

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2009

Domiciled in Malaysia.
Registered Office:
2, Leboh Ampang,
50100 Kuala Lumpur

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the first financial quarter ended 31 March 2009 have been prepared from the Group and the Bank's accounting and other records and that they are in accordance with the requirements of FRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") issued by Bank Negara Malaysia on 5 October 2004.

BALDEV SINGH
Chief Financial Officer

Date : 29 April 2009

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED BALANCE SHEETS
AS AT 31 MARCH 2009

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term funds		10,947,117	8,428,554	9,720,779	7,445,455
Securities purchased under resale agreements		1,311,569	3,778,793	1,311,569	3,778,793
Deposits and placements with banks and other financial institutions		506,523	997,814	1,451,013	1,941,125
Securities held-for-trading	<i>11</i>	3,102,689	3,491,259	2,856,029	3,223,521
Securities available-for-sale	<i>12</i>	4,683,468	3,914,911	4,067,083	3,349,350
Loans, advances and financing	<i>13</i>	28,628,092	29,719,270	25,834,520	26,792,239
Other assets	<i>15</i>	1,704,214	1,417,121	1,952,696	1,424,328
Statutory deposits with Bank Negara Malaysia		250,627	653,026	220,998	580,497
Investment in subsidiaries		-	-	660,021	660,021
Prepaid land lease payments		19,438	19,551	19,438	19,551
Property and equipment		255,849	258,092	252,186	255,609
Intangible assets		53,810	51,153	52,135	49,789
Deferred tax assets		86,056	86,769	71,814	71,566
Total Assets		51,549,452	52,816,313	48,470,281	49,591,844
Liabilities					
Deposits from customers	<i>16</i>	41,286,630	40,953,472	38,343,954	37,709,152
Deposits and placements of banks and other financial institutions	<i>17</i>	2,228,961	3,531,472	2,181,511	3,531,472
Bills and acceptances payable		280,273	414,233	279,284	413,180
Other liabilities	<i>18</i>	2,282,917	2,569,719	2,233,522	2,614,505
Recourse obligation on loans sold to Cagamas Berhad		685,946	701,370	685,946	701,370
Provision for taxation and zakat		19,689	41,160	18,375	41,090
Subordinated bonds	<i>19</i>	1,017,381	1,027,338	1,017,381	1,027,338
Total Liabilities		47,801,797	49,238,764	44,759,973	46,038,107
Shareholders' Funds					
Share capital		114,500	114,500	114,500	114,500
Reserves		3,483,155	3,313,049	3,445,808	3,289,237
Proposed dividend		150,000	150,000	150,000	150,000
Shareholders' funds		3,747,655	3,577,549	3,710,308	3,553,737
Total Liabilities and Shareholders' Funds		51,549,452	52,816,313	48,470,281	49,591,844
Commitments and Contingencies	<i>26</i>	89,012,445	85,309,889	87,271,594	83,633,914

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 29 April 2009.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2009

	<i>Group</i>				
	<i>Note</i>	1st quarter ended		Year-To-Date ended	
		31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000	
Revenue		785,788	906,307	785,788	906,307
Interest income	20	480,217	518,179	480,217	518,179
Interest expense	21	(215,591)	(237,509)	(215,591)	(237,509)
Net interest income		264,626	280,670	264,626	280,670
Other operating income	22	220,014	302,550	220,014	302,550
Income from Islamic banking operations	28(f)	68,368	58,388	68,368	58,388
Operating income		553,008	641,608	553,008	641,608
Other operating expenses	23	(247,392)	(244,654)	(247,392)	(244,654)
Profit before allowance		305,616	396,954	305,616	396,954
Allowance for losses on loans and financing	24	(48,410)	(48,911)	(48,410)	(48,911)
Impairment losses on available for sale securities		(9,637)	-	(9,637)	-
Profit before taxation and zakat		247,569	348,043	247,569	348,043
Taxation and zakat		(63,279)	(95,054)	(63,279)	(95,054)
Profit attributable to shareholders		184,290	252,989	184,290	252,989
Earnings per RM0.50 ordinary share - basic/diluted		80.5 sen	110.5 sen	80.5 sen	110.5 sen
Dividends per RM0.50 ordinary share (net) - paid in respect of prior year		-	109.2 sen	-	109.2 sen

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INCOME STATEMENTS (CONT'D)
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2009

	<i>Bank</i>				
	<i>Note</i>	1st quarter ended		Year-To-Date ended	
		31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000	
Revenue		724,847	906,307	724,847	906,307
Interest income	20	486,596	518,179	486,596	518,179
Interest expense	21	(215,591)	(237,509)	(215,591)	(237,509)
Net interest income		271,005	280,670	271,005	280,670
Other operating income	22	238,251	302,550	238,251	302,550
Income from Islamic banking operations	28(f)	-	58,388	-	58,388
Operating income		509,256	641,608	509,256	641,608
Other operating expenses	23	(233,979)	(244,654)	(233,979)	(244,654)
Profit before allowance		275,277	396,954	275,277	396,954
Allowance for losses on loans and financing	24	(35,845)	(48,911)	(35,845)	(48,911)
Impairment losses on available-for-sale securities		(9,637)	-	(9,637)	-
Profit before taxation and zakat		229,795	348,043	229,795	348,043
Taxation and zakat		(58,052)	(95,054)	(58,052)	(95,054)
Profit attributable to shareholders		171,743	252,989	171,743	252,989
Earnings per RM0.50 ordinary share - basic/diluted		75.0 sen	110.5 sen	75.0 sen	110.5 sen
Dividends per RM0.50 ordinary share (net) - paid in respect of prior year		-	109.2 sen	-	109.2 sen

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	<i>Group</i>									
	← <i>Non-distributable</i>				→ <i>Distributable</i>					
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Capital redemption reserve</i>	<i>Available- for-sale reserve</i>	<i>Retained profit</i>	<i>Total reserves</i>	<i>Proposed dividend</i>	<i>Total Shareholders' funds</i>
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2008	114,500	741,375	114,500	122,769	190,000	41,347	1,546,760	2,756,751	250,000	3,121,251
Deferred tax adjustment on revaluation reserve	-	-	-	816	-	-	-	816	-	816
Net unrealised losses on revaluation	-	-	-	-	-	(4,616)	-	(4,616)	-	(4,616)
Net gains transferred to income statement	-	-	-	-	-	(17,865)	-	(17,865)	-	(17,865)
Net gains/(losses) recognised directly in equity	-	-	-	816	-	(22,481)	-	(21,665)	-	(21,665)
Net profit for the period	-	-	-	-	-	-	252,989	252,989	-	252,989
Total recognised income and expense for the period	-	-	-	816	-	(22,481)	252,989	231,324	-	231,324
Dividend paid - 2007 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Balance as at 31 March 2008	114,500	741,375	114,500	123,585	190,000	18,866	1,799,749	2,988,075	-	3,102,575
Balance as at 1 April 2008	114,500	741,375	114,500	123,585	190,000	18,866	1,799,749	2,988,075	-	3,102,575
Deferred tax adjustment on revaluation reserve	-	-	-	-	-	-	-	-	-	-
Net unrealised losses on revaluation	-	-	-	-	-	(1,996)	-	(1,996)	-	(1,996)
Transfer to retained profit on realisation of assets	-	-	-	(862)	-	-	862	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(19,398)	-	(19,398)	-	(19,398)
Net gains/(losses) recognised directly in equity	-	-	-	(862)	-	(21,394)	862	(21,394)	-	(21,394)
Net profit for the period	-	-	-	-	-	-	646,368	646,368	-	646,368
Transfer to statutory reserve	-	-	11,361	-	-	-	(11,361)	-	-	-
Total recognised income and expense for the period	-	-	11,361	(862)	-	(21,394)	635,869	624,974	-	624,974
Dividend paid - 2008 interim	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Proposed dividend - 2008 final	-	-	-	-	-	-	(150,000)	(150,000)	150,000	-
Balance as at 31 December 2008	114,500	741,375	125,861	122,723	190,000	(2,528)	2,135,618	3,313,049	150,000	3,577,549
Balance as at 1 January 2009	114,500	741,375	125,861	122,723	190,000	(2,528)	2,135,618	3,313,049	150,000	3,577,549
Deferred tax adjustment on revaluation reserve	-	-	-	756	-	-	-	756	-	756
Net unrealised gains on revaluation	-	-	-	-	-	1,873	-	1,873	-	1,873
Transfer to retained profit on realisation of assets	-	-	-	-	-	-	-	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(16,813)	-	(16,813)	-	(16,813)
Net gains/(losses) recognised directly in equity	-	-	-	756	-	(14,940)	-	(14,184)	-	(14,184)
Net profit for the period	-	-	-	-	-	-	184,290	184,290	-	184,290
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	756	-	(14,940)	184,290	170,106	-	170,106
Balance as at 31 March 2009	114,500	741,375	125,861	123,479	190,000	(17,468)	2,319,908	3,483,155	150,000	3,747,655

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

			<i>Bank</i>							
			<i>Non-distributable</i>		<i>Distributable</i>					
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Capital redemption reserve</i>	<i>Available-for-sale reserve</i>	<i>Retained profit</i>	<i>Total reserves</i>	<i>Proposed dividend</i>	<i>Total Shareholders' funds</i>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2008	114,500	741,375	114,500	122,769	190,000	41,347	1,546,760	2,756,751	250,000	3,121,251
Deferred tax adjustment on revaluation reserve	-	-	-	816	-	-	-	816	-	816
Net unrealised losses on revaluation	-	-	-	-	-	(4,616)	-	(4,616)	-	(4,616)
Net gains transferred to income statement	-	-	-	-	-	(17,865)	-	(17,865)	-	(17,865)
Net gains/(losses) recognised directly in equity	-	-	-	816	-	(22,481)	-	(21,665)	-	(21,665)
Net profit for the period	-	-	-	-	-	-	252,989	252,989	-	252,989
Total recognised income and expense for the period	-	-	-	816	-	(22,481)	252,989	231,324	-	231,324
Dividend paid - 2007 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Balance as at 31 March 2008	114,500	741,375	114,500	123,585	190,000	18,866	1,799,749	2,988,075	-	3,102,575
Balance as at 1 April 2008	114,500	741,375	114,500	123,585	190,000	18,866	1,799,749	2,988,075	-	3,102,575
Deferred tax adjustment on revaluation reserve	-	-	-	-	-	-	-	-	-	-
Net unrealised losses on revaluation	-	-	-	-	-	(3,087)	-	(3,087)	-	(3,087)
Transfer to retained profit on realisation of assets	-	-	-	(862)	-	-	862	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(19,398)	-	(19,398)	-	(19,398)
Net gains/(losses) recognised directly in equity	-	-	-	(862)	-	(22,485)	862	(22,485)	-	(22,485)
Net profit for the period	-	-	-	-	-	-	623,647	623,647	-	623,647
Total recognised income and expense for the period	-	-	-	(862)	-	(22,485)	624,509	601,162	-	601,162
Dividend paid - 2008 interim	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Proposed dividend - 2008 final	-	-	-	-	-	-	(150,000)	(150,000)	150,000	-
Balance as at 31 December 2008	114,500	741,375	114,500	122,723	190,000	(3,619)	2,124,258	3,289,237	150,000	3,553,737
Balance as at 1 January 2009	114,500	741,375	114,500	122,723	190,000	(3,619)	2,124,258	3,289,237	150,000	3,553,737
Deferred tax adjustment on revaluation reserve	-	-	-	756	-	-	-	756	-	756
Net unrealised gains on revaluation	-	-	-	-	-	885	-	885	-	885
Transfer to retained profit on realisation of assets	-	-	-	-	-	-	-	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(16,813)	-	(16,813)	-	(16,813)
Net gains/(losses) recognised directly in equity	-	-	-	756	-	(15,928)	-	(15,172)	-	(15,172)
Net profit for the period	-	-	-	-	-	-	171,743	171,743	-	171,743
Total recognised income and expense for the period	-	-	-	756	-	(15,928)	171,743	156,571	-	156,571
Balance as at 31 March 2009	114,500	741,375	114,500	123,479	190,000	(19,547)	2,296,001	3,445,808	150,000	3,710,308

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2009

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	247,569	348,043	229,795	348,043
Adjustments for non-operating and non-cash items	12,951	11,218	12,597	11,218
Operating profit before working capital changes	260,520	359,261	242,392	359,261
Changes in working capital:				
Net changes in operating assets	4,543,613	(3,821,726)	4,103,721	(3,821,726)
Net changes in operating liabilities	(1,405,540)	2,118,037	(1,245,462)	2,118,037
Taxation and zakat paid	(78,348)	(67,470)	(75,015)	(67,470)
Net cash generated from/(used in) operations	3,320,245	(1,411,898)	3,025,636	(1,411,898)
Net cash (used in)/generated from investing activities	(801,682)	728,356	(750,312)	728,356
Net cash used in financing activities	-	(250,000)	-	(250,000)
	(801,682)	478,356	(750,312)	478,356
Net changes in cash and cash equivalents	2,518,563	(933,542)	2,275,324	(933,542)
Cash and cash equivalents at beginning of the period	8,428,554	11,321,351	7,445,455	11,321,351
Cash and cash equivalents at end of the period	10,947,117	10,387,809	9,720,779	10,387,809
Analysis of cash and cash equivalents				
Cash and short-term funds	10,947,117	10,387,809	9,720,779	10,387,809

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 36 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
(Company No. 12776-V)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2009

1 General Information

HSBC Bank Malaysia Berhad ("the Bank") is principally engaged in the provision of banking and other related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. Islamic Banking refer generally to the acceptance of deposits and granting of financing under the principles of Shariah.

There were no significant changes in these activities during the financial period.

2 Basis of Preparation

The unaudited condensed interim financial statements for the period ended 31 March 2009 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

The Group's unaudited interim financial statements include the financial statements of the Bank and its subsidiary companies. The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. 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 Bank since the financial year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

3 Auditors' Report On Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

4 Seasonality or Cyclical Factors

The business operations of the Group and Bank are not subject to material seasonal or cyclical fluctuations.

5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 31 March 2009.

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 31 March 2009.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 31 March 2009.

8 Dividend

A final dividend of RM0.874 per ordinary share less tax at 25% totalling RM150 million in respect of the financial year ended 31 December 2008 was paid on 14 April 2009.

9 Carrying Amount of Revalued Assets

Property and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses except for freehold land which is stated at cost and professional valuation. There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the financial period ended 31 March 2009.

10 Significant Events

As part of an internal re-organisation exercise, the Bank has become a direct wholly owned subsidiary of the Hongkong Shanghai Banking Corporation Limited, Hong Kong with effect from 1 January 2009. Prior to this, the Bank was a direct wholly owned subsidiary of HSBC Holdings BV.

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

11 Securities Held-for-Trading

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	206,793	320,838	137,684	320,838
Bank Negara Malaysia bills and notes	1,423,863	1,675,565	1,423,863	1,675,565
Bank Negara Malaysia Islamic bills	501,493	751,625	501,493	590,274
Malaysian Government securities	740,218	617,346	740,218	617,346
Malaysian Government Islamic bonds	198,881	119,681	21,330	13,294
Cagamas bonds and notes	4,641	4,457	4,641	4,457
	3,075,889	3,489,512	2,829,229	3,221,774
Unquoted securities:				
Private debt securities (including commercial paper)	26,800	1,747	26,800	1,747
	3,102,689	3,491,259	2,856,029	3,223,521

12 Securities Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	263,712	26,671	195,258	17,353
Bank Negara Malaysia Islamic bills	-	99,702	-	99,702
Malaysian Government securities	2,017,355	1,712,984	2,017,355	1,712,984
Malaysian Government Islamic bonds	735,362	648,681	380,446	293,543
Khazanah bonds	52,134	51,096	-	-
Cagamas bonds and notes	116,295	130,500	116,295	130,500
Negotiable instruments of deposit	471,190	320,233	431,195	290,242
Bankers' acceptance and Islamic accepted bills	847,203	697,485	847,203	697,485
	4,503,251	3,687,352	3,987,752	3,241,809
Quoted securities:				
Shares	20,685	18,338	20,685	18,338
Loan stock	8,534	8,534	8,534	8,534
	29,219	26,872	29,219	26,872
Unquoted securities:				
Shares	16,392	36,857	16,392	36,857
Private debt securities	155,646	175,446	54,760	55,428
	172,038	212,303	71,152	92,285
Impairment loss:				
Quoted securities:				
Shares	(12,506)	(3,082)	(12,506)	(3,082)
Loan stock	(8,534)	(8,534)	(8,534)	(8,534)
	(21,040)	(11,616)	(21,040)	(11,616)
	4,683,468	3,914,911	4,067,083	3,349,350

13 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,607,859	1,641,796	1,606,952	1,640,983
Term loans/ financing				
Housing loans/ financing	8,930,988	9,062,726	8,874,806	9,002,227
Syndicated term loans/ financing	144,058	148,234	144,058	148,234
Hire purchase receivables	277,286	281,575	1,764	1,501
Lease receivables	10,797	13,025	10,509	12,723
Other term loans/ financing	9,182,218	9,087,935	7,183,339	7,130,053
Bills receivable	1,575,691	2,394,848	1,575,691	2,394,848
Trust receipts	423,902	596,460	423,902	596,460
Claims on customers under acceptance credits	2,495,222	2,681,973	1,881,332	1,860,563
Staff loans/ financing	370,639	364,836	368,848	363,538
Credit/ charge cards	2,419,988	2,508,260	2,376,635	2,496,769
Revolving credit	2,051,728	1,805,217	2,051,728	1,805,217
Other loans/ financing	7,272	7,108	7,272	7,108
Less: Unearned interest and income	(121,713)	(135,026)	(1,724)	(2,024)
	29,375,935	30,458,967	26,505,112	27,458,200
Less: Allowance for bad and doubtful debts and financing:				
- General	(446,097)	(462,597)	(393,500)	(410,000)
- Specific	(301,746)	(277,100)	(277,092)	(255,961)
Total net loans, advances and financing	28,628,092	29,719,270	25,834,520	26,792,239

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions				
Stockbroking companies	155,563	153,735	155,563	153,735
Others	155,066	126,224	99,973	100,232
Domestic business enterprises				
Small medium enterprises	3,873,409	3,972,736	3,593,840	3,658,030
Others	9,875,626	10,558,844	8,404,959	8,894,580
Individuals	14,746,424	14,569,770	13,688,428	13,581,205
Other domestic entities	3,075	3,025	3,075	3,025
Foreign entities	566,772	1,074,633	559,274	1,067,393
	29,375,935	30,458,967	26,505,112	27,458,200

13 Loans, Advances and Financing (Cont'd)

(iii) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/ financing	252,324	255,221	205,611	205,207
Hire purchase receivables	248,784	252,461	1,537	1,454
Other fixed rate loans/ financing	4,517,504	4,818,473	2,064,291	2,179,834
Variable rate				
BLR plus	19,805,310	20,769,719	19,805,310	20,769,719
Cost-plus	2,051,728	1,805,217	2,051,728	1,805,217
Other variable rates	2,500,285	2,557,876	2,376,635	2,496,769
	29,375,935	30,458,967	26,505,112	27,458,200

(iv) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	889,037	984,605	771,690	860,284
Mining and quarrying	560,260	351,003	540,379	332,473
Manufacturing	5,291,992	5,929,001	4,668,108	5,214,821
Electricity, gas and water	55,794	77,945	35,696	60,585
Construction	942,805	806,572	877,882	741,333
Real estate	800,684	705,290	699,218	699,428
Purchase of landed property:				
Residential	9,335,424	9,484,962	9,288,698	9,434,932
Non-residential	1,212,592	1,263,006	1,205,326	1,255,367
Wholesale & retail trade and restaurants & hotels	2,189,907	2,647,329	1,917,186	2,143,651
Transport, storage and communication	458,129	473,358	252,353	262,328
Finance, insurance and business services	1,668,877	2,252,730	1,355,769	1,977,605
Purchase of securities	48,719	39,231	47,122	37,555
Purchase of transport vehicles	47,446	46,826	47,446	46,826
Consumption credit	5,169,376	4,963,151	4,153,887	4,020,871
Others	704,893	433,958	644,352	370,141
	29,375,935	30,458,967	26,505,112	27,458,200

14 Non-Performing Loans/ Financing (NPL/ NPF)

(i) Movements in non-performing loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
At beginning of period/ year	485,804	438,025	457,328	438,025
Classified as non-performing during the period/ year	139,151	477,390	119,615	455,252
Reclassified as performing	(14,736)	(80,984)	(14,616)	(80,790)
Amount recovered	(25,484)	(177,187)	(24,882)	(173,759)
Amount written off	(58,650)	(187,288)	(47,181)	(174,332)
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(22,681)
Other movements	4,712	15,848	3,387	15,613
At end of period/ year	530,797	485,804	493,651	457,328
Specific allowance	(301,746)	(277,100)	(277,092)	(255,961)
Net non-performing loans, advances and financing	229,051	208,704	216,559	201,367
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	0.8%	0.7%	0.8%	0.7%

(ii) Movements in allowance for bad and doubtful debts

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
General allowance				
At beginning of period/ year	462,597	401,700	410,000	401,700
Made during the period/ year	-	67,497	-	67,497
Amount written back	(16,500)	(6,600)	(16,500)	(6,600)
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(52,597)
At end of period/ year	446,097	462,597	393,500	410,000
As % of gross loans, advances and financing less specific allowance	1.5%	1.5%	1.5%	1.5%
Specific allowance				
At beginning of period/ year	277,100	218,334	255,961	218,334
Made during the period/ year	82,547	258,569	68,297	240,116
Amount recovered	(6,941)	(37,999)	(6,309)	(36,441)
Amount written off	(55,684)	(177,668)	(44,256)	(164,793)
Other movements	4,724	15,864	3,399	15,629
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(16,884)
At end of period/ year	301,746	277,100	277,092	255,961

14 Non-Performing Loans/ Financing (NPL/ NPF) (Cont'd)

(iii) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	1,262	1,196	1,262	1,196
Manufacturing	78,749	52,690	74,105	52,292
Construction	4,746	4,986	4,746	4,986
Real estate	14,175	14,171	13,944	13,939
Purchase of landed property:				
Residential	158,990	155,347	158,076	154,237
Non-residential	24,248	25,163	24,248	25,163
Wholesale & retail trade and restaurants & hotels	63,996	66,533	59,977	62,913
Transport, storage and communication	3,511	3,507	3,511	3,507
Finance, insurance and business services	8,004	6,566	8,004	6,566
Purchase of securities	372	369	372	369
Purchase of transport vehicles	269	270	269	270
Consumption credit	169,034	151,561	143,481	130,228
Others	3,441	3,445	1,656	1,662
	530,797	485,804	493,651	457,328

15 Other Assets

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets	1,133,073	1,202,998	1,127,450	1,196,195
Interest/ income receivable	65,535	55,432	56,262	49,698
Other receivables, deposits and prepayments	505,606	158,691	768,984	178,435
	1,704,214	1,417,121	1,952,696	1,424,328

16 Deposits from Customers

(i) By type of deposit

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Demand deposits	8,239,261	8,344,255	8,160,751	8,277,081
Savings deposits	6,219,468	5,730,478	5,752,073	5,288,679
Fixed/ investment deposits	21,586,288	22,039,043	19,412,415	19,530,225
Negotiable instruments of deposits	724,759	670,896	724,759	670,896
Wholesale money market deposits	2,602,772	2,243,972	2,602,772	2,243,972
Others	1,914,082	1,924,828	1,691,184	1,698,299
	41,286,630	40,953,472	38,343,954	37,709,152

16 Deposits from Customers (Cont'd)

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	177,874	151,249	42,008	36,974
Business enterprises	14,217,898	15,108,552	13,172,721	13,776,791
Individuals	21,163,922	20,550,413	19,777,035	19,121,629
Others	5,726,936	5,143,258	5,352,190	4,773,758
	41,286,630	40,953,472	38,343,954	37,709,152

17 Deposits and Placements of Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Bank Negara Malaysia	67,237	66,797	67,237	66,797
Other financial institutions	2,161,724	3,464,675	2,114,274	3,464,675
	2,228,961	3,531,472	2,181,511	3,531,472

18 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities	947,002	1,037,442	941,379	1,030,639
Interest/ profit payable	211,642	207,900	199,764	193,789
Allowance for commitments and contingencies	2,926	2,014	2,926	2,014
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals	1,114,647	1,315,663	1,089,453	1,388,063
	2,282,917	2,569,719	2,233,522	2,614,505

19 Subordinated Bonds

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Subordinated bonds, at par	1,000,000	1,000,000	1,000,000	1,000,000
Fair value changes arising from fair value hedge	17,381	27,338	17,381	27,338
	1,017,381	1,027,338	1,017,381	1,027,338

The outstanding Subordinated bonds relate to the RM 1 billion Subordinated bonds issued in 2007 via 2 tranches:

- (a) 4.35% coupon rate for RM 500 million due 2022 callable with a 100 bp step up coupon in 2017
- (b) 5.05% coupon rate for RM 500 million due 2027 callable with a 100 bp step up coupon in 2022

The Bank has undertaken a fair value hedge on the interest rate risk on a portion of each of the above two tranches of Subordinated bonds using interest rate swaps. Total amount of Subordinated bonds hedged is RM 420 million.

20 Interest Income

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	377,294	373,686	377,294	373,686
- Recoveries from NPLs	5,707	7,422	5,707	7,422
Money at call and deposit placements with financial institutions	68,508	116,091	68,508	116,091
Securities available-for-sale	34,050	17,055	34,050	17,055
Others	1,080	-	1,080	-
	486,639	514,254	486,639	514,254
Amortisation of premium less accretion of discounts	(1,167)	9,630	(1,167)	9,630
Interest suspended	(5,255)	(5,705)	(5,255)	(5,705)
Total interest income	480,217	518,179	480,217	518,179

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	377,294	373,686	377,294	373,686
- Recoveries from NPLs	5,707	7,422	5,707	7,422
Money at call and deposit placements with financial institutions	68,558	116,091	68,558	116,091
Securities available-for-sale	34,050	17,055	34,050	17,055
Others	7,409	-	7,409	-
	493,018	514,254	493,018	514,254
Amortisation of premium less accretion of discounts	(1,167)	9,630	(1,167)	9,630
Interest suspended	(5,255)	(5,705)	(5,255)	(5,705)
Total interest income	486,596	518,179	486,596	518,179

21 Interest Expense

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	11,004	19,704	11,004	19,704
Deposits from customers	183,839	195,664	183,839	195,664
Loans sold to Cagamas	8,179	8,863	8,179	8,863
Subordinated bonds	11,589	11,718	11,589	11,718
Others	980	1,560	980	1,560
	215,591	237,509	215,591	237,509

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	11,004	19,704	11,004	19,704
Deposits from customers	183,839	195,664	183,839	195,664
Loans sold to Cagamas	8,179	8,863	8,179	8,863
Subordinated bonds	11,589	11,718	11,589	11,718
Others	980	1,560	980	1,560
	215,591	237,509	215,591	237,509

22 Other Operating Income

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Fees and commissions	87,463	97,065	87,463	97,065
Net (losses)/gains arising from sale of securities				
- Securities held-for-trading and other financial instruments	(10,799)	17,765	(10,799)	17,765
- Securities available-for-sale	22,705	24,141	22,705	24,141
Net interest income from trading securities	24,180	16,738	24,180	16,738
Net unrealised gains/ (losses) on revaluation of trading securities	1,813	(1,027)	1,813	(1,027)
Net gains arising from dealing in foreign currency	33,873	102,303	33,873	102,303
Net unrealised gains from dealing in foreign currency	49,008	7,484	49,008	7,484
Net gains arising from trading in derivatives	1,363	4,860	1,363	4,860
Net unrealised gains on revaluation of derivatives	1,099	24,466	1,099	24,466
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	167	120	167	120
Rental income	1,597	1,488	1,597	1,488
Net gains on disposal of property and equipment	101	33	101	33
Other operating income	7,444	7,114	7,444	7,114
	220,014	302,550	220,014	302,550

The above fees and commissions were derived from the following major contributors:

Cards	40,073	41,250	40,073	41,250
Service charges and fees	23,855	30,018	23,855	30,018
Agency fees	6,576	9,501	6,576	9,501
Credit facilities	7,026	7,014	7,026	7,014

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Fees and commissions	87,463	97,065	87,463	97,065
Net (losses)/gains arising from sale of securities				
- Securities held-for-trading and other financial instruments	(10,799)	17,765	(10,799)	17,765
- Securities available-for-sale	22,705	24,141	22,705	24,141
Net interest income from trading securities	24,180	16,738	24,180	16,738
Net unrealised gains/(losses) on revaluation of trading securities	1,813	(1,027)	1,813	(1,027)
Net gains arising from dealing in foreign currency	33,873	102,303	33,873	102,303
Net unrealised gains from dealing in foreign currency	49,008	7,484	49,008	7,484
Net gains arising from trading in derivatives	1,363	4,860	1,363	4,860
Net unrealised gains on revaluation of derivatives	1,099	24,466	1,099	24,466
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	167	120	167	120
Rental income	1,597	1,488	1,597	1,488
Net gains on disposal of property and equipment	101	33	101	33
Other operating income	25,681	7,114	25,681	7,114
	238,251	302,550	238,251	302,550

The above fees and commissions were derived from the following major contributors:

Cards	40,073	41,250	40,073	41,250
Service charges and fees	23,855	30,018	23,855	30,018
Agency fees	6,576	9,501	6,576	9,501
Credit facilities	7,026	7,014	7,026	7,014

23 Other Operating Expenses

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	130,751	129,003	130,751	129,003
Promotion and marketing related expenses	12,201	13,735	12,201	13,735
Establishment related expenses	30,360	27,388	30,360	27,388
General administrative expenses	74,080	74,528	74,080	74,528
	247,392	244,654	247,392	244,654

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	100,657	97,563	100,657	97,563
Employees Provident Fund contributions	16,182	17,062	16,182	17,062
Promotion and marketing related expenses				
Advertising and promotion	8,245	8,230	8,245	8,230
Establishment related expenses				
Depreciation of property and equipment	8,673	7,252	8,673	7,252
Amortisation of prepaid lease payments	113	119	113	119
Amortisation of intangible assets	4,489	3,859	4,489	3,859
Information technology costs	4,409	3,522	4,409	3,522
Hire of equipment	1,470	3,093	1,470	3,093
Rental of premises	4,940	4,061	4,940	4,061
Property and equipment written off	-	141	-	141
General administrative expenses				
Intercompany expenses	53,416	46,088	53,416	46,088
Fees and commissions paid	872	873	872	873
Auditors' remuneration				
-Statutory audit	100	88	100	88
-Other services	-	31	-	31

23 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	125,192	129,003	125,192	129,003
Promotion and marketing related expenses	7,604	13,735	7,604	13,735
Establishment related expenses	28,741	27,388	28,741	27,388
General administrative expenses	72,442	74,528	72,442	74,528
	233,979	244,654	233,979	244,654

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	96,571	97,563	96,571	97,563
Employees Provident Fund contributions	15,497	17,062	15,497	17,062
Promotion and marketing related expenses				
Advertising and promotion	3,648	8,230	3,648	8,230
Establishment related expenses				
Depreciation of property and equipment	8,377	7,252	8,377	7,252
Amortisation of prepaid lease payments	113	119	113	119
Amortisation of intangible assets	4,375	3,859	4,375	3,859
Information technology costs	4,060	3,522	4,060	3,522
Hire of equipment	1,463	3,093	1,463	3,093
Rental of premises	4,332	4,061	4,332	4,061
Property and equipment written off	-	141	-	141
General administrative expenses				
Intercompany expenses	52,582	46,088	52,582	46,088
Fees and commissions paid	872	873	872	873
Auditors' remuneration				
-Statutory audit	88	88	88	88
-Other services	-	31	-	31

24 Allowance for Losses on Loans and Financing

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing:				
(a) Specific allowance				
Made during the financial period	82,547	59,965	82,547	59,965
Written back	(6,941)	(5,804)	(6,941)	(5,804)
(b) General allowance				
Made during the financial period	-	10,500	-	10,500
Written back	(16,500)	(1,200)	(16,500)	(1,200)
Bad debts on loans and financing:				
Recovered	(14,574)	(16,250)	(14,574)	(16,250)
Written off	2,966	1,700	2,966	1,700
Allowance for losses on commitments and contingencies:				
Made during the financial period	950	-	950	-
Written back	(38)	-	(38)	-
	48,410	48,911	48,410	48,911
	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing:				
(a) Specific allowance				
Made during the financial period	68,297	59,965	68,297	59,965
Written back	(6,309)	(5,804)	(6,309)	(5,804)
(b) General allowance				
Made during the financial period	-	10,500	-	10,500
Written back	(16,500)	(1,200)	(16,500)	(1,200)
Bad debts on loans and financing:				
Recovered	(13,480)	(16,250)	(13,480)	(16,250)
Written off	2,925	1,700	2,925	1,700
Allowance for losses on commitments and contingencies:				
Made during the financial period	950	-	950	-
Written back	(38)	-	(38)	-
	35,845	48,911	35,845	48,911

25 Capital Adequacy

	<i>Group</i>	
	31 Mar 2009	31 Dec 2008
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits	2,285,618	2,285,618
Statutory reserves	125,861	125,861
	3,457,354	3,457,354
Less: Deferred tax adjustments	(104,705)	(104,705)
Total Tier 1 capital	3,352,649	3,352,649
Tier 2 capital		
Subordinated bonds	1,017,381	1,027,338
Revaluation reserves	72,330	71,952
General allowance for bad and doubtful debts and financing	446,097	462,597
Total Tier 2 capital	1,535,808	1,561,887
Total capital	4,888,457	4,914,536
Less: Investment in subsidiaries	-	-
Capital base	4,888,457	4,914,536
Core capital ratio	10.1%	9.2%
Risk-weighted capital ratio	14.7%	13.4%
Core capital ratio (net of proposed dividend)	9.6%	8.8%
Risk-weighted capital ratio (net of proposed dividend)	14.3%	13.0%

The capital ratios have been computed in accordance with the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

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

	<i>Group</i>			
	31 Mar 2009		31 Dec 2008	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	56,511,458	27,424,923	59,410,520	30,607,350
Total RWA for market risk	-	1,629,253	-	1,912,233
Total RWA for operational risk	-	4,138,356	-	4,035,680
	56,511,458	33,192,532	59,410,520	36,555,263

25 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	31 Mar 2009	31 Dec 2008
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits	2,274,258	2,274,258
Statutory reserves	114,500	114,500
	3,434,633	3,434,633
Less: Deferred tax adjustments	(105,028)	(105,028)
Total Tier 1 capital	3,329,605	3,329,605
Tier 2 capital		
Subordinated bonds	1,017,381	1,027,338
Revaluation reserves	72,330	71,952
General allowance for bad and doubtful debts and financing	393,500	410,000
Total Tier 2 capital	1,483,211	1,509,290
Total capital	4,812,816	4,838,895
Less: Investment in subsidiaries	(660,021)	(660,021)
Capital base	4,152,795	4,178,874
Core capital ratio	10.7%	9.8%
Risk-weighted capital ratio	13.4%	12.3%
Core capital ratio (net of proposed dividend)	10.3%	9.4%
Risk-weighted capital ratio (net of proposed dividend)	12.9%	11.9%

The capital ratios have been computed in accordance with the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

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

	<i>Bank</i>			
	31 Mar 2009		31 Dec 2008	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	52,677,247	25,327,321	55,262,515	27,974,288
Total RWA for market risk	-	1,589,687	-	1,871,762
Total RWA for operational risk	-	4,071,188	-	3,994,726
	52,677,247	30,988,196	55,262,515	33,840,776

26 Commitments and Contingencies

31 Mar 2009

	Group			
	Credit 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	1,405,397	-	1,405,397	1,235,668
Transaction-related contingent items	2,305,328	-	1,152,664	989,346
Short-term self-liquidating trade-related contingencies	284,344	-	56,869	52,073
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	11,712,509	-	85,552	68,162
- Maturity exceeding one year	1,066,129	-	533,064	388,694
Unutilised credit card lines	7,586,079	-	1,517,216	1,137,912
Foreign exchange related contracts				
- Less than one year	17,884,652	312,859	450,738	325,057
- One year to less than five years	3,745,561	193,179	377,828	202,150
- Five years and above	2,830,559	93,837	175,628	9,197
Interest rate related contracts:				
- Less than one year	14,699,633	39,327	62,458	20,475
- One year to less than five years	17,817,169	324,979	641,423	273,623
- Five years and above	6,773,672	136,646	534,532	202,472
Other commodity contracts:				
- One year to less than five years	69,875	5,624	14,009	2,802
Equity related contracts				
- Less than one year	344,475	18,833	24,913	5,127
- One year to less than five years	299,622	7,788	36,329	7,265
Sell buy back agreement	187,441	-	187,441	187,441
	89,012,445	1,133,072	7,256,061	5,107,464

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

[^] The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Group's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

26 Commitments and Contingencies (Cont'd)

31 Mar 2009

	Bank			
	Credit 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	1,400,589	-	1,400,589	1,230,860
Transaction-related contingent items	2,297,228	-	1,148,614	985,296
Short-term self-liquidating trade-related contingencies	278,946	-	55,789	51,058
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	10,677,306	-	81,906	64,516
- Maturity exceeding one year	993,684	-	496,842	352,509
Unutilised credit card lines	7,301,773	-	1,460,355	1,095,266
Foreign exchange related contracts				
- Less than one year	17,884,652	312,859	450,738	325,057
- One year to less than five years	3,745,561	193,179	377,828	202,150
- Five years and above	2,830,559	93,837	175,628	9,197
Interest rate related contracts:				
- Less than one year	14,699,633	39,327	62,458	20,475
- One year to less than five years	17,817,169	324,979	641,423	273,623
- Five years and above	6,773,672	136,646	534,532	202,472
Other commodity contracts:				
- One year to less than five years	69,875	5,624	14,009	2,802
Equity related contracts				
- Less than one year	313,026	17,765	21,959	4,536
- One year to less than five years	187,921	3,233	22,838	4,567
Sell buy back agreement	-	-	-	-
	87,271,594	1,127,449	6,945,508	4,824,384

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

26 Commitments and Contingencies (Cont'd)

31 Dec 2008	Group			
	Credit 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	1,443,220	-	1,443,220	1,346,032
Transaction-related contingent items	2,369,435	-	1,184,718	1,028,600
Short-term self-liquidating trade-related contingencies	224,658	-	44,932	39,006
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	11,681,783	-	2,336,357	2,022,457
- Maturity exceeding one year	993,072	-	496,536	447,443
Unutilised credit card lines	7,346,896	-	1,469,379	1,102,034
Foreign exchange related contracts				
- Less than one year	18,372,259	376,129	579,199	392,529
- One year to less than five years	3,579,340	128,125	232,661	86,302
- Five years and above	1,943,361	95,080	156,218	17,712
Interest rate related contracts:				
- Less than one year	11,489,607	24,742	37,957	11,251
- One year to less than five years	18,680,994	310,112	706,558	285,029
- Five years and above	6,184,729	235,147	587,247	216,235
Other commodity contracts:				
- One year to less than five years	72,409	10,041	18,731	3,747
Equity related contracts				
- Less than one year	451,857	13,632	35,632	7,126
- One year to less than five years	257,963	9,990	30,627	6,126
Sell buy back agreement	218,306	-	218,305	218,306
	85,309,889	1,202,998	9,578,277	7,229,935

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Group's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

26 Commitments and Contingencies (Cont'd)

31 Dec 2008

	Bank			
	Credit 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	1,441,426	-	1,441,426	1,344,281
Transaction-related contingent items	2,361,335	-	1,180,668	1,024,550
Short-term self-liquidating trade-related contingencies	211,749	-	42,350	36,473
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	10,511,626	-	2,102,325	1,794,509
- Maturity exceeding one year	992,561	-	496,281	447,250
Unutilised credit card lines	7,220,736	-	1,444,147	1,083,110
Foreign exchange related contracts				
- Less than one year	18,372,259	376,129	579,199	392,529
- One year to less than five years	3,579,340	128,125	232,661	86,302
- Five years and above	1,943,361	95,080	156,218	17,712
Interest rate related contracts:				
- Less than one year	11,489,607	24,742	37,957	11,251
- One year to less than five years	18,680,994	310,112	706,558	285,029
- Five years and above	6,184,729	235,147	587,247	216,235
Other commodity contracts:				
- One year to less than five years	72,409	10,041	18,731	3,747
Equity related contracts				
- Less than one year	420,745	12,546	32,680	6,536
- One year to less than five years	151,037	4,273	16,355	3,271
Sell buy back agreement	-	-	-	-
	83,633,914	1,196,195	9,074,803	6,752,785

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

27 Interest/ Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The following tables summarises the Group and the Bank's exposure to interest/profit rate risk. The assets and liabilities at carrying amount are allocated to time bands by reference to the earlier of the next contractual repricing dates and maturity dates.

Group 31 Mar 2009	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short term funds	10,249,385	32,204	38,242	-	-	627,286	-	10,947,117	1.99
Securities purchased under resale agreements	1,311,569	-	-	-	-	-	-	1,311,569	2.06
Deposits and placements with banks and other financial institutions	-	418,341	88,182	-	-	-	-	506,523	2.15
Securities held-for-trading	-	-	-	-	-	-	3,102,689	3,102,689	2.50
Securities available-for-sale	1,000,214	632,298	872,851	1,891,624	261,910	24,571	-	4,683,468	3.20
Loans, advances and financing									
- performing	22,673,154	2,322,543	779,754	1,481,429	521,110	621,051	-	28,399,041	5.88
- non-performing *	-	-	-	-	-	229,051	-	229,051	
Others	-	-	-	-	-	862,848	1,507,146	2,369,994	
Total Assets	35,234,322	3,405,386	1,779,029	3,373,053	783,020	2,364,807	4,609,835	51,549,452	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	21,040,229	3,649,323	7,907,214	1,078,685	205,000	7,406,179	-	41,286,630	2.30
Deposits and placements of banks and other financial institutions	1,261,403	519,682	45,705	6,258	5,061	390,852	-	2,228,961	1.85
Bills and acceptances payable	5,883	3,023	-	-	-	271,367	-	280,273	2.28
Recourse obligation on loans sold to Cagamas Berhad	-	-	72,656	613,290	-	-	-	685,946	4.71
Subordinated bonds	-	-	-	-	1,017,381	-	-	1,017,381	4.70
Others	-	-	-	-	-	1,167,115	1,135,491	2,302,606	
Total Liabilities	22,307,515	4,172,028	8,025,575	1,698,233	1,227,442	9,235,513	1,135,491	47,801,797	
Shareholders' funds	-	-	-	-	-	3,747,655	-	3,747,655	
Total Liabilities and Shareholders' funds	22,307,515	4,172,028	8,025,575	1,698,233	1,227,442	12,983,168	1,135,491	51,549,452	
On-balance sheet interest sensitivity gap	12,926,807	(766,642)	(6,246,546)	1,674,820	(444,422)	(10,618,361)	3,474,344	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	1,315,000	(1,285,000)	(30,000)	-	-	-	-	
- options	(50,000)	(113,200)	-	163,200	-	-	-	-	
- swaps	(847,683)	863,726	(593,554)	(839,730)	1,396,354	-	-	(20,887)	
Total interest sensitivity gap	12,029,124	1,298,884	(8,125,100)	968,290	951,932	(10,618,361)	3,474,344	(20,887)	

* This is arrived at after deducting specific allowance from non-performing loans.

27 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Mar 2009	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short term funds	9,031,362	32,204	38,242	-	-	618,971	-	9,720,779	2.00
Securities purchased under resale agreements	1,311,569	-	-	-	-	-	-	1,311,569	2.06
Deposits and placements with banks and other financial institutions	300,108	589,434	537,772	23,699	-	-	-	1,451,013	2.15
Securities held-for-trading	-	-	-	-	-	-	2,856,029	2,856,029	2.48
Securities available-for-sale	649,996	602,145	636,837	1,891,624	261,910	24,571	-	4,067,083	3.10
Loans, advances and financing									
- performing	22,294,846	1,718,636	577,121	149,615	276,679	601,064	-	25,617,961	5.64
- non-performing *	-	-	-	-	-	216,559	-	216,559	
Others	-	-	-	-	-	1,728,797	1,500,491	3,229,288	
Total Assets	33,587,881	2,942,419	1,789,972	2,064,938	538,589	3,189,962	4,356,520	48,470,281	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	19,229,602	3,309,375	7,433,081	1,057,556	205,000	7,109,340	-	38,343,954	2.30
Deposits and placements of banks and other financial institutions	1,213,954	519,682	45,705	6,258	5,061	391,077	-	2,181,737	1.85
Bills and acceptances payable	5,883	3,023	-	-	-	270,378	-	279,284	2.28
Recourse obligation on loans sold to Cagamas Berhad	-	-	72,656	613,290	-	-	-	685,946	4.71
Subordinated bonds	-	-	-	-	1,017,381	-	-	1,017,381	4.70
Others	-	-	-	-	-	1,121,803	1,129,868	2,251,671	
Total Liabilities	20,449,439	3,832,080	7,551,442	1,677,104	1,227,442	8,892,598	1,129,868	44,759,973	
Shareholders' funds	-	-	-	-	-	3,710,308	-	3,710,308	
Total Liabilities and Shareholders' funds	20,449,439	3,832,080	7,551,442	1,677,104	1,227,442	12,602,906	1,129,868	48,470,281	
On-balance sheet interest sensitivity gap	13,138,442	(889,661)	(5,761,470)	387,834	(688,853)	(9,412,944)	3,226,652	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	1,315,000	(1,285,000)	(30,000)	-	-	-	-	
- options	(50,000)	(113,200)	-	163,200	-	-	-	-	
- swaps	(847,683)	863,726	(593,554)	(839,730)	1,396,354	-	-	(20,887)	
Total interest sensitivity gap	12,240,759	1,175,865	(7,640,024)	(318,696)	707,501	(9,412,944)	3,226,652	(20,887)	

* This is arrived at after deducting specific allowance from non-performing loans.

27 Interest/ Profit Rate Risk (Cont'd)

Group 31 Dec 2008	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short term funds	7,876,244	-	-	-	-	552,310	-	8,428,554	3.13
Securities purchased under resale agreements	3,678,816	99,977	-	-	-	-	-	3,778,793	2.98
Deposits and placements with banks and other financial institutions	-	902,684	95,130	-	-	-	-	997,814	3.43
Securities held-for-trading	-	-	-	-	-	-	3,491,259	3,491,259	3.06
Securities available-for-sale	299,301	867,429	1,250,900	1,214,066	231,101	52,114	-	3,914,911	3.72
Loans, advances and financing									
- performing	23,419,293	2,463,992	867,313	1,487,470	557,231	715,267	-	29,510,566	6.39
- non-performing *	-	-	-	-	-	208,704	-	208,704	
Others	-	-	-	-	-	1,256,603	1,229,109	2,485,712	
Total Assets	35,273,654	4,334,082	2,213,343	2,701,536	788,332	2,784,998	4,720,368	52,816,313	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	20,624,290	3,638,901	7,824,006	1,212,822	180,000	7,473,453	-	40,953,472	2.80
Deposits and placements of banks and other financial institutions	2,120,477	487,761	303,414	6,423	2,413	610,984	-	3,531,472	2.43
Bills and acceptances payable	15,352	94,701	-	-	-	304,180	-	414,233	3.08
Recourse obligation on loans sold to Cagamas Berhad	-	-	74,210	627,160	-	-	-	701,370	4.71
Subordinated bonds	-	-	-	-	1,027,338	-	-	1,027,338	4.70
Others	-	-	-	-	-	1,185,034	1,425,845	2,610,879	
Total Liabilities	22,760,119	4,221,363	8,201,630	1,846,405	1,209,751	9,573,651	1,425,845	49,238,764	
Shareholders' funds	-	-	-	-	-	3,577,549	-	3,577,549	
Total Liabilities and Shareholders' funds	22,760,119	4,221,363	8,201,630	1,846,405	1,209,751	13,151,200	1,425,845	52,816,313	
On-balance sheet interest sensitivity gap	12,513,535	112,719	(5,988,287)	855,131	(421,419)	(10,366,202)	3,294,523	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	296,450	(246,450)	(50,000)	-	-	-	-	
- options	119,200	(230,000)	(50,000)	160,800	-	-	-	-	
- swaps	(876,624)	40,972	55,955	(806,317)	1,506,536	-	-	(79,478)	
Total interest sensitivity gap	11,756,111	220,141	(6,228,782)	159,614	1,085,117	(10,366,202)	3,294,523	(79,478)	

* This is arrived at after deducting specific allowance from non-performing loans.

27 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Dec 2008	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS									
Cash and short term funds	6,930,255	-	-	-	-	515,200	-	7,445,455	3.11
Securities purchased under resale agreements	3,678,816	99,977	-	-	-	-	-	3,778,793	2.98
Deposits and placements with banks and other financial institutions	5,564	973,125	816,543	145,893	-	-	-	1,941,125	3.43
Securities held-for-trading	-	-	-	-	-	-	3,223,521	3,223,521	3.06
Securities available-for-sale	289,300	847,383	831,334	1,098,118	231,101	52,114	-	3,349,350	3.66
Loans, advances and financing	-	-	-	-	-	-	-	-	-
- performing	23,079,409	1,905,752	441,082	151,424	307,483	705,722	-	26,590,872	6.23
- non-performing *	-	-	-	-	-	201,367	-	201,367	-
Others	-	-	-	-	-	1,839,256	1,222,105	3,061,361	-
Total Assets	33,983,344	3,826,237	2,088,959	1,395,435	538,584	3,313,659	4,445,626	49,591,844	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	18,790,700	3,006,761	7,358,060	1,189,538	180,000	7,184,093	-	37,709,152	2.79
Deposits and placements of banks and other financial institutions	2,223,526	487,761	303,414	6,423	2,413	507,935	-	3,531,472	2.43
Bills and acceptances payable	15,352	94,701	-	-	-	303,127	-	413,180	3.08
Recourse obligation on loans sold to Cagamas Berhad	-	-	74,210	627,160	-	-	-	701,370	4.71
Subordinated bonds	-	-	-	-	1,027,338	-	-	1,027,338	4.70
Others	-	-	-	-	-	1,236,553	1,419,042	2,655,595	-
Total Liabilities	21,029,578	3,589,223	7,735,684	1,823,121	1,209,751	9,231,708	1,419,042	46,038,107	
Shareholders' funds	-	-	-	-	-	3,553,737	-	3,553,737	-
Total Liabilities and Shareholders' funds	21,029,578	3,589,223	7,735,684	1,823,121	1,209,751	12,785,445	1,419,042	49,591,844	
On-balance sheet interest sensitivity gap	12,953,766	237,014	(5,646,725)	(427,686)	(671,167)	(9,471,786)	3,026,584	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Interest rate contracts	-	-	-	-	-	-	-	-	
- futures	-	296,450	(246,450)	(50,000)	-	-	-	-	
- options	119,200	(230,000)	(50,000)	160,800	-	-	-	-	
- swaps	(876,624)	40,972	55,955	(806,317)	1,506,536	-	-	(79,478)	
Total interest sensitivity gap	12,196,342	344,436	(5,887,220)	(1,123,203)	835,369	(9,471,786)	3,026,584	(79,478)	

* This is arrived at after deducting specific allowance from non-performing loans.

28 Operations of Islamic Banking

Unaudited Condensed Balance Sheets as at 31 March 2009

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		31 Mar 2009 RM'000	31 Dec 2008 RM'000	31 Mar 2009 RM'000	31 Dec 2008 RM'000
Assets					
Cash and short term funds		1,431,028	1,009,083	-	-
Securities held-for-trading		246,660	267,738	-	-
Securities available-for-sale		616,385	565,561	-	-
Financing and advances	(a)	2,793,572	2,927,031	-	-
Other assets	(c)	21,897	122,416	-	-
Statutory deposits with Bank Negara Malaysia		29,629	72,529	-	-
Equipment		3,663	2,483	-	-
Intangible assets		1,675	1,364	-	-
Deferred tax asset		14,242	15,203	-	-
Total Assets		5,158,751	4,983,408	-	-
Liabilities					
Deposits from customers	(d)	2,942,697	3,244,341	-	-
Deposits and placements of banks and other financial institutions		1,196,630	969,295	-	-
Bills and acceptances payable		989	1,053	-	-
Other liabilities	(e)	319,774	84,837	-	-
Provision for taxation and zakat		1,314	70	-	-
Total Liabilities		4,461,404	4,299,596	-	-
Shareholder's Equity					
Share capital		50,000	50,000	-	-
Reserves		647,347	633,812	-	-
		697,347	683,812	-	-
Total Liabilities and Shareholder's Equity		5,158,751	4,983,408	-	-
Commitments and Contingencies		1,740,850	1,675,975	-	-

28 Operations of Islamic Banking (Cont'd)

**Unaudited Condensed Income Statements
for the first financial quarter ended 31 March 2009**

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositor's funds and others	68,529	77,618	68,529	77,618
Income derived from investment of shareholders' funds	17,480	-	17,480	-
Allowance for losses on financing	(12,565)	(10,499)	(12,565)	(10,499)
Profit equalisation reserve	-	(1,000)	-	(1,000)
Total distributable income	73,444	66,119	73,444	66,119
Income attributable to depositors	(23,794)	(34,273)	(23,794)	(34,273)
Income attributable to the Bank	49,650	31,846	49,650	31,846
Income derived from investment of Islamic banking capital funds	-	7,960	-	7,960
Total net income	49,650	39,806	49,650	39,806
Other operating expenses	(31,876)	(16,567)	(31,876)	(16,567)
Profit before taxation and zakat	17,774	23,239	17,774	23,239
Taxation and zakat	(5,227)	(6,746)	(5,227)	(6,746)
Profit after taxation and zakat	12,547	16,493	12,547	16,493

28 Operations of Islamic Banking (Cont'd)

**Unaudited Condensed Income Statements
for the first financial quarter ended 31 March 2009**

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositor's funds and others	-	77,618	-	77,618
Allowance for losses on financing	-	(10,499)	-	(10,499)
Profit equalisation reserve	-	(1,000)	-	(1,000)
Total distributable income	-	66,119	-	66,119
Income attributable to depositors	-	(34,273)	-	(34,273)
Income attributable to the Bank	-	31,846	-	31,846
Income derived from investment of Islamic banking capital funds	-	7,960	-	7,960
Total net income	-	39,806	-	39,806
Other operating expenses	-	(16,567)	-	(16,567)
Profit before taxation and zakat	-	23,239	-	23,239
Taxation and zakat	-	(6,746)	-	(6,746)
Profit after taxation and zakat	-	16,493	-	16,493

28 Operations of Islamic Banking (Cont'd)

(a) Financing and advances

By type

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Cash Line	907	813	-	-
Term financing				
House financing	56,182	60,499	-	-
Hire purchase receivables	275,522	280,074	-	-
Lease receivables	288	302	-	-
Other term financing	1,998,879	1,957,882	-	-
Claims on customers under acceptance credits	613,890	821,410	-	-
Staff financing	1,791	1,298	-	-
Credit/ charge cards	43,353	11,491	-	-
Less: Unearned income	(119,989)	(133,002)	-	-
	2,870,823	3,000,767	-	-
Less: Allowance for bad and doubtful financing :				
General	(52,597)	(52,597)	-	-
Specific	(24,654)	(21,139)	-	-
Total net financing and advances	2,793,572	2,927,031	-	-

(b) Non-Performing Financing (NPF)

(i) Movements in non-performing financing and advances (including income receivable)

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
At beginning of period/ year	28,476	24,321	-	24,321
Classified as non-performing during the period/ year	19,536	70,737	-	48,599
Reclassified as performing	(120)	(372)	-	(178)
Amount recovered	(602)	(24,220)	-	(20,792)
Amount written off	(11,469)	(39,280)	-	(26,324)
Others	1,325	(2,710)	-	(2,945)
Amount vested to HSBC Amanah Malaysia Bhd	-	-	-	(22,681)
At end of period/ year	37,146	28,476	-	-
Specific allowance	(24,654)	(21,139)	-	-
Net non-performing financing and advances	12,492	7,337	-	-
Ratio of net non-performing financing and advances to net financing and advances	0.4%	0.3%	-	-

28 Operations of Islamic Banking (Cont'd)

(ii) Movements in allowance for bad and doubtful financing

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
General allowance				
At beginning of period/ year	52,597	45,525	-	45,525
Made during the period/ year	-	9,072	-	9,072
Allowance written back during the period/ year	-	(2,000)	-	(2,000)
Amount vested to HSBC Amanah Malaysia Bhd	-	-	-	(52,597)
At end of period/year	52,597	52,597	-	-
As % of gross financing, advances and other loans less specific allowance	1.8%	1.8%	-	-
Specific allowance				
At beginning of period/ year	21,139	18,938	-	18,938
Allowance made during the period/ year	14,250	49,522	-	31,069
Amount recovered	(632)	(5,863)	-	(4,305)
Amount written off	(11,428)	(39,199)	-	(26,324)
Other movements	1,325	(2,259)	-	(2,494)
Amount vested to HSBC Amanah Malaysia Bhd	-	-	-	(16,884)
At end of period/ year	24,654	21,139	-	-

(c) Other Assets

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Revaluation gain on equity related contracts	5,623	6,803	-	-
Income receivable	9,282	5,735	-	-
Other receivables, deposits and prepayments	6,992	109,878	-	-
	21,897	122,416	-	-

(d) Deposits from Customers

(i) By type of deposit

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Non-Mudharabah Fund				
Demand deposits	78,531	67,195	-	-
Savings deposits	467,395	441,799	-	-
	545,926	508,994	-	-
Mudharabah Fund				
General investment deposits	2,173,873	2,508,818	-	-
Others	222,898	226,529	-	-
	2,942,697	3,244,341	-	-

28 Operations of Islamic Banking (Cont'd)

(e) Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Revaluation loss on equity related contracts	5,623	6,803	-	-
Profit equalisation reserve	6,700	6,700	-	-
Profit payable	11,878	14,111	-	-
Other creditors and accruals	295,573	57,223	-	-
	319,774	84,837	-	-

(f) Income from Islamic Banking Operations

For consolidation with the conventional operations, income from Islamic banking operations comprises the following items :

	<i>Group</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	68,529	77,618	68,529	77,618
Income derived from investment of shareholders' funds	17,254	-	17,254	-
Profit equalisation reserve	-	(1,000)	-	(1,000)
Income attributable to the depositors	(17,415)	(34,273)	(17,415)	(34,273)
Income attributable to special placement deposits by Head Office	-	8,083	-	8,083
	68,368	50,428	68,368	50,428
Income derived from investment of Islamic Banking capital funds	-	7,960	-	7,960
	68,368	58,388	68,368	58,388

	<i>Bank</i>			
	1st quarter ended		Year-To-Date ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	77,618	-	77,618
Profit equalisation reserve	-	(1,000)	-	(1,000)
Income attributable to the depositors	-	(34,273)	-	(34,273)
Income attributable to special placement deposits by Head Office	-	8,083	-	8,083
	-	50,428	-	50,428
Income derived from investment of Islamic Banking capital funds	-	7,960	-	7,960
	-	58,388	-	58,388

29 Review of Performance

The Group recorded profit before tax of RM248 million for the first financial quarter ended 31 March 2009, a decrease of 28.7% or RM100 million compared against history. Operating income decreased by RM89 million or 13.9% against the corresponding quarter in 2008, mainly on trading profits due to lower transaction volume in the foreign exchange market, coupled with lower gains on sale of securities and lower net interest income due to the reduction in the Overnight Policy Rate. This resulted in a deterioration in the cost income ratio to 44.7% from 38.1% in the corresponding period last year.

Net non-performing loans ("NPL") ratio increased marginally from 0.7% at 31 March 2008 to 0.8% currently due to higher defaults as the effects of the global financial crisis become more apparent in the region.

Total assets fell marginally by RM1.3 billion or 2.4% against 31 December 2008, in tandem with the contraction in deposits from financial institutions which were down RM1.3 billion. Similarly, net loans, advances and financing at RM28.7 billion as at 31 March 2009 also saw a downwards trend as it fell by RM1.1 billion or 3.7% against 31 December 2008 due to lower trade financing activities. Customer deposits however remained fairly stable at RM41.3 billion.

30 Business Prospects

With the effects of the global economic downturn becoming more apparent in the region, the Malaysian economy has been forecasted to contract. Nevertheless, the introduction of the First and Second stimulus package of RM7 billion and RM60 billion respectively by the Government is expected to help revive the economy while the reduction in the Overnight Policy Rate by Bank Negara Malaysia is seen as a move to boost business activities. Hence, despite the waning growth of global economies and the significant stress on global credit markets, the local banking sector is expected to remain resilient with ample liquidity and strong capital ratios.

Islamic financing has remained largely positive despite the current global credit crisis. The Group intends to capitalise on the growth in Islamic banking and will continue to expand its range of Islamic products and services with the opening of new Islamic branches this year.

Barring unforeseen circumstances, the Group expects to register a satisfactory performance for the current financial year.