66,686</u>	<u>85,123</u>
Total other operating income	<u>258,336</u>	<u>166,235</u>	<u>594,093</u>	<u>490,882</u>

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25. Other operating expenses

	Group			
	3rd Quarter ended		Nine months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	RM'000	RM'000	RM'000	RM'000
The Group recorded a profit before taxation of RM 678				
Personnel costs				
- Salaries, bonuses, wages and allowances	69,173	61,149	201,464	176,658
- Pension fund contributions	7,348	7,064	21,840	20,314
- Other staff related cost	4,012	9,543	19,803	24,984
	<u>80,533</u>	<u>77,756</u>	<u>243,107</u>	<u>221,956</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,601	6,214	19,441	18,195
- Rental	6,706	5,445	18,839	16,450
- Information technology and project expenses	21,066	22,197	59,024	60,798
- Others	10,284	10,168	27,049	27,055
	<u>44,657</u>	<u>44,024</u>	<u>124,353</u>	<u>122,498</u>
Marketing expenses				
- Advertisement and publicity	9,399	6,768	20,421	20,010
- Others	6,566	7,798	18,561	20,198
	<u>15,965</u>	<u>14,566</u>	<u>38,982</u>	<u>40,208</u>
Administration and general expenses				
- Communication expenses	3,707	1,827	10,848	8,400
- Group administration and business support expenses	25,040	12,234	74,502	65,907
- Outsourcing expenses	17,665	16,602	53,095	43,903
- Others	37,845	16,640	67,258	51,973
	<u>84,257</u>	<u>47,303</u>	<u>205,703</u>	<u>170,183</u>
Total other operating expenses	<u>225,412</u>	<u>183,649</u>	<u>612,145</u>	<u>554,845</u>

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25. Other operating expenses (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	67,746	60,402	196,854	174,909
- Pension fund contributions	7,348	7,064	21,840	20,314
- Other staff related cost	3,650	9,268	18,984	24,606
	<u>78,744</u>	<u>76,734</u>	<u>237,678</u>	<u>219,829</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,085	6,214	17,898	18,195
- Rental	6,411	5,445	17,986	16,450
- Information technology and project expenses	21,059	22,189	58,983	60,781
- Others	10,970	9,992	26,756	26,864
	<u>44,525</u>	<u>43,840</u>	<u>121,623</u>	<u>122,290</u>
Marketing expenses				
- Advertisement and publicity	9,260	6,289	19,991	19,078
- Others	5,597	7,778	17,399	20,175
	<u>14,857</u>	<u>14,067</u>	<u>37,390</u>	<u>39,253</u>
Administration and general expenses				
- Communication expenses	3,568	1,810	10,433	8,362
- Group administration and business support expenses	23,604	10,584	70,840	61,201
- Outsourcing expenses	17,665	16,602	53,095	43,903
- Others	35,345	15,505	60,905	48,338
	<u>80,182</u>	<u>44,501</u>	<u>195,273</u>	<u>161,804</u>
Total other operating expenses	<u><u>218,308</u></u>	<u><u>179,142</u></u>	<u><u>591,964</u></u>	<u><u>543,176</u></u>

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26. Provisions for loans, advances and financing

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	33,872	30,501	97,067	91,235
- Made in the financial period	53,640	46,720	152,241	145,355
- Written back	(19,768)	(16,219)	(55,174)	(54,120)
Collective impairment provisions				
- Made in the financial period	16,820	24,850	50,803	73,663
- Written back	(3,643)	(9,482)	(13,491)	(24,484)
Bad and doubtful debts on loans, advances and financing:-				
Written off	20,856	16,484	56,771	49,977
Recovered	(16,445)	(14,567)	(93,713)	(44,744)
	<u>51,460</u>	<u>47,786</u>	<u>97,437</u>	<u>145,647</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	21,054	18,150	58,848	58,430
- Made in the financial period	40,593	34,270	113,482	111,895
- Written back	(19,539)	(16,120)	(54,634)	(53,465)
Collective impairment provisions				
- Made in the financial period	12,270	20,998	42,100	53,345
- Written back	(3,400)	(8,976)	(10,821)	(17,340)
Bad and doubtful debts on loans, advances and financing:-				
Written off	20,856	16,484	56,771	49,977
Recovered	(14,662)	(14,567)	(79,428)	(44,744)
	<u>36,118</u>	<u>32,089</u>	<u>67,470</u>	<u>99,668</u>

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27. Commitments and contingencies

In ordinary course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies are as follows:-

Group	30 September 2011			31 December 2010		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,035,140	2,033,220	473,657	1,277,004	1,277,004	362,744
Transaction-related contingent items	3,730,212	3,645,865	987,924	3,202,905	3,131,157	801,467
Short-term self liquidating trade-related contingencies	464,282	428,059	98,419	195,473	163,000	65,924
Sell and buy back agreements	-	-	-	70,797	70,797	2,235
Other commitments to extend credit:-						
- maturity not exceeding one year	12,087,417	3,947,717	1,284,036	11,769,362	3,740,659	1,218,389
- maturity exceeding one year	5,180,840	1,721,857	781,876	4,346,479	1,750,451	774,013
Foreign exchange related contracts:-						
- less than one year	41,848,882	1,242,329	404,206	41,166,278	1,131,926	307,874
- one year to less than five years	10,232,505	957,330	245,238	11,916,400	1,177,274	372,210
- five years and above	4,599,444	970,069	215,360	4,504,133	826,478	185,849
Interest rate related contracts:-						
- less than one year	22,648,364	67,231	8,761	24,924,926	103,836	21,433
- one year to less than five years	47,263,456	1,345,583	388,351	44,561,020	1,129,231	305,227
- five years and above	7,124,114	743,342	244,770	7,360,722	699,656	263,169
Miscellaneous commitments and contingencies	2,354,373	200,452	122,217	7,062,336	636,357	448,121
	<u>159,569,029</u>	<u>17,303,054</u>	<u>5,254,815</u>	<u>162,357,835</u>	<u>15,837,826</u>	<u>5,128,655</u>

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

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27. Commitments and contingencies (continued)

	30 September 2011			31 December 2010		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Bank						
Direct credit substitutes	2,027,295	2,027,225	470,274	1,243,177	1,243,177	348,639
Transaction-related contingent items	3,704,220	3,622,791	981,476	3,178,218	3,106,471	794,194
Short-term self liquidating trade-related contingencies	409,122	375,402	82,234	184,877	152,404	62,612
Sell and buy back agreements	-	-	-	39,972	39,972	793
Other commitments to extend credit:-						
- maturity not exceeding one year	11,070,852	3,853,215	1,230,699	10,802,817	3,649,549	1,156,489
- maturity exceeding one year	4,653,575	1,701,320	763,274	3,975,398	1,729,671	757,052
Foreign exchange related contracts:-						
- less than one year	41,848,882	1,242,573	399,669	41,166,278	1,131,953	307,861
- one year to less than five years	10,232,505	957,330	245,238	11,860,301	1,172,483	369,197
- five years and above	4,599,444	970,069	215,360	4,504,133	826,478	185,849
Interest rate related contracts:-						
- less than one year	22,648,364	67,231	8,761	24,924,926	103,836	21,433
- one year to less than five years	47,463,456	1,347,583	357,246	44,761,020	1,166,559	313,438
- five years and above	7,124,114	733,309	244,612	7,360,722	687,425	216,821
Miscellaneous commitments and contingencies	2,354,373	200,452	122,217	7,062,336	636,357	448,121
	<u>158,136,202</u>	<u>17,098,500</u>	<u>5,121,060</u>	<u>161,064,175</u>	<u>15,646,335</u>	<u>4,982,499</u>

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

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28. Interest rate risk

The tables below summarise the Group's and the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

Group As at 30 September 2011	← Non-trading books →					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Financial assets								
Cash and short term funds	3,725,132	-	-	-	873,176	-	4,598,308	2.48
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Securities purchased under resale agreements	243,083	-	-	-	-	-	243,083	2.73
Financial assets held for trading	-	-	-	-	-	3,743,235	3,743,235	3.63
Investment securities available-for-sale	2,731,461	925,280	252,445	184,264	25,846	-	4,119,296	3.08
Loans, advances and financing								
- Performing	24,156,250	2,766,944	2,085,203	1,321,271	2,324	-	30,331,992	5.41
- Impaired	-	-	-	-	87,903	-	87,903	
Derivative financial assets	-	-	-	-	-	2,277,225	2,277,225	
Other balances	-	-	-	-	1,963,598	-	1,963,598	
	30,855,926	3,692,224	2,337,648	1,505,535	2,952,847	6,020,460	47,364,640	
Financial liabilities								
Deposits from customers	22,644,855	4,279,323	726,102	393,934	6,634,369	-	34,678,583	2.32
Deposits and placements of banks and other financial institutions	3,300,029	686,553	30,000	40,000	-	-	4,056,582	3.59
Derivative financial liabilities	-	-	-	-	-	2,040,147	2,040,147	
Other balances	-	-	-	-	2,998,757	-	2,998,757	
Subordinated debts	380,000	-	504,241	-	-	-	884,241	5.45
	26,324,884	4,965,877	1,260,343	433,934	9,633,126	2,040,147	44,658,310	
On-balance sheet interest sensitivity gap	4,531,042	(1,273,653)	1,077,305	1,071,601	(6,680,279)	3,980,313		
Off-balance sheet interest sensitivity gap	(3,535,437)	949,066	(1,291,755)	(653,952)	-	-		
Total interest sensitivity gap	995,605	(324,587)	(214,450)	417,649	(6,680,279)	3,980,313		

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28. Interest rate risk (continued)

Group As at 31 December 2010	Non-trading books					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Financial assets								
Cash and short term funds	3,776,116	-	-	-	746,550	-	4,522,666	1.82
Deposits and placements with banks and other financial institutions	293,259	64,923	-	-	-	-	358,182	2.11
Securities purchased under resale agreements	89,854	-	-	-	-	-	89,854	2.30
Financial assets held for trading	-	-	-	-	-	3,349,777	3,349,777	3.42
Investment securities available-for-sale	4,496,450	1,091,640	1,010,069	243	24,384	-	6,622,786	2.91
Loans, advances and financing								
- Performing	22,269,555	3,427,615	1,454,346	824,532	1,239	-	27,977,287	5.22
- Impaired	-	-	-	-	130,619	-	130,619	
Derivative financial assets	-	-	-	-	-	2,335,191	2,335,191	
Other balances	-	-	-	-	244,133	-	244,133	
	30,925,234	4,584,178	2,464,415	824,775	1,146,925	5,684,968	45,630,495	
Financial liabilities								
Deposits from customers	22,496,373	4,102,200	656,206	384,007	6,617,942	-	34,256,728	1.93
Deposits and placements of banks and other financial institutions	2,970,021	640,617	7,551	3,615	-	-	3,621,804	2.42
Bills and acceptances payable	6,792	-	-	-	-	-	6,792	3.37
Recourse obligations on loans sold to Cagamas Berhad	72,919	-	-	-	-	-	72,919	4.60
Derivative financial liabilities	-	-	-	-	-	1,886,049	1,886,049	
Other balances	-	-	-	-	2,448,903	-	2,448,903	
Subordinated debts	-	380,000	505,652	-	-	-	885,652	5.45
	25,546,105	5,122,817	1,169,409	387,622	9,066,845	1,886,049	43,178,847	
On-balance sheet interest sensitivity gap	5,379,129	(538,639)	1,295,006	437,153	(7,919,920)	3,798,919		
Off-balance sheet interest sensitivity gap	(7,033,571)	3,418,721	(402,670)	(871,933)	-	-		
Total interest sensitivity gap	(1,654,442)	2,880,082	892,336	(434,780)	(7,919,920)	3,798,919		

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28. Interest rate risk (continued)

The tables below summarise the Group's and the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

Bank	← Non-trading books →				Non-interest sensitive	Trading books	Total	Effective interest rate (%)
	3 months or less	> 3 - 12 months	> 1 - 5 years	Over 5 years				
As at 30 September 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets								
Cash and short term funds	2,811,541	-	-	-	708,058	-	3,519,599	2.27
Deposits and placements with banks and other financial institutions	1,454,147	32,281	-	163,579	-	-	1,650,007	3.04
Securities purchased under resale agreements	243,083	-	-	-	-	-	243,083	2.73
Financial assets held for trading	-	-	-	-	-	3,743,235	3,743,235	3.63
Investment securities available-for-sale	2,696,457	890,161	252,445	184,264	25,846	-	4,049,173	3.08
Loans, advances and financing								
- Performing	23,436,394	2,663,673	863,015	460,264	-	-	27,423,346	5.06
- Impaired	-	-	-	-	80,818	-	80,818	
Derivative financial assets	-	-	-	-	-	2,277,126	2,277,126	
Other balances	-	-	-	-	2,091,848	-	2,091,848	
	30,641,622	3,586,115	1,115,460	808,107	2,906,570	6,020,361	45,078,235	
Financial liabilities								
Deposits from customers	21,464,755	3,715,297	702,133	301,462	6,634,368	-	32,818,015	2.23
Deposits and placements of banks and other financial institutions	3,201,493	686,553	30,000	40,000	-	-	3,958,046	3.80
Derivative financial liabilities	-	-	-	-	-	2,040,767	2,040,767	
Other balances	-	-	-	-	3,142,168	-	3,142,168	
Subordinated debts	380,000	-	504,241	-	-	-	884,241	5.45
	25,046,248	4,401,850	1,236,374	341,462	9,776,536	2,040,767	42,843,237	
On-balance sheet interest sensitivity gap	5,595,374	(815,735)	(120,914)	466,645	(6,869,966)	3,979,594		
Off-balance sheet interest sensitivity gap	(3,535,437)	949,066	(1,291,755)	(653,952)	-	-		
Total interest sensitivity gap	2,059,937	133,331	(1,412,669)	(187,307)	(6,869,966)	3,979,594		

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28. Interest rate risk (continued)

Bank As at 31 December 2010	← Non-trading books →				Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
Financial assets								
Cash and short term funds	3,141,681	-	-	-	526,162	-	3,667,843	1.63
Deposits and placements with banks and other financial institutions	1,085,133	1,001,597	-	177,000	-	-	2,263,730	2.64
Securities purchased under resale agreements	89,854	-	-	-	-	-	89,854	2.30
Financial assets held for trading	-	-	-	-	-	3,349,777	3,349,777	3.42
Investment securities available-for-sale	4,162,817	837,162	974,854	243	24,384	-	5,999,460	2.90
Loans, advances and financing								
- Performing	21,481,245	3,323,393	532,776	307,802	-	-	25,645,216	4.94
- Impaired	-	-	-	-	120,545	-	120,545	
Derivative financial assets	-	-	-	-	-	2,333,269	2,333,269	
Other balances	-	-	-	-	296,945	-	296,945	
	29,960,730	5,162,152	1,507,630	485,045	968,036	5,683,046	43,766,639	
Financial liabilities								
Deposits from customers	21,592,625	3,796,746	629,792	298,163	6,617,942	-	32,935,268	1.90
Deposits and placements of banks and other financial institutions	2,879,790	640,617	-	-	-	-	3,520,407	2.49
Bills and acceptances payable	6,792	-	-	-	-	-	6,792	3.37
Recourse obligations on loans sold to Cagamas Berhad	72,919	-	-	-	-	-	72,919	4.60
Derivative financial liabilities	-	-	-	-	-	1,885,045	1,885,045	
Other balances	-	-	-	-	2,444,303	-	2,444,303	
Subordinated debts	-	380,000	505,652	-	-	-	885,652	5.45
	24,552,126	4,817,363	1,135,444	298,163	9,062,245	1,885,045	41,750,386	
On-balance sheet interest sensitivity gap	5,408,604	344,789	372,186	186,882	(8,094,209)	3,798,001		
Off-balance sheet interest sensitivity gap	(7,033,571)	3,418,721	(402,670)	(871,933)	-	-		
Total interest sensitivity gap	(1,624,967)	3,763,510	(30,484)	(685,051)	(8,094,209)	3,798,001		

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29. Capital adequacy

The capital adequacy ratios of the Group and the Bank as at 30 September 2011 are analysed as follows:-

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Share premium	375,000	375,000	375,000	375,000
Other reserves	2,271,864	2,117,302	2,173,528	2,057,511
Less: Deferred tax assets	(160,659)	(118,742)	(151,761)	(111,525)
Eligible Tier 1 capital	<u>2,611,205</u>	<u>2,498,560</u>	<u>2,521,767</u>	<u>2,445,986</u>
Tier 2 Capital				
Islamic subordinated debt	380,000	380,000	380,000	380,000
Subordinated bonds	500,000	500,000	500,000	500,000
Collective impairment provisions under standardised approach	69,058	62,990	74,978	67,588
Surplus of total eligible provisions over total expected loss under AIRB approach	58,794	85,503	95,597	93,575
	<u>1,007,852</u>	<u>1,028,493</u>	<u>1,050,575</u>	<u>1,041,163</u>
Less: Investment in subsidiaries	-	-	(386,022)	(386,022)
Eligible Tier 2 capital	<u>1,007,852</u>	<u>1,028,493</u>	<u>664,553</u>	<u>655,141</u>
Total capital base	<u>3,619,057</u>	<u>3,527,053</u>	<u>3,186,320</u>	<u>3,101,127</u>

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

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Total risk-weighted assets:-				
Credit risk	21,673,511	20,220,010	19,321,886	18,711,609
Market risk	1,711,442	1,715,769	1,711,442	1,715,769
Operational risk	2,900,352	2,802,491	2,626,353	2,610,212
Large exposure for equity holdings	621	621	621	621
	<u>26,285,926</u>	<u>24,738,891</u>	<u>23,660,302</u>	<u>23,038,211</u>

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29. Capital adequacy (continued)

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

	Group		Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Tier 1 capital ratio	9.93%	10.10%	10.66%	10.62%
Risk-weighted capital ratio	13.77%	14.26%	13.47%	13.46%

The capital adequacy ratios of the Islamic banking subsidiary of the Bank are as follows:-

	30 September 2011	31 December 2010
Tier 1 capital ratio	12.65%	14.40%
Risk-weighted capital ratio	12.65%	14.40%