

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

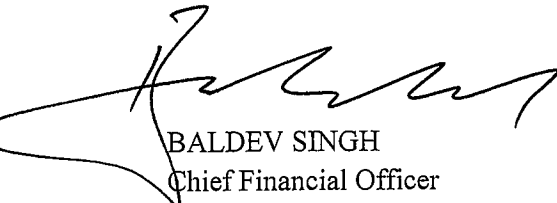
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2010

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 half year ended 30 June 2010 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 Banking Institutions issued by Bank Negara Malaysia in 2010.



BALDEV SINGH
Chief Financial Officer

Date : 26 July 2010

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	<i>Group</i>		<i>Bank</i>	
		30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
		RM'000	RM'000	RM'000	RM'000
Assets			Restated		Restated
Cash and short term funds		10,113,449	11,709,558	9,397,801	11,480,483
Securities purchased under resale agreements		6,208,783	6,780,923	6,208,783	6,780,923
Deposits and placements with banks and other financial institutions		765,877	142,812	1,707,706	1,085,869
Financial Assets Held-for-Trading	<i>11</i>	4,243,620	1,282,817	4,135,241	1,155,431
Financial Investments Available-for-Sale	<i>12</i>	2,431,328	4,855,892	2,110,111	4,471,672
Loans, advances and financing	<i>13</i>	32,133,019	28,623,792	28,356,032	25,458,819
Other assets	<i>15</i>	2,639,085	1,135,215	2,569,195	1,116,912
Statutory deposits with Bank Negara Malaysia		169,427	178,827	139,598	150,298
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		285,361	287,872	274,958	280,372
Intangible assets		55,254	57,187	53,396	54,964
Deferred tax assets		114,461	82,614	100,764	68,730
Total assets		<u>59,159,664</u>	<u>55,137,509</u>	<u>55,713,606</u>	<u>52,764,494</u>
Liabilities					
Deposits from customers	<i>16</i>	45,586,222	44,686,358	42,739,078	42,213,968
Deposits and placements of banks and other financial institutions	<i>17</i>	4,477,816	2,819,638	4,023,938	2,710,022
Bills and acceptances payable		376,970	311,616	372,365	308,318
Other liabilities	<i>18</i>	3,063,508	1,821,930	3,018,521	2,118,650
Recourse obligation on loans sold to Cagamas Berhad		554,969	575,511	554,969	575,511
Provision for taxation and zakat		84,091	37,773	83,236	33,986
Subordinated bonds	<i>19</i>	1,008,759	1,000,385	1,008,759	1,000,385
Total liabilities		<u>55,152,335</u>	<u>51,253,211</u>	<u>51,800,866</u>	<u>48,960,840</u>
Equity					
Share capital		114,500	114,500	114,500	114,500
Reserves		3,692,829	3,519,798	3,598,240	3,439,154
Proposed dividend		200,000	250,000	200,000	250,000
Total equity attributable to shareholder of the Bank		<u>4,007,329</u>	<u>3,884,298</u>	<u>3,912,740</u>	<u>3,803,654</u>
Total liabilities and equity		<u>59,159,664</u>	<u>55,137,509</u>	<u>55,713,606</u>	<u>52,764,494</u>
Commitments and Contingencies	<i>29</i>	<u>81,772,051</u>	<u>75,667,293</u>	<u>80,193,016</u>	<u>74,087,292</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009 and the accompanying explanatory notes on page 7 to 47 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 26 July 2010.

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

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2010

	<i>Note</i>	<i>Group</i>			
		2nd quarter ended		Year-To-Date ended	
		30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
		RM'000	RM'000	RM'000	RM'000
Revenue		809,668	745,507	1,594,874	1,536,210
Interest income	20	464,014	427,677	902,831	907,894
Interest expense	20	(202,092)	(180,093)	(372,807)	(395,684)
Net interest income	20	261,922	247,584	530,024	512,210
Fee and commission income	21	118,376	109,143	231,399	201,442
Fee and commission expense	21	(7,986)	(6,146)	(14,825)	(11,854)
Net fee and commission income	21	110,390	102,997	216,574	189,588
Net trading income	22	131,067	116,503	265,172	217,203
Income from Islamic banking operations	23	73,588	65,596	150,412	133,817
Other operating income	24	9,667	14,126	21,912	45,977
Operating income before impairment losses		586,634	546,806	1,184,094	1,098,795
Loans / financing impairment charges and other credit risk provisions	25	(93,166)	(86,353)	(123,329)	(134,763)
Impairment losses on available-for-sale financial investments		-	-	-	(9,637)
Net operating income		493,468	460,453	1,060,765	954,395
Other operating expenses	26	(294,368)	(266,228)	(564,999)	(512,601)
Profit before income tax expense and zakat		199,100	194,225	495,766	441,794
Income tax expense and zakat		(57,577)	(48,627)	(132,802)	(111,906)
Profit for the period		141,523	145,598	362,964	329,888
Other comprehensive income					
Deferred tax adjustment on revaluation reserve		-	48	-	804
Fair value reserve (available-for-sale financial investments):					
Change in fair value		5,854	(15,284)	1,033	(12,740)
Amount transferred to profit or loss		(1,515)	(382)	(6,129)	(22,799)
Impairment charges reclassified to income statement		-	9,637	-	9,637
Income tax relating to components of other comprehensive income		(1,040)	1,506	920	6,439
Other comprehensive income for the period, net of income tax		3,299	(4,475)	(4,176)	(18,659)
Total comprehensive income for the period		144,822	141,123	358,788	311,229
Profit attributable to shareholder of the Bank		141,523	145,598	362,964	329,888
Total comprehensive income attributable to shareholder of the Bank		144,822	141,123	358,788	311,229
Basic earnings per RM0.50 share		61.8 sen	63.6 sen	158.5 sen	144.1 sen
Dividends per RM0.50 ordinary share (net)					
- paid in respect of prior year		-	65.5 sen	109.2 sen	65.5 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 2009 and the accompanying explanatory notes on page 7 to 47 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2010

		<i>Bank</i>			
		2nd quarter ended		Year-To-Date ended	
		30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
<i>Note</i>		RM'000	RM'000	RM'000	RM'000
	Revenue	756,141	693,938	1,484,295	1,423,621
	Interest income	20 471,997	433,156	917,959	919,752
	Interest expense	20 (202,092)	(180,093)	(372,807)	(395,684)
	Net interest income	20 269,905	253,063	545,152	524,068
	Fee and commission income	21 118,376	109,143	231,399	201,442
	Fee and commission expense	21 (7,986)	(6,146)	(14,825)	(11,854)
	Net fee and commission income	21 110,390	102,997	216,574	189,588
	Net trading income	22 131,067	116,503	265,172	217,203
	Other operating income	24 34,701	35,136	69,765	85,224
	Operating income before impairment losses	546,063	507,699	1,096,663	1,016,083
	Loans / financing impairment charges and other credit risk provisions	25 (68,953)	(72,383)	(87,921)	(108,228)
	Impairment losses on available-for-sale financial investments	-	-	-	(9,637)
	Net operating income	477,110	435,316	1,008,742	898,218
	Other operating expenses	26 (276,987)	(255,732)	(533,632)	(488,839)
	Profit before income tax expense	200,123	179,584	475,110	409,379
	Income tax expense	(56,220)	(45,083)	(127,030)	(103,135)
	Profit for the period	143,903	134,501	348,080	306,244
	Other comprehensive income				
	Deferred tax adjustment on revaluation reserve	-	48	-	804
	Fair value reserve (available-for-sale financial investments):				
	Change in fair value	5,442	(14,407)	1,866	(13,162)
	Amount transferred to profit or loss	(1,515)	(382)	(6,129)	(22,799)
	Impairment charges reclassified to income statement	-	9,637	-	9,637
	Income tax relating to components of other comprehensive income	(982)	1,286	1,069	6,530
	Other comprehensive income for the period, net of income tax	2,945	(3,818)	(3,194)	(18,990)
	Total comprehensive income for the period	146,848	130,683	344,886	287,254
	Profit attributable to shareholder of the Bank	143,903	134,501	348,080	306,244
	Total comprehensive income attributable to shareholder of the Bank	146,848	130,683	344,886	287,254
	Basic earnings per RM0.50 share	62.8 sen	58.7 sen	152.0 sen	133.7 sen
	Dividends per RM0.50 ordinary share (net)				
	- paid in respect of prior year	-	65.5 sen	109.2 sen	65.5 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 2009 and the accompanying explanatory notes on page 7 to 47 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2010**

	Group						Retained profit	Total reserves	Proposed dividends	Total shareholder's equity
	← Non-distributable			→ Distributable						
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available- for-sale reserve				
	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 2009	114,500	741,375	125,861	122,723	190,000	(2,528)	2,135,618	3,313,049	150,000	3,577,549
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	329,888	329,888	-	329,888
Other comprehensive income, net of income tax										
Deferred tax adjustment on revaluation reserve	-	-	-	804	-	-	-	804	-	804
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	(9,591)	-	(9,591)	-	(9,591)
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(17,100)	-	(17,100)	-	(17,100)
Impairment charges reclassified to income statement	-	-	-	-	-	7,228	-	7,228	-	7,228
Total other comprehensive income	-	-	-	804	-	(19,463)	-	(18,659)	-	(18,659)
Total comprehensive income for the period	-	-	-	804	-	(19,463)	329,888	311,229	-	311,229
Transactions with shareholder, recorded directly in equity										
Dividends paid to shareholder - 2008 final	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Proposed dividend - 2009 interim	-	-	-	-	-	-	(200,000)	(200,000)	200,000	-
Balance as at 30 June 2009	114,500	741,375	125,861	123,527	190,000	(21,991)	2,265,506	3,424,278	200,000	3,738,778
Balance as at 1 January 2010	114,500	741,375	154,604	133,216 *	190,000	(11,406)	2,312,009 *	3,519,798	250,000	3,884,298
-effect of adopting FRS 139	-	-	-	-	-	-	12,379	12,379	-	12,379
Balance as at 1 January 2010, as restated	114,500	741,375	154,604	133,216	190,000	(11,406)	2,324,388	3,532,177	250,000	3,896,677
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	362,964	362,964	-	362,964
Other comprehensive income, net of income tax										
Revaluation reserve:										
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,534)	-	-	1,534	-	-	-
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	421	-	421	-	421
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(4,597)	-	(4,597)	-	(4,597)
Total other comprehensive income	-	-	-	(1,534)	-	(4,176)	1,534	(4,176)	-	(4,176)
Total comprehensive income for the period	-	-	-	(1,534)	-	(4,176)	364,498	358,788	-	358,788
Transactions with shareholder, recorded directly in equity										
Share based payment transactions	-	-	-	-	-	-	1,864	1,864	-	1,864
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Proposed dividend - 2010 interim	-	-	-	-	-	-	(200,000)	(200,000)	200,000	-
Balance as at 30 June 2010	114,500	741,375	154,604	131,682	190,000	(15,582)	2,490,750	3,692,829	200,000	4,007,329

* This figure has been restated. Please refer to Note 31 for further details.

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 2009 and the accompanying explanatory notes on page 7 to 47 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
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(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Bank						Total reserves	Proposed dividends	Total shareholder's equity	
	← Non-distributable			→ Distributable						
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Retained profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	306,244	306,244	-	306,244
Other comprehensive income, net of income tax										
Deferred tax adjustment on revaluation reserve	-	-	-	804	-	-	-	804	-	804
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	(9,922)	-	(9,922)	-	(9,922)
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(17,100)	-	(17,100)	-	(17,100)
Impairment charges reclassified to income statement	-	-	-	-	-	7,228	-	7,228	-	7,228
Total other comprehensive income	-	-	-	804	-	(19,794)	-	(18,990)	-	(18,990)
Total comprehensive income for the period	-	-	-	804	-	(19,794)	306,244	287,254	-	287,254
Transactions with shareholder, recorded directly in equity										
Dividends paid to shareholder - 2008 final	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Proposed dividend - 2009 interim	-	-	-	-	-	-	(200,000)	(200,000)	200,000	-
Balance as at 30 June 2009	114,500	741,375	114,500	123,527	190,000	(23,413)	2,230,502	3,376,491	200,000	3,690,991
Balance as at 1 January 2010	114,500	741,375	114,500	133,216*	190,000	(11,843)	2,271,906*	3,439,154	250,000	3,803,654
-effect of adopting FRS 139	-	-	-	-	-	-	12,336	12,336	-	12,336
Balance as at 1 January 2010, as restated	114,500	741,375	114,500	133,216	190,000	(11,843)	2,284,242	3,451,490	250,000	3,815,990
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	348,080	348,080	-	348,080
Other comprehensive income, net of income tax										
Revaluation reserve:										
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,534)	-	-	1,534	-	-	-
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	1,403	-	1,403	-	1,403
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(4,597)	-	(4,597)	-	(4,597)
Total other comprehensive income	-	-	-	(1,534)	-	(3,194)	1,534	(3,194)	-	(3,194)
Total comprehensive income for the period	-	-	-	(1,534)	-	(3,194)	349,614	344,886	-	344,886
Transactions with shareholder, recorded directly in equity										
Share based payment transactions	-	-	-	-	-	-	1,864	1,864	-	1,864
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Proposed dividend - 2010 interim	-	-	-	-	-	-	(200,000)	(200,000)	200,000	-
Balance as at 30 June 2010	114,500	741,375	114,500	131,682	190,000	(15,037)	2,435,720	3,598,240	200,000	3,912,740

* This figure has been restated. Please refer to Note 31 for further details.

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HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2010

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Profit before income tax and zakat	495,766	441,794	475,110	409,379
Adjustments for non-operating and non-cash items	42,391	27,973	40,469	25,784
Operating profit before working capital changes	538,157	469,767	515,579	435,163
Changes in working capital:				
Net changes in operating assets	(8,007,051)	743,755	(7,359,929)	314,889
Net changes in operating liabilities	3,844,432	55,299	2,782,402	571,367
Income tax paid	(117,416)	(124,612)	(108,750)	(116,279)
Net cash (used in)/generated from operations	(3,741,878)	1,144,209	(4,170,698)	1,205,140
Net cash generated from/(used in) investing activities	2,395,769	(345,455)	2,338,016	(533,867)
Net cash used in financing activities	(250,000)	(150,000)	(250,000)	(150,000)
	2,145,769	(495,455)	2,088,016	(683,867)
Net changes in cash and cash equivalents	(1,596,109)	648,754	(2,082,682)	521,273
Cash and cash equivalents at beginning of the period	11,709,558	8,428,554	11,480,483	7,445,455
Cash and cash equivalents at end of the period	10,113,449	9,077,308	9,397,801	7,966,728
Analysis of cash and cash equivalents				
Cash and short-term funds	10,113,449	9,077,308	9,397,801	7,966,728

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 2009 and the accompanying explanatory notes on page 7 to 47 attached to the unaudited condensed interim financial statements.

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Explanatory notes to the Interim Financial Statements as at 30 June 2010

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 refers 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 half year ended 30 June 2010 have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's ("BNM") guidelines.

The Group's unaudited interim financial statements include the financial statements of the Bank and its subsidiary companies. The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group as at and for the financial year ended 31 December 2009. 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 2009.

All other significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009, except for the adoption of the following FRSs, amendments to FRSs and IC Interpretations.

FRSs / Interpretations

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendment to FRS 117, Leases
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions

2 Basis of Preparation (Cont'd)

FRS 4 (Insurance Contracts), FRS 8 (Operating Segments) and IC Interpretation 14 (FRS 119 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction) are not applicable to the Group and the Bank. The adoption of FRS 7, FRS 101 and amendments to FRS 132 did not impact the financial results of the Group and the Bank, as the changes introduced are presentational in nature. The changes in presentation arising from the adoption of FRS7 and FRS 101 are disclosed in Note 31. The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments and FRS 117 are disclosed in Note 31.

The Amendments to FRS 139 include an additional transitional arrangement for entities in the financial services sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment for banking institutions. BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 require banking institutions to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment provision. Subject to the prior written approval from BNM, banking institutions are allowed to maintain a collective impairment assessment provision based on the banks' respective collective impairment assessment methodology.

The adoption of the remaining FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial results of the Group and the Bank.

The Group and Bank have not applied the following accounting standards, amendments and interpretations that have been issued by the MASB but are not yet effective for the Group and Bank.

FRS/Interpretations	Effective date
- FRS 1, First-time Adoption of Financial Reporting Standards	1 July 2010
- FRS 3, Business Combinations	1 July 2010
- FRS 127, Consolidated and Separate Financial Statements	1 July 2010
- IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 Jan 2011
- IC Interpretation 12, Service Concession Arrangements	1 July 2010
- IC Interpretation 15, Agreements for the Construction of Real Estate	1 July 2010
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
- IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 July 2010
- IC Interpretation 18, Transfers of Assets from Customers	1 Jan 2011
- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters.	1 Jan 2011
- Amendments to FRS 2, Share-based Payment IC	1 July 2010
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 Jan 2011
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
- Amendments to FRS 7, Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments	1 Jan 2011
- Amendments to FRS 138, Intangible Assets	1 July 2010
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010

The new requirements above take effect for the annual periods beginning on or after 1 July 2010, except for IC Interpretations 4 and 18 and Amendments to FRS 1, 2 (Group Cash-settled Share-based Payment Transactions) and 7 which apply for the annual period beginning on or after 1 January 2011. IC Interpretations 12 and 15 are not expected to have any impact on the financial statements of the Group as they are not relevant to the operations of the Group. The adoption of the other revised FRSs, amendments to FRSs and IC Interpretations is not expected to have a significant financial impact on the Group.

3 Auditors' Report On Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2009 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 half year ended 30 June 2010.

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 half year ended 30 June 2010.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the half year ended 30 June 2010.

8 Dividend

A final dividend of RM1.456 per ordinary share less tax at 25% totalling RM250 million in respect of the financial year ended 31 December 2009 was paid on 5 March 2010.

The directors now recommend an interim dividend of RM1.164 per ordinary share less tax at 25% totalling RM200 million in respect of the current financial year on the fully issued and paid up ordinary shares of the Bank.

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. The adoption of the amendment to FRS 117 has resulted in the Group reassessing and determining that all leasehold land of the Group is in substance finance leases and as such the leasehold land has been reclassified to property and equipment. The principal effects of the adoption of the amendment to FRS 117 are disclosed in Note 31.

10 Significant Events

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

11 Financial Assets Held-for-Trading

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	309,285	57,422	267,554	18,110
Bank Negara Malaysia bills and notes	1,883,349	315,670	1,883,349	315,670
Bank Negara Malaysia Islamic bills	514,191	149,490	514,191	149,490
Malaysian Government securities	1,193,336	458,592	1,193,336	458,592
Malaysian Government Islamic bonds	166,475	170,838	99,827	82,764
Cagamas bonds and notes	4,668	4,627	4,668	4,627
	4,071,304	1,156,639	3,962,925	1,029,253
Unquoted securities:				
Private debt securities (including commercial paper)	172,316	126,178	172,316	126,178
	4,243,620	1,282,817	4,135,241	1,155,431

12 Financial Investments Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	-	174,424	-	84,633
Malaysian Government securities	785,866	2,338,447	785,866	2,338,447
Malaysian Government Islamic bonds	599,997	451,077	303,781	344,736
Khazanah bonds	-	47,946	-	-
Cagamas bonds and notes	35,479	35,770	35,479	35,770
Negotiable instruments of deposit	525,057	875,060	500,056	805,055
Bankers' acceptance and Islamic accepted bills	421,556	782,678	421,556	782,678
	2,367,955	4,705,402	2,046,738	4,391,319
Quoted securities:				
Shares	16,114	19,063	16,114	19,063
Loan stock*	2,940	5,930	2,940	5,930
	19,054	24,993	19,054	24,993
Unquoted securities:				
Shares*	16,908	16,908	16,908	16,908
Private and Islamic debt securities	39,988	117,761	39,988	47,624
	56,896	134,669	56,896	64,532
Impairment loss:				
Quoted securities:				
Shares	(9,637)	(3,242)	(9,637)	(3,242)
Loan stock	(2,940)	(5,930)	(2,940)	(5,930)
	(12,577)	(9,172)	(12,577)	(9,172)
	2,431,328	4,855,892	2,110,111	4,471,672

*Stated at cost due to the lack of quoted prices in an active market or / and the fair values of the investments cannot be reliably measured.

13 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	1,219,870	1,343,183	1,215,829	1,338,246
Term loans/ financing				
Housing loans/ financing	10,502,827	9,591,757	10,247,895	9,507,684
Syndicated term loans/ financing	54,122	135,712	54,122	135,712
Factoring receivables	33,467	-	33,467	-
Hire purchase receivables	204,558	224,063	1,490	1,629
Lease receivables	3,070	5,836	2,854	5,560
Other term loans/ financing	9,108,992	8,882,984	6,280,209	6,582,449
Bills receivable	2,997,617	1,306,227	2,997,617	1,306,227
Trust receipts	1,177,539	500,035	1,177,539	500,035
Claims on customers under acceptance credits	2,613,547	2,808,613	2,155,054	2,248,860
Staff loans/ financing	388,650	380,338	383,001	377,443
Credit/ charge cards	2,707,181	2,724,521	2,502,277	2,556,092
Revolving credit	2,061,071	1,633,995	2,061,071	1,633,995
Other loans/ financing	8,727	7,993	8,727	7,993
Less: Unearned income	(80,752)	(90,379)	-	-
Gross loans, advances and financing	33,000,486	29,454,878	29,121,152	26,201,925
Less: Allowances for impaired loans, advances and financing				
- Collective allowances for impairment	(489,439)	-	(431,900)	-
- Individual allowances for impairment	(378,028)	-	(333,220)	-
- General allowances	-	(440,297)	-	(387,700)
- Specific allowances	-	(390,789)	-	(355,406)
Total net loans, advances and financing	32,133,019	28,623,792	28,356,032	25,458,819

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	48,908	51,859	-	-
Domestic non-bank financial institutions				
Stockbroking companies	155,025	152,533	155,025	152,533
Others	-	332	-	332
Domestic business enterprises				
Small medium enterprises	5,077,651	4,730,388	4,327,770	3,975,954
Others	9,329,442	8,051,888	7,990,634	6,961,158
Individuals	16,019,695	15,141,707	14,467,088	13,868,492
Other domestic entities	10,109	10,269	6,188	6,034
Foreign entities	2,359,656	1,315,902	2,174,447	1,237,422
	33,000,486	29,454,878	29,121,152	26,201,925

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	15,239,899	12,254,415	13,219,499	10,637,402
More than one year to three years	2,075,375	2,047,274	1,464,028	1,432,530
More than three years to five years	2,105,778	2,307,579	1,286,205	1,469,232
More than five years	13,579,434	12,845,610	13,151,420	12,662,761
	33,000,486	29,454,878	29,121,152	26,201,925

13 Loans, Advances and Financing (Cont'd)

(iv) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/ financing	229,713	242,662	203,815	210,380
Hire purchase receivables	186,884	203,166	1,490	1,629
Other fixed rate loans/ financing	4,632,595	4,812,852	2,314,857	2,405,735
Variable rate				
BLR plus	22,316,895	19,439,386	22,037,642	19,394,093
Cost-plus	2,061,071	1,633,996	2,061,071	1,633,996
Other variable rates	3,573,328	3,122,816	2,502,277	2,556,092
	33,000,486	29,454,878	29,121,152	26,201,925

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	1,159,973	845,718	1,055,966	749,961
Mining and quarrying	465,868	344,177	319,669	328,673
Manufacturing	6,172,475	5,832,326	5,313,290	5,043,494
Electricity, gas and water	49,361	55,183	40,577	47,681
Construction	819,850	764,321	750,927	709,835
Real estate	1,066,069	1,063,619	782,491	820,427
Wholesale & retail trade and restaurants & hotels	2,285,242	1,954,204	2,116,019	1,676,138
Transport, storage and communication	401,642	368,837	220,996	228,077
Finance, insurance and business services	1,636,851	1,295,134	1,355,855	1,057,541
Household-retail	16,957,668	15,967,891	15,386,717	14,684,813
Others	1,985,487	963,468	1,778,645	855,285
	33,000,486	29,454,878	29,121,152	26,201,925

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	10,887,150	9,975,127	10,633,606	9,897,146
-Non residential	909,753	1,005,847	884,451	998,510
Purchase of securities	32,090	46,303	30,872	44,947
Purchase of transport vehicles	49,947	50,517	48,570	50,423
Purchase of fixed assets excluding land & building	87,469	235,009	-	-
Consumption credit	5,677,971	5,578,063	4,365,031	4,376,167
Construction	819,850	764,321	750,927	709,835
Working capital	13,102,988	11,324,636	11,145,043	9,722,493
Other purpose	1,433,268	475,055	1,262,652	402,404
	33,000,486	29,454,878	29,121,152	26,201,925

13 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Northern	4,756,898	4,275,120	4,237,861	3,953,177
Southern	4,543,053	4,162,901	4,033,849	3,760,714
Central	19,873,035	17,292,534	17,376,410	15,131,844
Eastern	3,827,500	3,724,323	3,473,032	3,356,190
	33,000,486	29,454,878	29,121,152	26,201,925

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Malacca and Pahang.

The Central region consists of the states of Selangor, Negeri Sembilan and the Federal Territory of Kuala Lumpur .

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

14 Impaired Loans, Advances and Financing

(i) Movements in impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
At beginning of period/ year	667,236	485,804	611,783	457,328
Classified as impaired during the period/ year	285,476	711,813	242,963	632,418
Reclassified as performing	(77,382)	(108,088)	(76,894)	(107,833)
Amount recovered	(87,668)	(181,736)	(80,970)	(171,012)
Amount written off	(125,435)	(270,804)	(95,345)	(221,716)
Other movements	8,640	30,247	5,842	22,598
At end of period/ year	670,867	667,236	607,379	611,783
Individual allowance for impairment / (2009: Specific allowance)	(378,028)	(390,789)	(333,220)	(355,406)
Net impaired loans, advances and financing	292,839	276,447	274,159	256,377

(ii) Movements in allowances for impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
(2009: General allowance)				
At beginning of period/ year	440,297	462,597	387,700	410,000
Made during the period/ year	52,942	12,400	48,000	12,400
Amount written back	(3,800)	(34,700)	(3,800)	(34,700)
At end of period/ year	489,439	440,297	431,900	387,700

With the adoption of FRS 139's transitional provision, the Group and the Bank have reversed the 31 December 2009 general allowance balances and reinstated them as collective impairment allowances on 1 January 2010 as both general allowance and collective impairment allowance are based on 1.5% of customer advances net of impairment charge. Prior to 1 Jan 2010, The Group and the Bank's specific allowance were already computed on the net present value of future expected cash flows.

Individual allowance for impairment

(2009: Specific allowance)

At beginning of period/ year, as previously stated	390,789	277,100	355,406	255,961
Effect of adopting FRS 139	(12,379)	-	(12,336)	-
At beginning of period/ year, as restated	378,410	277,100	343,070	255,961
Made during the period/ year	121,745	379,365	83,834	313,867
Amount recovered	(17,445)	(44,951)	(14,990)	(33,972)
Amount written off	(110,482)	(250,688)	(82,013)	(202,764)
Other movements	5,800	29,963	3,319	22,314
At end of period/ year	378,028	390,789	333,220	355,406

14 Impaired Loans, Advances and Financing (Cont'd)

(iii) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	1,695	1,246	1,695	1,246
Manufacturing	124,292	133,654	117,520	128,056
Construction	4,470	4,762	4,470	4,762
Real estate	13,321	14,330	13,321	14,134
Wholesale & retail trade and restaurants & hotels	66,091	68,509	62,533	64,653
Transport, storage and communication	3,224	2,261	3,224	2,261
Finance, insurance and business services	10,412	10,139	9,725	10,083
Household-retail	446,507	430,835	394,243	385,088
Others	855	1,500	648	1,500
	670,867	667,236	607,379	611,783

(iv) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	207,156	193,158	206,121	191,990
-Non residential	18,746	32,129	18,634	32,007
Purchase of securities	371	380	371	380
Purchase of transport vehicles	439	167	439	167
Consumption credit	229,613	228,588	178,384	184,010
Construction	4,470	4,762	4,470	4,762
Working capital	210,072	208,052	198,960	198,467
	670,867	667,236	607,379	611,783

(v) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Northern	111,448	118,610	99,705	107,635
Southern	182,473	176,101	171,984	167,567
Central	308,972	303,731	276,597	276,083
Eastern	67,974	68,794	59,093	60,498
	670,867	667,236	607,379	611,783

15 Other Assets

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets (Note 29)	995,804	753,861	987,275	743,624
Interest/ income receivable	45,625	47,679	45,161	46,382
Other receivables, deposits and prepayments	1,597,656	333,675	1,536,759	326,906
	2,639,085	1,135,215	2,569,195	1,116,912

16 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Demand deposits	10,593,827	10,254,916	10,403,060	10,126,661
Savings deposits	7,387,740	7,089,713	6,821,205	6,581,567
Fixed / Investment deposits	22,263,888	21,758,455	20,317,298	20,123,308
Negotiable instruments of deposit	709,473	417,289	709,473	417,289
Wholesale money market deposits	1,868,424	2,521,745	1,868,424	2,521,745
Others	2,762,870	2,644,240	2,619,618	2,443,398
	45,586,222	44,686,358	42,739,078	42,213,968

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

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Due within six months	17,544,573	17,184,934	15,879,506	15,824,484
More than six months to one year	4,489,382	4,553,680	4,215,172	4,280,602
More than one year to three years	572,918	256,385	570,540	255,924
More than three years to five years	366,488	180,745	361,553	179,587
	22,973,361	22,175,744	21,026,771	20,540,597

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	109,901	90,038	14,528	14,922
Business enterprises	16,116,231	16,197,083	15,099,392	15,457,644
Individuals	22,569,138	21,849,408	21,237,123	20,588,871
Others	6,790,952	6,549,829	6,388,035	6,152,531
	45,586,222	44,686,358	42,739,078	42,213,968

17 Deposits and Placements of Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Licensed banks	350,000	-	350,000	-
Bank Negara Malaysia	73,611	59,551	56,329	59,551
Other financial institutions	4,054,205	2,760,087	3,617,609	2,650,471
	4,477,816	2,819,638	4,023,938	2,710,022

18 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities	857,186	618,732	848,657	608,495
Interest/ profit payable	144,638	152,594	135,645	144,551
Allowance for commitments and contingencies	2,040	2,440	2,040	2,440
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals	2,052,944	1,041,464	2,032,179	1,363,164
	3,063,508	1,821,930	3,018,521	2,118,650

19 Subordinated Bonds

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
	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	8,759	385	8,759	385
	1,008,759	1,000,385	1,008,759	1,000,385

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 Net Interest Income

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	325,476	322,544	636,228	694,583
- Interest income recognised from impaired loans	8,166	10,037	15,514	15,744
Money at call and deposit placements with financial institutions	112,739	64,771	204,481	133,279
Financial investments available-for-sale	15,541	28,825	42,412	61,708
Fair value hedge derivative assets	2,092	1,500	4,196	2,580
	464,014	427,677	902,831	907,894
Interest expense				
Deposits and placements of banks and other financial institutions	(9,967)	(6,678)	(18,090)	(17,682)
Deposits from customers	(172,241)	(153,084)	(315,381)	(336,923)
Loans sold to Cagamas	(6,568)	(7,966)	(13,288)	(16,145)
Subordinated bonds	(11,718)	(11,718)	(23,307)	(23,307)
Others	(1,598)	(647)	(2,741)	(1,627)
	(202,092)	(180,093)	(372,807)	(395,684)
Net interest income	261,922	247,584	530,024	512,210
	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	325,476	322,544	636,228	694,583
- Interest income recognised from impaired loans	8,166	10,037	15,514	15,744
Money at call and deposit placements with financial institutions	120,722	70,250	219,609	145,137
Financial investments available-for-sale	15,541	28,825	42,412	61,708
Fair value hedge derivative assets	2,092	1,500	4,196	2,580
	471,997	433,156	917,959	919,752
Interest expense				
Deposits and placements of banks and other financial institutions	(9,967)	(6,678)	(18,090)	(17,682)
Deposits from customers	(172,241)	(153,084)	(315,381)	(336,923)
Loans sold to Cagamas	(6,568)	(7,966)	(13,288)	(16,145)
Subordinated bonds	(11,718)	(11,718)	(23,307)	(23,307)
Others	(1,598)	(647)	(2,741)	(1,627)
	(202,092)	(180,093)	(372,807)	(395,684)
Net interest income	269,905	253,063	545,152	524,068

All items of interest income and expense were recognised from assets and liabilities that were not at fair value through profit or loss.

21 Net Fee and Commission Income

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
Fee and commission income	RM'000	RM'000	RM'000	RM'000
Credit cards	44,752	51,586	89,829	91,659
Service charges and fees	40,295	32,511	72,255	60,636
Fees on credit facilities	7,641	7,591	17,900	14,625
Agency fee	15,655	7,609	27,400	14,185
Others	10,033	9,846	24,015	20,337
	118,376	109,143	231,399	201,442
Fee and commission expense				
Interbank and clearing fees	(232)	(212)	(459)	(439)
Brokerage	(676)	(555)	(1,210)	(1,040)
Others	(7,078)	(5,379)	(13,156)	(10,375)
	(7,986)	(6,146)	(14,825)	(11,854)
Net fee and commission income	110,390	102,997	216,574	189,588
	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
Fee and commission income	RM'000	RM'000	RM'000	RM'000
Credit cards	44,752	51,586	89,829	91,659
Service charges and fees	40,295	32,511	72,255	60,636
Fees on credit facilities	7,641	7,591	17,900	14,625
Agency fee	15,655	7,609	27,400	14,185
Others	10,033	9,846	24,015	20,337
	118,376	109,143	231,399	201,442
Fee and commission expense				
Interbank and clearing fees	(232)	(212)	(459)	(439)
Brokerage	(676)	(555)	(1,210)	(1,040)
Others	(7,078)	(5,379)	(13,156)	(10,375)
	(7,986)	(6,146)	(14,825)	(11,854)
Net fee and commission income	110,390	102,997	216,574	189,588

22 Net Trading Income

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading and other financial instruments	21,400	7,392	29,728	(3,407)
Net interest income from financial assets held-for-trading	18,187	9,528	24,744	33,708
Net unrealised (losses)/gains on revaluation of financial assets held-for-trading	(7,870)	(675)	2,873	1,138
Net gains arising from dealing in foreign currency	77,258	146,621	114,668	180,494
Net unrealised gains/(losses) from dealing in foreign currency	9,432	(65,691)	45,608	(16,683)
Net (losses)/gains arising from trading in derivatives	(5,863)	17,013	23,936	19,289
Net unrealised gains on revaluation of derivatives	18,918	1,559	23,447	2,658
(Losses)/gains arising from fair value hedges	(395)	756	168	6
	131,067	116,503	265,172	217,203

	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading and other financial instruments	21,400	7,392	29,728	(3,407)
Net interest income from financial assets held-for-trading	18,187	9,528	24,744	33,708
Net unrealised (losses)/gains on revaluation of financial assets held-for-trading	(7,870)	(675)	2,873	1,138
Net gains arising from dealing in foreign currency	77,258	146,621	114,668	180,494
Net unrealised gains/(losses) from dealing in foreign currency	9,432	(65,691)	45,608	(16,683)
Net (losses)/gains arising from trading in derivatives	(5,863)	17,013	23,936	19,289
Net unrealised gains on revaluation of derivatives	18,918	1,559	23,447	2,658
(Losses)/gains arising from fair value hedges	(395)	756	168	6
	131,067	116,503	265,172	217,203

23 Income from Islamic Banking operations

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositor funds and others	66,115	61,801	133,431	130,330
Income derived from investment of shareholders funds	20,429	16,257	40,129	33,364
Income attributable to the depositors	(12,956)	(12,462)	(23,148)	(29,877)
Income from Islamic Banking operations	73,588	65,596	150,412	133,817

24 Other Operating Income

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Disposal of financial investments available-for-sale	1,059	4,697	4,499	27,402
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	854	475	1,082	642
Rental income	1,710	1,732	3,342	3,329
Net gains on disposal of property and equipment	1	112	6	213
Other operating income	6,043	7,110	12,983	14,391
	9,667	14,126	21,912	45,977
	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Disposal of financial investments available-for-sale	1,059	4,697	4,499	27,402
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	854	475	1,082	642
Rental income	1,710	1,732	3,342	3,329
Net gains on disposal of property and equipment	1	112	6	213
Other operating income	31,077	28,120	60,836	53,638
	34,701	35,136	69,765	85,224

25 Loans/ Financing Impairment Charges and other Credit Risk Provisions

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Impairment charges on loans and financing:				
(a) Individual impairment / (2009: Specific allowance)				
Made during the financial period	65,003	110,072	121,745	192,619
Written back	(7,152)	(14,143)	(17,445)	(21,084)
(b) Collective impairment / (2009: General allowance)				
Made during the financial period	47,842	5,800	52,942	5,800
Written back	-	(4,200)	(3,800)	(20,700)
Impaired loans				
Recovered during the financial period	(21,572)	(14,858)	(44,666)	(29,432)
Written off	9,174	3,976	14,952	6,942
Impairment charges on commitments and contingencies:				
Made during the financial period	-	143	-	1,093
Written back	(155)	(437)	(425)	(475)
Impairment charges on other credit related items				
Made during the financial period	26	-	26	-
	93,166	86,353	123,329	134,763

	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Impairment charges on loans and financing:				
(a) Individual impairment / (2009: Specific allowance)				
Made during the financial period	42,468	92,479	83,834	160,776
Written back	(6,757)	(12,160)	(14,990)	(18,469)
(b) Collective impairment / (2009: General allowance)				
Made during the financial period	42,900	5,800	48,000	5,800
Written back	-	(4,200)	(3,800)	(20,700)
Impaired loans				
Recovered during the financial period	(17,910)	(13,084)	(38,055)	(26,564)
Written off	8,381	3,842	13,331	6,767
Impairment charges on commitments and contingencies:				
Made during the financial period	-	143	-	1,093
Written back	(155)	(437)	(425)	(475)
Impairment charges on other credit related items				
Made during the financial period	26	-	26	-
	68,953	72,383	87,921	108,228

26 Other Operating Expenses

	<i>Group</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	154,167	138,695	291,338	269,446
Promotion and marketing related expenses	24,777	16,685	44,552	28,886
Establishment related expenses	33,549	29,330	64,843	59,690
General administrative expenses	81,875	81,518	164,266	154,579
	294,368	266,228	564,999	512,601

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	116,443	109,415	222,902	210,072
Employees Provident Fund contributions	19,621	18,317	35,787	34,499
Promotion and marketing related expenses	-			
Advertising and promotion	18,129	14,154	32,671	22,399
Establishment related expenses	-			
Depreciation of property and equipment	8,517	8,582	16,902	17,368
Amortisation of intangible assets	6,372	5,686	12,279	10,175
Information technology costs	2,718	2,531	5,927	6,940
Hire of equipment	2,186	1,819	3,829	3,289
Rental of premises	7,781	5,709	14,100	10,649
Property and equipment written off	46	57	54	57
General administrative expenses				
Intercompany expenses	57,463	61,653	117,346	115,069
Auditors' remuneration				
-Statutory audit	114	102	225	202
-Other services	86	87	239	87

Bank

	<i>Bank</i>			
	2nd quarter ended		Year-To-Date ended	
	30 Jun 2010	30 Jun 2009	30 Jun 2010	30 Jun 2009
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	147,128	136,378	278,659	261,570
Promotion and marketing related expenses	21,470	13,421	39,030	21,025
Establishment related expenses	30,907	27,708	59,655	56,449
General administrative expenses	77,482	78,225	156,288	149,795
	276,987	255,732	533,632	488,839

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	111,067	105,271	212,837	201,842
Employees Provident Fund contributions	18,705	17,633	34,129	33,130
Promotion and marketing related expenses				
Advertising and promotion	14,822	10,890	27,149	14,538
Establishment related expenses				
Depreciation of property and equipment	7,681	8,188	15,402	16,678
Amortisation of intangible assets	6,184	5,529	11,902	9,904
Information technology costs	2,617	2,485	5,753	6,545
Hire of equipment	2,118	1,811	3,672	3,274
Rental of premises	6,883	4,873	12,102	9,205
Property and equipment written off	45	57	53	57
General administrative expenses				
Intercompany expenses	54,239	61,206	110,843	113,788
Auditors' remuneration				
-Statutory audit	94	87	185	175
-Other services	78	87	156	87

27 Credit exposure to connected parties

The credit exposures of the Group and Bank to connected parties as defined by Bank Negara Malaysia's 'Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	<i>Group</i>		<i>Bank</i>	
	30 Jun 2010 RM'000	31 Dec 2009 RM'000	30 Jun 2010 RM'000	31 Dec 2009 RM'000
Aggregate value of total credit exposures to connected parties	391,889	365,114	391,458	364,923
As a percentage of total credit exposures	1.0%	1.0%	1.1%	1.1%
Aggregate value of total credit exposures to connected parties which is impaired or in default	-	-	-	-
As a percentage of total credit exposures	-	-	-	-

28 Capital Adequacy

	<i>Group</i>	
	30 Jun 2010	31 Dec 2009
	RM'000	RM'000
Tier 1 capital		Restated
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits (including proposed dividend)	2,675,866	2,562,009
Statutory reserve	154,604	154,604
	3,876,345	3,762,488
Less: Deferred tax adjustments	(128,658)	(97,687)
Total Tier 1 capital	3,747,687	3,664,801
Tier 2 capital		
Subordinated bonds	1,008,759	1,000,385
Revaluation reserves	76,589	77,357
Collective impairment allowance / (2009: General Allowance)	489,439	440,297
Total Tier 2 capital	1,574,787	1,518,039
Total capital	5,322,474	5,182,840
Capital base	5,322,474	5,182,840
Core capital ratio	10.4%	11.1%
Risk-weighted capital ratio	14.8%	15.8%
Core capital ratio (net of proposed dividend)	9.9%	10.4%
Risk-weighted capital ratio (net of proposed dividend)	14.2%	15.0%

The capital ratios have been computed in accordance with the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF" from 2008 onwards.

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

	<i>Group</i>			
	30 Jun 2010		31 Dec 2009	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	64,559,224	29,688,395	63,293,707	27,030,500
Total RWA for market risk	-	1,954,004	-	1,558,720
Total RWA for operational risk	-	4,359,685	-	4,299,805
	64,559,224	36,002,084	63,293,707	32,889,025

28 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	30 Jun 2010	31 Dec 2009
	RM'000	RM'000
Tier 1 capital		Restated
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits (including proposed dividend)	2,635,720	2,521,906
Statutory reserve	114,500	114,500
	3,796,095	3,682,281
Less: Deferred tax adjustments	(130,537)	(99,566)
Total Tier 1 capital	3,665,558	3,582,715
Tier 2 capital		
Subordinated bonds	1,008,759	1,000,385
Revaluation reserves	76,589	77,357
Collective impairment allowance / (2009: General Allowance)	431,900	387,700
Total Tier 2 capital	1,517,248	1,465,442
Total capital	5,182,806	5,048,157
Less: Investment in subsidiaries	(660,021)	(660,021)
Capital base	4,522,785	4,388,136
Core capital ratio	11.1%	11.8%
Risk-weighted capital ratio	13.7%	14.5%
Core capital ratio (net of proposed dividend)	10.5%	11.0%
Risk-weighted capital ratio (net of proposed dividend)	13.1%	13.7%

The capital ratios have been computed in accordance with the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF" from 2008 onwards.

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

	<i>Bank</i>			
	30 Jun 2010		31 Dec 2009	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	60,154,690	26,801,844	60,002,149	24,575,852
Total RWA for market risk	-	1,920,860	-	1,534,062
Total RWA for operational risk	-	4,172,068	-	4,161,243
	60,154,690	32,894,772	60,002,149	30,271,157

28 Capital Adequacy (Cont'd)

30 Jun 2010

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Total RWA after PSIA	Capital Requirement
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	15,136,818	15,136,817	-	-	-
Banks, Development Financial Institutions & MDBs	7,928,079	7,928,079	1,670,644	1,670,644	133,652
Corporates	12,218,642	11,613,684	10,952,429	10,952,429	876,194
Regulatory Retail	6,640,473	6,463,741	4,817,992	4,817,992	385,439
Residential Mortgages	14,075,783	14,071,101	5,772,682	5,772,682	461,815
Higher Risk Assets	1,445	1,445	2,167	2,167	173
Other Assets	834,658	834,658	647,888	647,888	51,831
Equity Exposure	33,022	33,022	33,022	33,022	2,642
Defaulted Exposures	374,615	367,854	501,908	501,908	40,153
Total for On-Balance Sheet Exposures	57,243,535	56,450,401	24,398,732	24,398,732	1,951,899
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	2,614,695	2,614,696	1,390,228	1,390,228	111,218
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,601,486	4,499,291	3,757,878	3,757,878	300,630
Defaulted Exposures	99,508	94,528	141,557	141,557	11,325
Total for Off-Balance Sheet Exposures	7,315,689	7,208,515	5,289,663	5,289,663	423,173
Total On and Off-Balance Sheet Exposures	64,559,224	63,658,916	29,688,395	29,688,395	2,375,072
<u>Large Exposures Risk Requirement</u>					
<u>Market Risk</u>					
	<u>Long Position</u>	<u>Short Position</u>			
Interest Rate Risk	58,514,621	54,075,807	4,438,815	1,814,230	145,138
Foreign Currency Risk	129,624	40,429	129,624	129,624	10,370
Option Risk	-	-	-	10,150	812
	58,644,245	54,116,236	4,568,439	1,954,004	156,320
Operational Risk	-	-	-	4,359,685	348,775
Total RWA and Capital Requirement	-	-	-	36,002,084	2,880,167

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market risk, large exposures risk and operational risk of the Group as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

PSIA - Profit Sharing Investment Account

MDBs - Multilateral Development Banks

OTC - Over the counter

28 Capital Adequacy (Cont'd)

30 Jun 2010

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Total RWA after PSIA	Capital Requirement
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	13,550,013	13,550,013	-	-	-
Banks, Development Financial Institutions & MDBs	8,954,946	8,954,946	2,024,199	2,024,199	161,936
Corporates	10,256,303	9,693,311	9,046,751	9,046,751	723,740
Regulatory Retail	5,093,673	4,934,613	3,671,813	3,671,813	293,745
Residential Mortgages	13,854,696	13,850,051	5,661,651	5,661,651	452,932
Higher Risk Assets	1,445	1,445	2,167	2,167	173
Other Assets	1,161,395	1,161,395	974,625	974,625	77,970
Equity Exposure	33,022	33,022	33,022	33,022	2,642
Defaulted Exposures	353,268	346,544	470,918	470,918	37,673
Total for On-Balance Sheet Exposures	53,258,761	52,525,340	21,885,146	21,885,146	1,750,811
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	2,597,916	2,597,917	1,386,871	1,386,871	110,950
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,198,513	4,100,826	3,388,278	3,388,278	271,062
Defaulted Exposures	99,500	94,520	141,549	141,549	11,324
Total for Off-Balance Sheet Exposures	6,895,929	6,793,263	4,916,698	4,916,698	393,336
Total On and Off-Balance Sheet Exposures	60,154,690	59,318,603	26,801,844	26,801,844	2,144,147
<u>Large Exposures Risk Requirement</u>					
	-	-	-	-	-
<u>Market Risk</u>					
	Long Position	Short Position			
Interest Rate Risk	58,356,237	54,075,807	4,280,431	1,782,866	142,629
Foreign Currency Risk	127,844	40,087	127,844	127,844	10,228
Option Risk	-	-	-	10,150	812
	58,484,081	54,115,894	4,408,275	1,920,860	153,669
Operational Risk	-	-	-	4,172,068	333,765
Total RWA and Capital Requirement	-	-	-	32,894,772	2,631,581

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market risk, large exposures risk and operational risk of the Bank as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

PSIA - Profit Sharing Investment Account

MDBs - Multilateral Development Banks

OTC - Over the counter

28 Capital Adequacy (Cont'd)

31 Dec 2009

Group

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Total RWA after PSIA	Capital Requirement
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	19,032,088	19,032,088	-	-	-
Banks, Development Financial Institutions & MDBs	5,431,925	5,431,925	1,137,143	1,137,143	90,971
Corporates	11,098,141	10,732,615	9,977,681	9,977,681	798,214
Regulatory Retail	6,421,294	6,227,764	4,626,957	4,626,957	370,157
Residential Mortgages	13,034,443	13,030,142	5,235,805	5,235,805	418,864
Higher Risk Assets	1,531	1,531	2,296	2,296	184
Other Assets	808,875	808,875	611,466	611,466	48,917
Equity Exposure	35,971	35,971	35,971	35,971	2,878
Defaulted Exposures	460,702	451,921	508,841	508,841	40,707
Total for On-Balance Sheet Exposures	56,324,970	55,752,832	22,136,160	22,136,160	1,770,892
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	2,245,463	2,245,463	1,002,542	1,002,542	80,203
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,683,326	4,573,647	3,838,745	3,838,745	307,100
Defaulted Exposures	39,948	35,570	53,053	53,053	4,244
Total for Off-Balance Sheet Exposures	6,968,737	6,854,680	4,894,340	4,894,340	391,547
Total On and Off-Balance Sheet Exposures	63,293,707	62,607,512	27,030,500	27,030,500	2,162,439
<u>Large Exposures Risk Requirement</u>					
	-	-	-	-	-
<u>Market Risk</u>					
	<u>Long Position</u>	<u>Short Position</u>			
Interest Rate Risk	47,252,664	45,868,530	1,384,134	1,469,137	117,531
Foreign Currency Risk	36,058	17,467	36,058	36,058	2,885
Option Risk	-	-	-	53,525	4,282
	47,288,722	45,885,997	1,420,192	1,558,720	124,698
Operational Risk	-	-	-	4,299,805	343,984
Total RWA and Capital Requirement	-	-	-	32,889,025	2,631,121

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market risk, large exposures risk and operational risk of the Group as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

PSIA - Profit Sharing Investment Account

MDBs - Multilateral Development Banks

OTC - Over the counter

28 Capital Adequacy (Cont'd)

31 Dec 2009

Bank

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Total RWA after PSIA	Capital Requirement
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	18,124,942	18,124,942	-	-	-
Banks, Development Financial Institutions & MDBs	6,322,587	6,322,587	1,477,919	1,477,919	118,234
Corporates	9,352,388	8,989,901	8,311,482	8,311,482	664,919
Regulatory Retail	5,055,649	4,868,666	3,607,959	3,607,959	288,637
Residential Mortgages	12,957,960	12,953,659	5,178,442	5,178,442	414,275
Higher Risk Assets	1,531	1,531	2,296	2,296	184
Other Assets	1,098,637	1,098,637	901,228	901,228	72,098
Equity Exposure	35,971	35,971	35,971	35,971	2,878
Defaulted Exposures	439,001	430,222	478,570	478,570	38,286
Total for On-Balance Sheet Exposures	53,388,666	52,826,116	19,993,867	19,993,867	1,599,511
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	2,225,247	2,225,247	998,499	998,499	79,880
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,348,296	4,238,617	3,530,441	3,530,441	282,435
Defaulted Exposures	39,940	35,562	53,045	53,045	4,244
Total for Off-Balance Sheet Exposures	6,613,483	6,499,426	4,581,985	4,581,985	366,559
Total On and Off-Balance Sheet Exposures	60,002,149	59,325,542	24,575,852	24,575,852	1,966,070
<u>Large Exposures Risk Requirement</u>					
	-	-	-	-	-
<u>Market Risk</u>					
	Long Position	Short Position			
Interest Rate Risk	47,125,278	45,868,530	1,256,748	1,449,249	115,940
Foreign Currency Risk	31,288	17,467	31,288	31,288	2,503
Option Risk	-	-	-	53,525	4,282
	47,156,566	45,885,997	1,288,036	1,534,062	122,725
Operational Risk	-	-	-	4,161,243	332,899
Total RWA and Capital Requirement	-	-	-	30,271,157	2,421,694

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market risk, large exposures risk and operational risk of the Bank as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

PSIA - Profit Sharing Investment Account

MDBs - Multilateral Development Banks

OTC - Over the counter

28 Capital Adequacy (Cont'd)

30 Jun 2010

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000		
0%	15,248,040	-	1,960	31,376	-	-	186,770	-	15,468,146	-
20%	-	8,676,197	784,959	13,958	-	-	-	-	9,475,114	1,895,023
35%	-	-	-	-	10,326,213	-	-	-	10,326,213	3,614,175
50%	-	934,300	594,941	43,957	2,600,670	-	-	-	4,173,868	2,086,934
75%	-	-	34	7,935,868	1,292,354	-	-	-	9,228,256	6,921,192
100%	-	-	13,855,521	8,795	74,590	-	647,887	33,022	14,619,815	14,619,815
150%	-	63	116,235	249,679	-	1,527	-	-	367,504	551,256
Total Risk Weight	-	-	-	-	-	-	-	-	63,658,916	29,688,395
Average Risk Weight	-	-	-	-	-	-	-	-	3,536,606	1,649,355

Bank

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000		
0%	13,661,236	-	1,960	30,486	-	-	186,770	-	13,880,452	-
20%	-	9,192,354	767,874	13,958	-	-	-	-	9,974,186	1,994,838
35%	-	-	-	-	10,251,411	-	-	-	10,251,411	3,587,994
50%	-	1,428,231	592,863	43,570	2,501,324	-	-	-	4,565,988	2,282,994
75%	-	-	34	6,307,602	1,230,066	-	-	-	7,537,702	5,653,276
100%	-	-	11,671,258	8,795	73,407	-	974,625	33,022	12,761,107	12,761,106
150%	-	63	116,235	229,932	-	1,527	-	-	347,757	521,636
Total Risk Weight	-	-	-	-	-	-	-	-	59,318,603	26,801,844
Average Risk Weight	-	-	-	-	-	-	-	-	3,295,478	1,488,991

The above are disclosures on credit risk by risk weights of the Group and the Bank as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

28 Capital Adequacy (Cont'd)

31 Dec 2009

Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000		
0%	19,140,073	-	1,332	24,508	-	-	197,409	-	19,363,322	-
20%	-	6,136,633	1,163,245	25,373	-	-	-	-	7,325,251	1,465,050
35%	-	-	-	-	9,747,389	-	-	-	9,747,389	3,411,586
50%	-	726,941	589,549	109,511	2,551,386	-	-	-	3,977,387	1,988,694
75%	-	-	-	7,737,246	789,740	-	-	-	8,526,986	6,395,240
100%	-	619	12,598,728	77,353	137,534	-	611,466	35,971	13,461,671	13,461,671
150%	-	-	68,042	135,771	-	1,693	-	-	205,506	308,259
Total Risk Weight	-	-	-	-	-	-	-	-	62,607,512	27,030,500
Average Risk Weight	-	-	-	-	-	-	-	-	3,478,195	1,501,694

Bank

Risk Weights	Exposures after Netting and Credit Risk Mitigation								Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000		
0%	18,232,927	-	1,332	24,058	-	-	197,409	-	18,455,726	-
20%	-	6,464,935	1,069,018	25,373	-	-	-	-	7,559,326	1,511,864
35%	-	-	-	-	9,747,389	-	-	-	9,747,389	3,411,586
50%	-	1,269,085	587,257	109,190	2,551,385	-	-	-	4,516,917	2,258,459
75%	-	-	-	6,275,705	709,340	-	-	-	6,985,045	5,238,784
100%	-	619	10,724,312	74,666	136,301	-	901,228	35,971	11,873,097	11,873,097
150%	-	-	67,914	118,435	-	1,693	-	-	188,042	282,062
Total Risk Weight	-	-	-	-	-	-	-	-	59,325,542	24,575,852
Average Risk Weight	-	-	-	-	-	-	-	-	3,295,863	1,365,325

The above are disclosures on credit risk by risk weights of the Group and the Bank as at balance sheet date. The following disclosure requirement came into effect in 2008 with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

29 Commitments and Contingencies

30 Jun 2010

	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	1,267,558	-	1,267,559	1,121,918
Transaction-related contingent items	2,386,945	-	1,193,473	984,771
Short-term self-liquidating trade-related contingencies	466,607	-	93,321	67,959
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	8,937,198	-	-	-
- Maturity exceeding one year	939,573	-	469,786	400,963
Unutilised credit card lines	7,060,627	-	1,412,125	1,059,094
Foreign exchange related contracts				
- Less than one year	18,685,033	273,641	457,497	309,742
- Over one year to less than five years	7,695,689	255,261	837,804	466,196
- Over five years	1,266,698	77,905	220,474	220,471
Interest/profit rate related contracts:				
- Less than one year	7,682,265	16,526	29,567	11,182
- Over one year to less than five years	22,074,467	258,970	742,314	299,062
- Over five years	1,564,922	35,971	141,095	46,385
Gold and other precious metals contracts				
- Less than one year	68,613	2,310	2,996	599
- Over one year to less than five years	125,024	4,991	11,242	2,249
Other commodity contracts:				
- Less than one year	52,904	119	5,410	1,082
- Over one year to less than five years	32,128	493	4,345	869
Equity related contracts				
- Less than one year	84,507	1,106	5,119	1,023
- Over one year to less than five years	1,102,191	67,774	154,658	30,933
- Over five years	14,372	737	2,174	435
Sell buy back agreement	264,730	-	264,730	264,730
	81,772,051	995,804	7,315,689	5,289,663

Note 15

^ The foreign exchange related contracts, interest/profit 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/profit 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 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.

* The credit equivalent and risk weighted amount is 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" and the temporary (until 31 December 2010) measure related to credit conversion factor for undrawn facilities.

29 Commitments and Contingencies (Cont'd)

30 Jun 2010	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	1,264,557	-	1,264,556	1,121,918
Transaction-related contingent items	2,365,174	-	1,182,587	974,465
Short-term self-liquidating trade-related contingencies	435,108	-	87,022	62,912
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	8,321,354	-	-	-
- Maturity exceeding one year	900,320	-	450,160	385,266
Unutilised credit card lines	6,568,438	-	1,313,688	985,266
Foreign exchange related contracts				
- Less than one year	18,685,033	273,641	457,497	309,742
- Over one year to less than five years	7,695,689	255,261	837,804	466,196
- Over five years	1,266,698	77,905	220,474	220,471
Interest rate related contracts:				
- Less than one year	7,682,265	16,526	29,567	11,182
- Over one year to less than five years	22,074,467	258,970	742,314	299,062
- Over five years	1,564,922	35,971	141,095	46,385
Gold and other precious metals contracts				
- Less than one year	68,613	2,310	2,996	599
- Over one year to less than five years	125,024	4,991	11,242	2,249
Other commodity contracts:				
- Less than one year	52,904	119	5,410	1,082
- Over one year to less than five years	32,128	493	4,345	869
Equity related contracts				
- Less than one year	53,968	1,058	3,238	647
- Over one year to less than five years	1,021,982	59,293	139,760	27,952
- Over five years	14,372	737	2,174	435
Sell buy back agreement	-	-	-	-
	80,193,016	987,275	6,895,929	4,916,698

Note 15

^ 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 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.

* The credit equivalent and risk weighted amount is 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" and the temporary (until 31 December 2010) measure related to credit conversion factor for undrawn facilities.

29 Commitments and Contingencies (Cont'd)

31 Dec 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	1,446,422	-	1,446,422	1,235,995
Transaction-related contingent items	2,249,420	-	1,124,710	928,413
Short-term self-liquidating trade-related contingencies	465,362	-	93,073	78,134
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	9,895,365	-	-	-
- Maturity exceeding one year	789,001	-	394,501	359,391
Unutilised credit card lines	7,494,056	-	1,498,811	1,124,108
Foreign exchange related contracts				
- Less than one year	13,704,272	128,399	280,081	187,442
- Over one year to less than five years	7,755,321	203,458	813,501	395,224
- Over five years	56,719	1,899	7,840	6,730
Interest/profit rate related contracts:				
- Less than one year	8,044,693	30,241	36,273	13,364
- Over one year to less than five years	20,202,471	244,668	729,983	265,587
- Over five years	2,185,414	46,831	181,820	95,002
Gold and other precious metals contracts				
- Less than one year	-	-	-	-
- Over one year to less than five years	-	-	-	-
Other commodity contracts:				
- Less than one year	64,077	454	8,143	1,629
- Over one year to less than five years	36,658	1,974	6,373	1,274
Equity related contracts				
- Less than one year	80,720	2,804	7,647	1,528
- Over one year to less than five years	1,031,565	93,133	173,802	34,762
- Over five years	-	-	-	-
Sell buy back agreement	165,757	-	165,757	165,757
	<u>75,667,293</u>	<u>753,861</u>	<u>6,968,737</u>	<u>4,894,340</u>

Note 15

^ The foreign exchange related contracts, interest/profit 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/profit 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 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.

* The credit equivalent and risk weighted amount is 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".

29 Commitments and Contingencies (Cont'd)

31 Dec 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	1,420,404	-	1,420,404	1,210,053
Transaction-related contingent items	2,237,095	-	1,118,548	922,348
Short-term self-liquidating trade-related contingencies	415,629	-	83,126	68,284
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	9,272,578	-	-	-
- Maturity exceeding one year	737,471	-	368,735	334,734
Unutilised credit card lines	6,987,115	-	1,397,423	1,048,067
Foreign exchange related contracts				
- Less than one year	13,704,272	128,399	280,081	187,442
- Over one year to less than five years	7,755,321	203,458	813,501	395,224
- Over five years	56,719	1,899	7,840	6,730
Interest rate related contracts:				
- Less than one year	8,044,693	30,241	36,273	13,364
- Over one year to less than five years	20,202,471	244,668	729,983	265,587
- Over five years	2,185,414	46,831	181,820	95,002
Gold and other precious metals contracts				
- Less than one year	-	-	-	-
- Over one year to less than five years	-	-	-	-
Other commodity contracts:				
- Less than one year	64,077	454	8,143	1,629
- Over one year to less than five years	36,658	1,974	6,373	1,274
Equity related contracts				
- Less than one year	-	-	-	-
- Over one year to less than five years	967,375	85,700	161,233	32,247
- Over five years	-	-	-	-
	<u>74,087,292</u>	<u>743,624</u>	<u>6,613,483</u>	<u>4,581,985</u>

Note 15

^ 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 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.

* The credit equivalent and risk weighted amount is 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".

30 Interest/ Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest/profit 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 30 Jun 2010	Non-trading book					Non-interest/ profit sensitive RM'000	Trading book RM'000	Effective interest/ profit 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				Total RM'000
ASSETS									
Cash and short term funds	9,473,673	-	-	-	-	639,776	-	10,113,449	2.48
Securities purchased under resale agreements	5,403,482	805,301	-	-	-	-	-	6,208,783	2.52
Deposits and placements with banks and other financial institutions	-	751,314	14,563	-	-	-	-	765,877	2.54
Financial assets held-for-trading	-	-	-	-	-	-	4,243,620	4,243,620	2.84
Financial investments available-for-sale	442,555	513,996	387,980	909,527	153,885	23,385	-	2,431,328	3.08
Loans, advances and financing									
- performing	26,019,681	2,165,357	808,420	1,525,411	454,192	867,119	-	31,840,180	5.37
- impaired *	-	-	-	-	-	292,839	-	292,839	
Others	-	-	-	-	-	774,029	2,489,559	3,263,588	
Total Assets	41,339,391	4,235,968	1,210,963	2,434,938	608,077	2,597,148	6,733,179	59,159,664	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	23,707,983	3,017,524	7,040,469	2,285,487	443,315	9,091,444	-	45,586,222	1.78
Deposits and placements of banks and other financial institutions	2,488,121	1,206,561	247,701	7,342	4,940	523,151	-	4,477,816	1.86
Bills and acceptances payable	8,553	3,974	-	-	-	364,443	-	376,970	1.98
Recourse obligation on loans sold to Cagamas Berhad	-	15,269	465,438	74,262	-	-	-	554,969	4.71
Subordinated bonds	-	-	-	-	1,008,759	-	-	1,008,759	4.70
Others	-	-	-	-	-	1,056,027	2,091,572	3,147,599	
Total Liabilities	26,204,657	4,243,328	7,753,608	2,367,091	1,457,014	11,035,065	2,091,572	55,152,335	
Shareholders' funds	-	-	-	-	-	4,007,329	-	4,007,329	
Total Liabilities and Shareholders' funds	26,204,657	4,243,328	7,753,608	2,367,091	1,457,014	15,042,394	2,091,572	59,159,664	
On-balance sheet interest/profit sensitivity gap	15,134,734	(7,360)	(6,542,645)	67,847	(848,937)	(12,445,246)	4,641,607	-	
Off-balance sheet interest/profit sensitivity gap									
Interest/profit rate contracts									
- futures	-	159,460	(149,460)	(10,000)	-	-	-	-	
- options	51,398	(160,000)	(104,800)	213,402	-	-	-	-	
- swaps	2,656,440	(1,176,087)	(1,176,785)	(1,023,760)	768,387	-	-	48,195	
Total interest/profit sensitivity gap	17,842,572	(1,183,987)	(7,973,690)	(752,511)	(80,550)	(12,445,246)	4,641,607	48,195	

* This is arrived at after deducting individual impairment allowance from impaired loans.

30 Interest/ Profit Rate Risk (Cont'd)

Group 31 Dec 2009 Restated	←		Non-trading book			→		Trading book RM'000	Effective interest/ profit 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	Non-interest/ profit sensitive RM'000	Total RM'000		
ASSETS									
Cash and short term funds	11,214,110	-	-	-	-	495,448	-	11,709,558	1.94
Securities purchased under resale agreements	3,769,817	3,011,106	-	-	-	-	-	6,780,923	2.01
Deposits and placements with banks and other financial institutions	-	108,018	34,794	-	-	-	-	142,812	2.13
Financial assets held-for-trading	-	-	-	-	-	-	1,282,817	1,282,817	2.83
Financial investments available-for-sale	833,878	1,117,380	759,895	1,964,474	147,536	32,729	-	4,855,892	2.76
Loans, advances and financing									
- performing	22,450,938	2,210,886	775,916	1,523,149	430,931	955,525	-	28,347,345	5.39
- non-performing *	-	-	-	-	-	276,447	-	276,447	
Others	-	-	-	-	-	735,876	1,005,839	1,741,715	
Total Assets	38,268,743	6,447,390	1,570,605	3,487,623	578,467	2,496,025	2,288,656	55,137,509	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	23,591,775	2,842,003	7,199,920	1,766,063	245,000	9,041,597	-	44,686,358	1.92
Deposits and placements of banks and other financial institutions	1,833,526	373,621	196,389	6,737	2,004	407,361	-	2,819,638	1.54
Bills and acceptances payable	2,100	8,817	-	-	-	300,699	-	311,616	1.61
Recourse obligation on loans sold to Cagamas Berhad	-	-	173,739	401,772	-	-	-	575,511	4.71
Subordinated bonds	-	-	-	-	1,000,385	-	-	1,000,385	4.70
Others	-	-	-	-	-	1,016,917	842,786	1,859,703	
Total Liabilities	25,427,401	3,224,441	7,570,048	2,174,572	1,247,389	10,766,574	842,786	51,253,211	
Shareholders' funds	-	-	-	-	-	3,884,298	-	3,884,298	
Total Liabilities and Shareholders' funds	25,427,401	3,224,441	7,570,048	2,174,572	1,247,389	14,650,872	842,786	55,137,509	
On-balance sheet interest/profit sensitivity gap	12,841,342	3,222,949	(5,999,443)	1,313,051	(668,922)	(12,154,847)	1,445,870	-	
Off-balance sheet interest/profit sensitivity gap									
Interest/profit rate contracts									
- futures	-	30,000	-	(30,000)	-	-	-	-	
- options	56,198	(340,000)	70,400	213,402	-	-	-	-	
- swaps	364,643	(596,137)	(119,124)	166,001	198,756	-	-	14,139	
Total interest/profit sensitivity gap	13,262,183	2,316,812	(6,048,167)	1,662,454	(470,166)	(12,154,847)	1,445,870	14,139	

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

30 Interest/ Profit Rate Risk (Cont'd)

Bank 30 Jun 2010	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	8,282,475	490,000	-	-	-	625,326	-	9,397,801	2.48
Securities purchased under resale agreements	5,403,482	805,301	-	-	-	-	-	6,208,783	2.52
Deposits and placements with banks and other financial institutions	50,000	823,485	813,184	21,037	-	-	-	1,707,706	2.54
Financial assets held-for-trading	-	-	-	-	-	-	4,135,241	4,135,241	2.73
Financial investments available-for-sale	442,555	488,995	387,980	613,311	153,885	23,385	-	2,110,111	3.09
Loans, advances and financing									
- performing	24,257,399	2,047,366	546,900	160,094	276,489	793,625	-	28,081,873	4.98
- impaired*	-	-	-	-	-	274,159	-	274,159	
Others	-	-	-	-	-	1,368,023	2,429,909	3,797,932	
Total Assets	38,435,911	4,655,147	1,748,064	794,442	430,374	3,084,518	6,565,150	55,713,606	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	21,862,508	2,797,199	6,595,130	2,278,174	443,315	8,762,752	-	42,739,078	1.78
Deposits and placements of banks and other financial institutions	2,290,684	950,119	247,701	7,342	4,940	523,152	-	4,023,938	1.81
Bills and acceptances payable	8,553	3,974	-	-	-	359,838	-	372,365	1.98
Recourse obligation on loans sold to Cagamas Berhad	-	15,269	465,438	74,262	-	-	-	554,969	4.71
Subordinated bonds	-	-	-	-	1,008,759	-	-	1,008,759	4.70
Others	-	-	-	-	-	1,018,714	2,083,043	3,101,757	
Total Liabilities	24,161,745	3,766,561	7,308,269	2,359,778	1,457,014	10,664,456	2,083,043	51,800,866	
Shareholders' funds	-	-	-	-	-	3,912,740	-	3,912,740	
Total Liabilities and Shareholders' funds	24,161,745	3,766,561	7,308,269	2,359,778	1,457,014	14,577,196	2,083,043	55,713,606	
On-balance sheet interest sensitivity gap	14,274,166	888,586	(5,560,205)	(1,565,336)	(1,026,640)	(11,492,678)	4,482,107	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	159,460	(149,460)	(10,000)	-	-	-	-	
- options	51,398	(160,000)	(104,800)	213,402	-	-	-	-	
- swaps	2,656,440	(1,176,087)	(1,176,785)	(1,023,760)	768,387	-	-	48,195	
Total interest sensitivity gap	16,982,004	(288,041)	(6,991,250)	(2,385,694)	(258,253)	(11,492,678)	4,482,107	48,195	

* This is arrived at after deducting individual impairment allowance from impaired loans.

30 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Dec 2009 Restated	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	10,589,230	6,851	400,000	-	-	484,402	-	11,480,483	1.93
Securities purchased under resale agreements	3,769,817	3,011,106	-	-	-	-	-	6,780,923	2.01
Deposits and placements with banks and other financial institutions	47,275	374,108	642,220	22,266	-	-	-	1,085,869	2.13
Financial assets held-for-trading	-	-	-	-	-	-	1,155,431	1,155,431	3.03
Financial investments available-for-sale	785,932	887,447	759,895	1,858,134	147,536	32,728	-	4,471,672	2.72
Loans, advances and financing									
- performing	21,482,356	1,868,359	518,225	163,620	267,677	902,205	-	25,202,442	5.03
- non-performing loans *	-	-	-	-	-	256,377	-	256,377	
Others	-	-	-	-	-	1,336,356	994,941	2,331,297	
Total Assets	36,674,610	6,147,871	2,320,340	2,044,020	415,213	3,012,068	2,150,372	52,764,494	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	22,138,114	2,568,085	6,781,698	1,764,444	245,000	8,716,627	-	42,213,968	1.93
Deposits and placements of banks and other financial institutions	1,833,526	264,005	196,389	6,737	2,004	407,361	-	2,710,022	1.31
Bills and acceptances payable	2,100	8,817	-	-	-	297,401	-	308,318	1.61
Recourse obligation on loans sold to Cagamas Berhad	-	-	173,739	401,772	-	-	-	575,511	4.71
Subordinated bonds	-	-	-	-	1,000,385	-	-	1,000,385	4.70
Others	-	-	-	-	-	1,320,087	832,549	2,152,636	
Total Liabilities	23,973,740	2,840,907	7,151,826	2,172,953	1,247,389	10,741,476	832,549	48,960,840	
Shareholders' funds	-	-	-	-	-	3,803,654	-	3,803,654	
Total Liabilities and Shareholders' funds	23,973,740	2,840,907	7,151,826	2,172,953	1,247,389	14,545,130	832,549	52,764,494	
On-balance sheet interest sensitivity gap	12,700,870	3,306,964	(4,831,486)	(128,933)	(832,176)	(11,533,062)	1,317,823	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	30,000	-	(30,000)	-	-	-	-	
- options	56,198	(340,000)	70,400	213,402	-	-	-	-	
- swaps	364,643	(596,137)	(119,124)	166,001	198,756	-	-	14,139	
Total interest sensitivity gap	13,121,711	2,400,827	(4,880,210)	220,470	(633,420)	(11,533,062)	1,317,823	14,139	

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

31 Change in Accounting Policies

a) Change in Accounting Policies

The adoption of the new FRSs and amendments to FRSs shown below during the financial period has resulted in the following changes in accounting policies:

- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 9, Reassessment of Embedded Derivatives
- FRS 101, Presentation of Financial Statements
- Amendment to FRS 117, Leases

1) FRS 139, Financial Instruments: Recognition and Measurement

Prior to FRS 139 coming into effect on 1 Jan 2010, BNM's revised Guidelines on Financial Reporting for Licensed Institutions issued on 1 January 2005 adopted certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting that are in line with FRS 139 principles. By adhering to the BNM guidelines, the Group and the Bank adopted these FRS 139 principles. Therefore, the adoption of FRS 139 on 1 January 2010 only impacted areas where the FRS 139 principles were previously not incorporated into BNM's Guidelines issued in 2005 and these areas are disclosed below:

i) Impairment of Loans, Advances and Financing

The Group and the Bank's allowances for impaired loans, advances and financing are in conformity with FRS 139 and the requirements of Bank Negara Malaysia's revised "Guidelines on Classification and Impairment Provisions for Loans/Financing".

In line with the Amendment to FRS 139 which relates to the transitional arrangement for the financial sector, BNM's "Guidelines on Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 prescribes that banking institutions are required to maintain collective impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. This is similar to the previous regulatory requirement whereby banking institutions were required to maintain general allowance provisions of least 1.5% of total outstanding loans/financing, net of specific allowance, with the exception that the determination of individual impairment allowance is required to be based on reasonable and well-documented estimates of the net present value of the future cash flows that the banking institutions expect to recover. Previously, BNM allowed specific allowance to be made based on the number of days in arrears of the loans/financing.

The Group and the Bank's existing accounting policy relating to the assessment of individual impairment allowances (previously referred to as specific allowances) on impaired loans, advances and financing (previously referred to as non-performing loans) is already largely in line with the requirement of FRS 139. The main change upon full adoption of FRS 139 and BNM's revised "Guidelines on Classification and Impairment Provisions for Loans/Financing" from 1 January 2010 onwards, is that BNM's previous requirement for additional individual impairment allowances for impaired loans/financing of more than 5 years and 7 years is no longer applicable under FRS 139 principles.

In view of the above, there have been minimum changes to the opening retained profits as well as opening individual or collective impairment allowance balances.

ii) Interest Income Recognition

Prior to the adoption of FRS 139, interest/profit income recognized as income 90 days prior to the date that a loan was classified as non-performing, would be reversed out of income and an interest/profit in suspense was created. Thereafter, interest/profit on the non-performing loan was only recognised as income upon recovery. With the adoption of FRS 139, once a loan has been assessed as impaired, there is no claw back of interest/profit income recognized previously and interest/profit income continues to be recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring impairment loss.

31 Change in Accounting Policies (Cont'd)

a) Change in Accounting Policies (Cont'd)

1) FRS 139, Financial Instruments: Recognition and Measurement (Cont'd)

iii) Recognition of Embedded Derivatives(Cont'd)

IC Interpretation 9 on Reassessment of Embedded Derivatives requires embedded derivatives to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured.

The Group and the Bank's booking of embedded derivatives were already in line with this principle and hence, the implementation of IC Interpretation 9 has no impact on the Group and the Bank's financials.

2) FRS 101, Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial half year ended 30 June 2009 have been re-presented as a single statement of comprehensive income displaying components of profit and loss and other comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

When an entity applies an accounting policy retrospectively, FRS 101 requires presentation of a statement of financial position at the beginning of the earliest comparative period, in addition to statements at the end of the current period and at the end of the previous period. The changes to the statement of financial position as at 1 January 2009 due to the retrospective application of FRS 117 are disclosed in Note 31 b)1. The other items in the statement of financial position as at 1 January 2009 are similar to that disclosed in the statement of financial position as at 31 December 2008 as disclosed in the audited financial statements for the year ended 31 December 2009.

3) FRS 7, Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the statement of financial position as at 31 December 2009 and the income statement for the financial half year ended 30 June 2009 have been restated to conform with the current period's presentation. Since these changes only affect the presentation of disclosure items, there is no impact on the financial results of the Group and the Bank for the comparative period.

4) Amendment to FRS 117, Leases

As a result of the adoption of the amendment to FRS 117 during the quarter, the Bank has reassessed and determined that all leasehold land of the Bank is in substance finance leases, resulting in its reclassification from prepaid lease payments to property and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment.

In accordance with the Group and the Bank's accounting policy for property and equipment, premises are stated at valuation less accumulated depreciation and impairment loss. Therefore, the reclassification also involved a change in value of the leasehold land whereby the carrying value of the prepaid lease payments was restated at the fair value of the leasehold land on a retrospective basis. Any revaluation surpluses are credited firstly to the statement of comprehensive income to the extent of any deficits arising on revaluation previously charged to the statement of comprehensive income in respect of the same premises, and are thereafter taken to the property revaluation reserve. Deficits arising on revaluation are first set off against any previous revaluation surpluses including in the property revaluation reserve in respect of the same premises, and are thereafter recognised through the statement of comprehensive income.

The impact on the basic earnings per ordinary share for the current and comparative periods in relation to the adoption of the amendment to FRS 117 are insignificant.

31 Change in Accounting Policies (Cont'd)

b) Adjustments due to Change in Accounting Policies

1) Amendment to FRS 117 : Leases

The following comparative figures have been restated following the adoption of the amendment to FRS 117. This change in accounting policy has been accounted for retrospectively in line with the transitional provisions of the amendment, resulting in:-

- i) a reversal of downward revaluation of property amounting to RM15,000 to closing retained profits as at 31 December 2009,
- ii) an increase of RM200,000 in closing revaluation reserve balances as at 31 December 2009,
- iii) a decrease of RM67,000 in closing deferred tax assets balances as at 31 December 2009, and
- iv) a reclassification of prepaid lease payments amounting to RM19,099,000 to property and equipment as at 31 December 2009.

Statement of financial position as at 31 December 2009

	<u>Group</u>		<u>Bank</u>	
	As restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
<u>Assets:-</u>				
Prepaid lease payments	-	19,099	-	19,099
Property and equipment	287,872	268,491	280,372	260,991
Deferred tax assets	82,614	82,681	68,730	68,797
<u>Reserves:-</u>				
Revaluation reserves	133,216	133,016	133,216	133,016
Retained profit	2,312,009	2,311,994	2,271,906	2,271,891

FRS 101 requires presentation of a statement of financial position at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively. The changes to affected items on the statement of financial position as at 1 January 2009 due to the retrospective application of FRS 117 are disclosed below.

Statement of financial position as at 1 January 2009

	<u>Group</u>		<u>Bank</u>	
	As restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
<u>Assets:-</u>				
Prepaid lease payments	-	19,551	-	19,551
Property and equipment	277,643	258,092	275,160	255,609

2) FRS 139, Financial Instruments: Recognition and Measurement

The opening retained earnings of the Group and the Bank have been adjusted to reflect the recognition of discount unwind of individual impairment not previously recognised in the Group and the Bank's financial statements prior to 1 Jan 2010 even though the Group and the Bank have adopted the discounted cash flow method to determine specific allowance required on non-performing loans.

Statement of financial position as at 1 January 2010

	<u>Group</u>		<u>Bank</u>	
	As restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
<u>Reserves:-</u>				
Retained profit	2,324,388	2,312,009	2,284,242	2,271,906

32 **Review of Performance**

The Group recorded profit before tax of RM496 million for the half year ended 30 June 2010, an increase of 12.2% or RM54 million compared against history. Operating income increased by RM85 million or 7.8% against the corresponding period in 2009, mainly on trading profits (+RM48 million or 22.1%) due to higher gains from financial assets held for trading and other financial instruments, coupled with higher gains from trading in derivatives. Net fee income increased by RM27 million or 14.2% primarily due to higher fees and commissions from the sale of third party unit trusts and insurance, coupled with higher service charges. Net interest income also improved (+RM18 million) but there was a deterioration of RM24 million or 52.3% in other operating income due to a decline in gains on disposal of available-for-sale financial investments. Meanwhile, operating expenses grew by 10.2% or RM52 million due to higher personnel costs and marketing expenses.

Net impaired loans ratio remained relatively stable at 0.9% (June 2009: 0.9%), reflecting the improving economic environment and growth in loans, advances and financing.

Gross loans, advances and financing as at 30 June 2010 stood at RM33.0 billion, RM3.5 billion higher than the RM29.5 billion recorded as at 31 December 2009, mainly funded by the increase in deposits from customers and banking and financial institutions (+RM2.6 billion). Total assets as at 30 June 2010 were RM59.2 billion, RM4.0 billion or 7.3% up against 31 December 2009.

33 **Business Prospects**

The Malaysian economy reported a double digit growth of 10.1% in the first quarter of 2010, the highest first-quarter growth the country has seen since 2000. The encouraging performance was attributed to strong domestic demand in line with the regional economic recovery. However, owing to growing concerns over the European debt crisis and slower than anticipated growth from the larger emerging markets, a more subdued pace of recovery and a moderation in growth could be expected in the second half of the year.

Nevertheless, the Malaysian government is committed to creating a conducive environment to promote national economic growth. Under the recently launched 10th Malaysia Plan ("10 MP"), the government has allocated RM230 billion as development expenditure. A number of high impact projects have been earmarked for implementation under the 10 MP, and this could generate more economic activity and build up the demand for credit and the need for other banking services. The rising interest rate environment also bodes well for the Group from a net interest margin perspective.

The focus for the remaining half of 2010 will be on growing the Premier proposition for both the conventional and Islamic banks. Also, in line with HSBC Group's strategy, "Advantage" a new proposition targeted at middle market individual customers will be launched in the second half of 2010. Wealth management services will remain a key area of attention, together with the cross selling of various banking products to the Group's existing customers by leveraging on the HSBC brand name, global reach and connectivity. The Group will continue to expand its business and widen its geographical reach by opening more new conventional and Islamic branches, together with offsite Islamic Self Service banking terminals, in 2010.

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

34 Comparative Figures

Restatement of Comparative Figures

The presentation and classification of items in the current financial statements have been consistent with the previous financial period except for the following:

- (i) Reclassification/restatement to conform to current period's presentation

Condensed Statement of Financial Position as at 31 Dec 2009

(previously referred to as balance sheet)

a) <u>Loans, advances and financing</u>	<u>Group</u>		<u>Bank</u>	
	As restated	As previously stated	As restated	As previously stated
By type				
Term Loans				
Housing loans / financing	9,591,757	9,574,369	9,507,684	9,490,296
Other term loans/ financing	8,882,984	8,881,017	6,582,449	6,580,482
Staff loans/ financing	380,338	399,693	377,443	396,798
By type of customer				
Individuals	15,141,707	15,676,524	13,868,492	14,403,309
Foreign entities	1,315,902	781,085	1,237,422	702,605
By sector				
Manufacturing	5,832,326	5,169,080	5,043,494	4,385,835
Purchase of landed property:				
Residential	-	9,975,127	-	9,897,146
Non-residential	-	1,005,847	-	998,510
Purchase of securities	-	46,303	-	44,947
Purchase of transport vehicles	-	50,930	-	50,423
Consumption credit	-	5,577,650	-	4,376,167
Household-retail	15,967,891	-	14,684,813	-
Others	963,468	938,748	855,285	830,564
By purpose				
Purchase of fixed assets excluding land & building	235,009	- *	-	-*
Working capital	11,324,636	11,559,645*	9,722,493	9,722,493*

* Comparative figures as disclosed in the unaudited condensed interim financial statements as at 31 March 2010.

34 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

Statement of comprehensive income for the half year ended 30 June 2009
(previously referred to as income statement)

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
Year-To-Date				
b) <u>Interest income</u>				
Loans and advances				
- Interest income other than from impaired loans	694,583	706,067	694,583	706,067
- Interest income recognised from impaired loans	15,744	15,744	15,744	15,744
Money at call and deposit placements with financial institutions	133,279	133,279	145,137	134,002
Financial investments available-for-sale	61,708	58,341	61,708	58,341
Fair value hedge derivative assets	2,580	-	2,580	-
Others	-	13,725	-	24,860
	907,894	927,156	919,752	939,014
Amortisation of premium less accretion of discounts	-	(7,778)	-	(7,778)
Interest suspended	-	(11,484)	-	(11,484)
Total interest income	907,894	907,894	919,752	919,752
2nd Quarter Ended				
<u>Interest income</u>				
Loans and advances				
- Interest income other than from impaired loans	322,544	328,773	322,544	328,773
- Interest income recognised from impaired loans	10,037	10,037	10,037	10,037
Money at call and deposit placements with financial institutions	64,771	64,771	70,250	65,444
Financial investments available-for-sale	28,825	24,291	28,825	24,291
Fair value hedge derivative assets	1,500	-	1,500	-
Others	-	12,645	-	17,451
	427,677	440,517	433,156	445,996
Amortisation of premium less accretion of discounts	-	(6,611)	-	(6,611)
Interest suspended	-	(6,229)	-	(6,229)
Total interest income	427,677	427,677	433,156	433,156
Year-To-Date				
c) <u>Net fee and commission income*</u>				
Fee and commission income	201,442	-	201,442	-
Fee and commission expense	(11,854)	-	(11,854)	-
Net fee and commission income	189,588	-	189,588	-
2nd Quarter Ended				
<u>Net fee and commission income*</u>				
Fee and commission income	109,143	-	109,143	-
Fee and commission expense	(6,146)	-	(6,146)	-
Net fee and commission income	102,997	-	102,997	-

* Net fee and commission income were previously classified separately as components of other operating income and other operating expenses.

34 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

Statement of comprehensive income for the half year ended 30 June 2009 (Cont'd)
(previously referred to as income statement)

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
Year-To-Date				
d) <u>Other operating income</u>				
Fees and commissions*	-	191,469	-	191,469
Net (losses)/gains arising from sale of securities				
- Securities held-for-trading and other financial instruments**	-	(3,407)	-	(3,407)
- Securities available-for-sale	27,402	27,402	27,402	27,402
Net interest income from trading securities**	-	33,708	-	33,708
Net unrealised gains on revaluation of trading securities**	-	1,138	-	1,138
Net gains arising from dealing in foreign currency**	-	180,494	-	180,494
Net unrealised losses from dealing in foreign currency**	-	(16,683)	-	(16,683)
Net gains arising from trading in derivatives**	-	19,847	-	19,847
Net unrealised gains on revaluation of derivatives**	-	2,658	-	2,658
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	642	642	642	642
Rental income	3,329	3,329	3,329	3,329
Net gains on disposal of property and equipment	213	213	213	213
Other operating income***	14,391	13,838	53,638	53,085
	<u>45,977</u>	<u>454,648</u>	<u>85,224</u>	<u>493,895</u>

2nd Quarter Ended

Other operating income

Fees and commissions*	-	104,006	-	104,006
Net gains arising from sale of securities				
- Securities held-for-trading and other financial instruments**	-	7,392	-	7,392
- Securities available-for-sale	4,697	4,697	4,697	4,697
Net interest income from trading securities**	-	9,528	-	9,528
Net unrealised losses on revaluation of trading securities**	-	(675)	-	(675)
Net gains arising from dealing in foreign currency**	-	146,621	-	146,621
Net unrealised losses from dealing in foreign currency**	-	(65,691)	-	(65,691)
Net gains arising from trading in derivatives**	-	18,484	-	18,484
Net unrealised gains on revaluation of derivatives**	-	1,559	-	1,559
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	475	475	475	475
Rental income	1,732	1,732	1,732	1,732
Net gains on disposal of property and equipment	112	112	112	112
Other operating income***	7,110	6,394	28,120	27,404
	<u>14,126</u>	<u>234,634</u>	<u>35,136</u>	<u>255,644</u>

* Now classified under net fee and commission income

** Now classified under net trading income

*** RM553,000 and RM716,000 were reclassified to net trading income for the half year and quarter-to-date ended 30 June 2009 respectively.

34 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

Statement of comprehensive income for the half year ended 30 June 2009 (Cont'd)
(previously referred to as income statement)

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
Year-To-Date				
e) <u>Net Trading income*</u>				
Financial assets held-for-trading and other financial instruments	(3,407)	-	(3,407)	-
Net interest income from financial assets held-for-trading	33,708	-	33,708	-
Net unrealised gains on revaluation of financial assets held-for-trading	1,138	-	1,138	-
Net gains arising from dealing in foreign currency	180,494	-	180,494	-
Net unrealised losses from dealing in foreign currency	(16,683)	-	(16,683)	-
Net gains arising from trading in derivatives	19,289	-	19,289	-
Net unrealised gains on revaluation of derivatives	2,658	-	2,658	-
Gains arising from fair value hedges	6	-	6	-
	<u>217,203</u>	<u>-</u>	<u>217,203</u>	<u>-</u>
2nd Quarter Ended				
<u>Net Trading income*</u>				
Financial assets held-for-trading and other financial instruments	7,392	-	7,392	-
Net interest income from financial assets held-for-trading	9,528	-	9,528	-
Net unrealised losses on revaluation of financial assets held-for-trading	(675)	-	(675)	-
Net gains arising from dealing in foreign currency	146,621	-	146,621	-
Net unrealised losses from dealing in foreign currency	(65,691)	-	(65,691)	-
Net gains arising from trading in derivatives	17,013	-	17,013	-
Net unrealised gains on revaluation of derivatives	1,559	-	1,559	-
Gains arising from fair value hedges	756	-	756	-
	<u>116,503</u>	<u>-</u>	<u>116,503</u>	<u>-</u>

* Net trading income were previously reported under other operating income.

Year-To-Date

f) <u>Income from Islamic Banking</u>				
Income derived from investment of depositor funds and others	130,330	130,330	-	-
Income derived from investment of shareholders funds*	33,364	33,714	-	-
Income attributable to the depositors	(29,877)	(29,877)	-	-
Income from Islamic Banking operations	<u>133,817</u>	<u>134,167</u>	<u>-</u>	<u>-</u>

2nd Quarter Ended

<u>Income from Islamic Banking</u>				
Income derived from investment of depositor funds and others	61,801	61,801	-	-
Income derived from investment of shareholders funds*	16,257	16,460	-	-
Income attributable to the depositors	(12,462)	(12,462)	-	-
Income from Islamic Banking operations	<u>65,596</u>	<u>65,799</u>	<u>-</u>	<u>-</u>

*Fee and commission expenses/recoveries previously classified under general administrative expenses (refer Note 34(g)) are now classified as net finance income under income from investment of shareholder funds.

34 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

Statement of comprehensive income for the half year ended 30 June 2009 (Cont'd)
(previously referred to as income statement)

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
Year-To-Date				
g) <u>Other operating expenses</u>				
Personnel expenses	269,446	269,446	261,570	261,570
Promotion and marketing related expenses	28,886	28,886	21,025	21,025
Establishment related expenses	59,690	59,690	56,449	56,449
General administrative expenses*	154,579	156,809	149,795	151,675
	<u>512,601</u>	<u>514,831</u>	<u>488,839</u>	<u>490,719</u>
2nd Quarter Ended				
<u>Other operating expenses</u>				
Personnel expenses	138,695	138,695	136,378	136,378
Promotion and marketing related expenses	16,685	16,685	13,421	13,421
Establishment related expenses	29,330	29,330	27,708	27,708
General administrative expenses*	81,518	82,729	78,225	79,233
	<u>266,228</u>	<u>267,439</u>	<u>255,732</u>	<u>256,740</u>

*Fee and commission expenses/recoveries classified under general administrative expenses are now reclassified to net fee and commission income/income from Islamic Banking.