

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

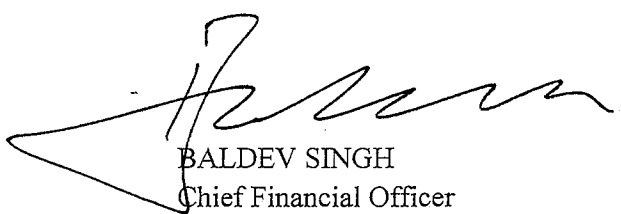
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2010

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 first financial quarter ended 31 March 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 : 3 May 2010

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Note	<i>Group</i>		<i>Bank</i>	
		31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
		RM'000	RM'000	RM'000	RM'000
Assets			Restated		Restated
Cash and short term funds		13,597,657	11,709,558	13,178,800	11,480,483
Securities purchased under resale agreements		7,589,726	6,780,923	7,589,726	6,780,923
Deposits and placements with banks and other financial institutions		1,066,947	142,812	2,008,942	1,085,869
Financial Assets Held-for-Trading	<i>11</i>	1,531,730	1,282,817	1,474,264	1,155,431
Financial Investments Available-for-Sale	<i>12</i>	3,086,396	4,855,892	2,765,532	4,471,672
Loans, advances and financing	<i>13</i>	28,888,957	28,623,792	25,533,432	25,458,819
Other assets	<i>15</i>	1,679,544	1,135,215	1,657,719	1,116,912
Statutory deposits with Bank Negara Malaysia		187,527	178,827	159,098	150,298
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		285,446	287,872	275,979	280,372
Intangible assets		56,141	57,187	54,096	54,964
Deferred tax assets		85,719	82,614	71,766	68,730
Total assets		<u>58,055,790</u>	<u>55,137,509</u>	<u>55,429,375</u>	<u>52,764,494</u>
Liabilities					
Deposits from customers	<i>16</i>	46,701,509	44,686,358	44,146,671	42,213,968
Deposits and placements of banks and other financial institutions	<i>17</i>	2,610,246	2,819,638	2,394,786	2,710,022
Bills and acceptances payable		346,079	311,616	339,829	308,318
Other liabilities	<i>18</i>	2,916,488	1,821,930	3,166,933	2,118,650
Recourse obligation on loans sold to Cagamas Berhad		565,481	575,511	565,481	575,511
Provision for taxation and zakat		50,733	37,773	47,036	33,986
Subordinated bonds	<i>19</i>	1,004,476	1,000,385	1,004,476	1,000,385
Total liabilities		<u>54,195,012</u>	<u>51,253,211</u>	<u>51,665,212</u>	<u>48,960,840</u>
Equity					
Share capital		114,500	114,500	114,500	114,500
Reserves		3,746,278	3,519,798	3,649,663	3,439,154
Proposed dividend		-	250,000	-	250,000
Total equity attributable to shareholder of the Bank		<u>3,860,778</u>	<u>3,884,298</u>	<u>3,764,163</u>	<u>3,803,654</u>
Total liabilities and equity		<u>58,055,790</u>	<u>55,137,509</u>	<u>55,429,375</u>	<u>52,764,494</u>
Commitments and Contingencies	<i>28</i>	<u>77,626,230</u>	<u>75,667,293</u>	<u>76,228,649</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 6 to 33 attached to the unaudited condensed interim financial statements.

The financial statement were approved by the Board of Directors on 3 May 2010.

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

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		Year-To-Date ended		Year-To-Date ended	
		31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
		RM'000	RM'000	RM'000	RM'000
Revenue		785,206	790,703	728,154	729,683
Interest income	20	438,817	480,217	445,962	486,596
Interest expense	20	(170,715)	(215,591)	(170,715)	(215,591)
Net interest income	20	268,102	264,626	275,247	271,005
Fee and commission income	21	113,023	92,299	113,023	92,299
Fee and commission expense	21	(6,839)	(5,708)	(6,839)	(5,708)
Net fee and commission income	21	106,184	86,591	106,184	86,591
Net trading income	22	134,105	100,700	134,105	100,700
Income from Islamic banking operations	23	76,824	68,221	-	-
Other operating income	24	12,245	31,851	35,064	50,088
Operating income before impairment losses		597,460	551,989	550,600	508,384
Loans / financing impairment charges and other credit risk provisions	25	(30,163)	(48,410)	(18,968)	(35,845)
Impairment losses on available-for-sale financial investments		-	(9,637)	-	(9,637)
Net operating income		567,297	493,942	531,632	462,902
Other operating expenses	26	(270,631)	(246,373)	(256,645)	(233,107)
Profit before income tax expense and zakat		296,666	247,569	274,987	229,795
Income tax expense and zakat		(75,225)	(63,279)	(70,810)	(58,052)
Profit for the period		221,441	184,290	204,177	171,743
Other comprehensive income					
Deferred tax adjustment on revaluation reserve		-	756	-	756
Fair value reserve (available-for-sale financial investments):					
Change in fair value		(4,821)	2,544	(3,576)	1,245
Amount transferred to profit or loss		(4,614)	(22,417)	(4,614)	(22,417)
Income tax relating to components of other comprehensive income		1,960	4,933	2,051	5,244
Other comprehensive income for the period, net of income tax		(7,475)	(14,184)	(6,139)	(15,172)
Total comprehensive income for the period		213,966	170,106	198,038	156,571
Profit attributable to shareholder of the Bank		221,441	184,290	204,177	171,743
Total comprehensive income attributable to shareholder of the Bank		213,966	170,106	198,038	156,571
Basic earnings per RM0.50 share		96.7 sen	80.5 sen	89.2 sen	75.0 sen
Dividends per RM0.50 ordinary share (net)					
- paid in respect of prior year		109.2 sen	-	109.2 sen	-

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2009 and the accompanying explanatory notes on page 6 to 33 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 FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010**

	Group									
	← Non-distributable				Distributable →				Total shareholder's equity	
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available- for-sale reserve	Retained profit	Total reserves		Proposed dividends
	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	-	-	-	-	-	-	184,290	184,290	-	184,290
Other comprehensive income, net of income tax										
Deferred tax adjustment on revaluation reserve	-	-	-	756	-	-	-	756	-	756
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	1,873	-	1,873	-	1,873
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(16,813)	-	(16,813)	-	(16,813)
Total other comprehensive income	-	-	-	756	-	(14,940)	-	(14,184)	-	(14,184)
Total comprehensive income for the period	-	-	-	756	-	(14,940)	184,290	170,106	-	170,106
Balance as at 31 March 2009	114,500	741,375	125,861	123,479	190,000	(17,468)	2,319,908	3,483,155	150,000	3,747,655
Balance as at 1 January 2010, as previously stated	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	-	-	-	-	-	-	221,441	221,441	-	221,441
Other comprehensive income, net of income tax										
Revaluation reserve:										
Transfer to retained profit upon realisation of depreciation	-	-	-	(767)	-	-	767	-	-	-
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	(4,018)	-	(4,018)	-	(4,018)
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(3,457)	-	(3,457)	-	(3,457)
Total other comprehensive income	-	-	-	(767)	-	(7,475)	767	(7,475)	-	(7,475)
Total comprehensive income for the period	-	-	-	(767)	-	(7,475)	222,208	213,966	-	213,966
Transactions with shareholder, recorded directly in equity										
Share based payment transactions	-	-	-	-	-	-	135	135	-	135
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Balance as at 31 March 2010	114,500	741,375	154,604	132,449	190,000	(18,881)	2,546,731	3,746,278	-	3,860,778

* This figure has been restated. Please refer to Note 30 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 6 to 33 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010

	← Non-distributable					Distributable			Proposed dividends	Total shareholder's equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Retained profit	Total reserves		
	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	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	-	-	-	-	-	-	171,743	171,743	-	171,743
Other comprehensive income, net of income tax										
Deferred tax adjustment on revaluation reserve	-	-	-	756	-	-	-	756	-	756
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	885	-	885	-	885
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(16,813)	-	(16,813)	-	(16,813)
Total other comprehensive income	-	-	-	756	-	(15,928)	-	(15,172)	-	(15,172)
Total comprehensive income for the period	-	-	-	756	-	(15,928)	171,743	156,571	-	156,571
Balance as at 31 March 2009	114,500	741,375	114,500	123,479	190,000	(19,547)	2,296,001	3,445,808	150,000	3,710,308
Balance as at 1 January 2010, as previously stated	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	-	-	-	-	-	-	204,177	204,177	-	204,177
Other comprehensive income, net of income tax										
Revaluation reserve:										
Transfer to retained profit upon realisation of depreciation	-	-	-	(767)	-	-	767	-	-	-
Fair value reserve (available-for-sale financial investments):										
Net change in fair value	-	-	-	-	-	(2,682)	-	(2,682)	-	(2,682)
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(3,457)	-	(3,457)	-	(3,457)
Total other comprehensive income	-	-	-	(767)	-	(6,139)	767	(6,139)	-	(6,139)
Total comprehensive income for the period	-	-	-	(767)	-	(6,139)	204,944	198,038	-	198,038
Transactions with shareholder, recorded directly in equity										
Share based payment transactions	-	-	-	-	-	-	135	135	-	135
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Balance as at 31 March 2010	114,500	741,375	114,500	132,449	190,000	(17,982)	2,489,321	3,649,663	-	3,764,163

* This figure has been restated. Please refer to Note 30 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 6 -33 attached to the unaudited condensed interim financial statements.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2010

	<i>Group</i>		<i>Bank</i>	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	RM'000	RM'000	RM'000	RM'000
Profit before income tax and zakat	296,666	247,569	274,987	229,795
Adjustments for non-operating and non-cash items	26,582	12,951	25,685	12,597
Operating profit before working capital changes	323,248	260,520	300,672	242,392
Changes in working capital:				
Net changes in operating assets	(2,795,954)	4,543,613	(2,670,838)	4,103,721
Net changes in operating liabilities	2,924,750	(1,405,540)	2,687,231	(1,245,462)
Income tax paid	(63,416)	(78,348)	(58,750)	(75,015)
Net cash generated from operations	388,628	3,320,245	258,315	3,025,636
Net cash generated from/(used in) investing activities	1,749,471	(801,682)	1,690,002	(750,312)
Net cash used in financing activities	(250,000)	-	(250,000)	-
	1,499,471	(801,682)	1,440,002	(750,312)
Net changes in cash and cash equivalents	1,888,099	2,518,563	1,698,317	2,275,324
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	13,597,657	10,947,117	13,178,800	9,720,779
Analysis of cash and cash equivalents				
Cash and short-term funds	13,597,657	10,947,117	13,178,800	9,720,779

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 6-33 attached to the unaudited condensed interim financial statements.

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

Explanatory notes to the Interim Financial Statements as at 31 March 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 refer generally to the acceptance of deposits and granting of financing under the principles of Shariah.

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

2 Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 31 March 2010 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's ("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.

The 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 Financial Reporting Standards ("FRS"), 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 adoption of FRS7 and FRS 101 are disclosed in Note 30. 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 30.

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 lower collective impairment assessment provision based on the banks' respective collective impairment assessment methodology.

The adoption of the remaining Financial Reporting Standards ("FRS"), 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 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
- Amendments to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures for First time Adopters	1 Jan 2011
- Amendments to FRS 2, Share-based Payment IC	1 July 2010
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
- Amendments to FRS 7, 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 Amendments to FRS 1 and 7 which applies for 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 financial period ended 31 March 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 financial period ended 31 March 2010.

7 Debt and Equity Securities

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

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 30.

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>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	164,167	57,422	164,167	18,110
Bank Negara Malaysia bills and notes	542,637	315,670	542,637	315,670
Bank Negara Malaysia Islamic bills	98,801	149,490	98,801	149,490
Malaysian Government securities	430,840	458,592	430,840	458,592
Malaysian Government Islamic bonds	232,735	170,838	175,269	82,764
Cagamas bonds and notes	4,609	4,627	4,609	4,627
	1,473,789	1,156,639	1,416,323	1,029,253
Unquoted securities:				
Private debt securities (including commercial paper)	57,941	126,178	57,941	126,178
	1,531,730	1,282,817	1,474,264	1,155,431

12 Financial Investments Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	24,988	174,424	24,988	84,633
Malaysian Government securities	1,825,946	2,338,447	1,825,946	2,338,447
Malaysian Government Islamic bonds	599,219	451,077	303,348	344,736
Khazanah bonds	-	47,946	-	-
Cagamas bonds and notes	35,621	35,770	35,621	35,770
Negotiable instruments of deposit	274,979	875,060	249,986	805,055
Bankers' acceptance and Islamic accepted bills	253,058	782,678	253,058	782,678
	3,013,811	4,705,402	2,692,947	4,391,319
Quoted securities:				
Shares	22,729	19,063	22,729	19,063
Loan stock*	5,930	5,930	5,930	5,930
	28,659	24,993	28,659	24,993
Unquoted securities:				
Shares*	16,908	16,908	16,908	16,908
Private and Islamic debt securities	42,585	117,761	42,585	47,624
	59,493	134,669	59,493	64,532
Impairment loss:				
Quoted securities:				
Shares	(9,637)	(3,242)	(9,637)	(3,242)
Loan stock	(5,930)	(5,930)	(5,930)	(5,930)
	(15,567)	(9,172)	(15,567)	(9,172)
	3,086,396	4,855,892	2,765,532	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>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	1,266,704	1,343,183	1,263,262	1,338,246
Term loans/ financing				
Housing loans/ financing	9,891,673	9,574,369	9,737,815	9,490,296
Syndicated term loans/ financing	121,193	135,712	121,193	135,712
Factoring receivables	18,373	-	18,373	-
Hire purchase receivables	207,896	224,063	1,551	1,629
Lease receivables	3,940	5,836	3,710	5,560
Other term loans/ financing	8,845,910	8,881,017	6,341,210	6,580,482
Bills receivable	1,342,712	1,306,227	1,342,712	1,306,227
Trust receipts	630,664	500,035	630,664	500,035
Claims on customers under acceptance credits	2,706,202	2,808,613	2,228,980	2,248,860
Staff loans/ financing	382,900	399,693	378,747	396,798
Credit/ charge cards	2,626,445	2,724,521	2,443,894	2,556,092
Revolving credit	1,739,855	1,633,995	1,739,855	1,633,995
Other loans/ financing	8,859	7,993	8,859	7,993
Less: Unearned income	(88,421)	(90,379)	-	-
Gross loans, advances and financing	29,704,905	29,454,878	26,260,825	26,201,925
Less: Allowances for impaired loans, advances and financing				
- Collective allowances for impairment	(441,597)	-	(389,000)	-
- Individual allowances for impairment	(374,351)	-	(338,393)	-
- General allowances	-	(440,297)	-	(387,700)
- Specific allowances	-	(390,789)	-	(355,406)
Total net loans, advances and financing	28,888,957	28,623,792	25,533,432	25,458,819

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	49,086	51,859	-	-
Domestic non-bank financial institutions				
Stockbroking companies	153,772	152,533	153,772	152,533
Others	313	332	313	332
Domestic business enterprises				
Small medium enterprises	4,841,874	4,730,388	4,150,523	3,975,954
Others	8,091,406	8,051,888	6,867,476	6,961,158
Individuals	15,867,596	15,676,524	14,494,640	14,403,309
Other domestic entities	9,990	10,269	5,903	6,034
Foreign entities	690,868	781,085	588,198	702,605
	29,704,905	29,454,878	26,260,825	26,201,925

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	12,629,232	12,254,415	10,889,471	10,637,402
More than one year to five years	1,829,442	2,047,274	1,272,411	1,432,530
More than three years to five years	2,135,779	2,307,579	1,301,817	1,469,232
More than five years	13,110,452	12,845,610	12,797,126	12,662,761
	29,704,905	29,454,878	26,260,825	26,201,925

13 Loans, Advances and Financing (Cont'd)

(iv) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/ financing	236,576	242,662	207,950	210,380
Hire purchase receivables	189,326	203,166	1,551	1,629
Other fixed rate loans/ financing	4,713,947	4,812,852	2,387,924	2,405,735
Variable rate				
BLR plus	19,613,451	19,439,386	19,479,652	19,394,093
Cost-plus	1,739,854	1,633,996	1,739,854	1,633,996
Other variable rates	3,211,751	3,122,816	2,443,894	2,556,092
	29,704,905	29,454,878	26,260,825	26,201,925

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	831,467	845,718	752,917	749,961
Mining and quarrying	427,531	344,177	307,146	328,673
Manufacturing	5,625,473	5,832,326	4,911,443	5,043,494
Electricity, gas and water	52,965	55,183	45,071	47,681
Construction	835,170	764,321	781,955	709,835
Real estate	1,049,388	1,063,619	743,956	820,427
Wholesale & retail trade and restaurants & hotels	1,963,513	1,954,204	1,739,746	1,676,138
Transport, storage and communication	379,830	368,837	214,477	228,077
Finance, insurance and business services	1,417,642	1,295,135	1,155,928	1,057,541
Household-retail	16,196,840	15,967,891	14,807,925	14,684,813
Others	925,086	963,467	800,261	855,285
	29,704,905	29,454,878	26,260,825	26,201,925

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	10,271,117	9,975,127	10,122,406	9,897,146
-Non residential	930,873	1,005,847	924,140	998,510
Purchase of securities	33,820	46,303	32,491	44,947
Purchase of transport vehicles	49,152	50,517	48,562	50,423
Consumption credit	5,522,311	5,578,064	4,285,474	4,376,167
Construction	835,170	764,321	781,955	709,835
Working capital	11,691,456	11,559,645	9,785,395	9,722,493
Other purpose	371,006	475,054	280,402	402,404
	29,704,905	29,454,878	26,260,825	26,201,925

13 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Northern	4,326,932	4,275,120	3,941,113	3,953,177
Southern	4,184,205	4,162,901	3,736,278	3,760,714
Central	17,514,770	17,292,534	15,270,435	15,131,844
Eastern	3,678,998	3,724,322	3,312,999	3,356,190
	29,704,905	29,454,878	26,260,825	26,201,925

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

The Southern region consist of the states of Johor, Melaka and Pahang.

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

The Eastern region consist 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>	
	31 Mar 2010	31 Dec 2009	31 Mar 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	139,324	711,813	119,109	632,418
Reclassified as performing	(41,767)	(108,088)	(41,348)	(107,833)
Amount recovered	(43,605)	(181,736)	(40,155)	(171,012)
Amount written off	(59,621)	(270,804)	(44,697)	(221,716)
Other movements	4,555	30,247	3,200	22,598
At end of period/ year	666,122	667,236	607,892	611,783
Individual allowance for impairment / (2009: Specific allowance)	(374,351)	(390,789)	(338,393)	(355,406)
Net impaired loans, advances and financing	291,771	276,447	269,499	256,377

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 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	5,100	12,400	5,100	12,400
Amount written back	(3,800)	(34,700)	(3,800)	(34,700)
At end of period/ year	441,597	440,297	389,000	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. The Group and the Bank's allowances for impaired loans, advances and financing are now in line with FRS 139 as the Group and the Bank's specific allowance balances were already computed on the net present value of future expected cash flows basis since 2009.

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	56,742	379,365	41,366	313,867
Amount recovered	(10,293)	(44,951)	(8,233)	(33,972)
Amount written off	(53,843)	(250,688)	(39,747)	(202,764)
Other movements	3,335	29,963	1,937	22,314
At end of period/ year	374,351	390,789	338,393	355,406

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

(iii) By sector

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	1,200	1,246	1,200	1,246
Manufacturing	129,951	133,654	124,442	128,056
Construction	4,207	4,762	4,207	4,762
Real estate	19,259	14,330	19,259	14,134
Wholesale & retail trade and restaurants & hotels	64,847	68,509	60,923	64,653
Transport, storage and communication	2,097	2,261	2,097	2,261
Finance, insurance and business services	3,806	10,139	3,751	10,083
Household-retail	440,071	430,835	391,329	385,088
Others	684	1,500	684	1,500
	666,122	667,236	607,892	611,783

(iv) By purpose

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	195,342	193,158	194,465	191,990
-Non residential	25,741	32,129	25,625	32,007
Purchase of securities	375	380	375	380
Purchase of transport vehicles	283	167	283	167
Consumption credit	234,504	228,588	186,639	184,010
Construction	4,207	4,762	4,207	4,762
Working capital	205,670	208,052	196,298	198,467
	666,122	667,236	607,892	611,783

15 Other Assets

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets (Note 28)	940,498	753,861	930,374	743,624
Interest/ income receivable	51,788	47,679	50,040	46,382
Other receivables, deposits and prepayments	687,258	333,675	677,305	326,906
	1,679,544	1,135,215	1,657,719	1,116,912

16 Deposits from Customers

(i) By type of deposit

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Demand deposits	9,986,782	10,254,916	9,832,539	10,126,661
Savings deposits	7,285,402	7,089,713	6,752,076	6,581,567
Fixed / Investment deposits	23,949,020	21,758,455	22,279,649	20,123,308
Negotiable instruments of deposit	545,835	417,289	545,835	417,289
Wholesale money market deposits	2,007,340	2,521,745	2,007,340	2,521,745
Others	2,927,130	2,644,240	2,729,232	2,443,398
	46,701,509	44,686,358	44,146,671	42,213,968

16 Deposits from Customers (Cont'd)

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

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Due within six months	18,987,334	17,184,934	17,574,081	15,824,484
Six months to one year	4,864,747	4,553,680	4,615,100	4,280,602
One year to three years	290,373	256,385	288,229	255,924
Three years to five years	332,778	180,745	328,451	179,587
Over 5 years	19,623	-	19,623	-
	24,494,855	22,175,744	22,825,484	20,540,597

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	95,682	90,038	20,442	14,922
Business enterprises	17,483,139	16,197,083	16,657,880	15,457,644
Individuals	22,312,125	21,849,408	21,034,495	20,588,871
Others	6,810,563	6,549,829	6,433,854	6,152,531
	46,701,509	44,686,358	44,146,671	42,213,968

17 Deposits and Placements of Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Bank Negara Malaysia	85,741	59,551	85,741	59,551
Other financial institutions	2,524,505	2,760,087	2,309,045	2,650,471
	2,610,246	2,819,638	2,394,786	2,710,022

18 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities	805,500	618,732	795,376	608,495
Interest/ profit payable	153,986	152,594	146,268	144,551
Allowance for commitments and contingencies	2,170	2,440	2,170	2,440
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals	1,948,132	1,041,464	2,223,119	1,363,164
	2,916,488	1,821,930	3,166,933	2,118,650

19 Subordinated Bonds

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Dec 2009	31 Mar 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	4,476	385	4,476	385
	1,004,476	1,000,385	1,004,476	1,000,385

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

- 4.35% coupon rate for RM 500 million due 2022 callable with a 100 bp step up coupon in 2017
- 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>		<i>Bank</i>	
	Year-To-Date ended		Year-To-Date ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	310,752	372,039	310,752	372,039
- Interest income recognised from impaired loans	7,348	5,707	7,348	5,707
Money at call and deposit placements with financial institutions	91,742	68,508	98,887	74,887
Financial investments available-for-sale	26,871	32,883	26,871	32,883
Fair value hedge derivative assets	2,104	1,080	2,104	1,080
	438,817	480,217	445,962	486,596
Interest expense				
Deposits and placements of banks and other financial institutions	(8,123)	(11,004)	(8,123)	(11,004)
Deposits from customers	(143,140)	(183,839)	(143,140)	(183,839)
Loans sold to Cagamas	(6,720)	(8,179)	(6,720)	(8,179)
Subordinated bonds	(11,589)	(11,589)	(11,589)	(11,589)
Others	(1,143)	(980)	(1,143)	(980)
	(170,715)	(215,591)	(170,715)	(215,591)
Net interest income	268,102	264,626	275,247	271,005

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>		<i>Bank</i>	
	Year-To-Date ended		Year-To-Date ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
Credit cards	45,077	40,073	45,077	40,073
Service charges and fees	31,960	28,125	31,960	28,125
Fees on credit facilities	10,259	7,034	10,259	7,034
Agency fee	11,745	6,576	11,745	6,576
Others	13,982	10,491	13,982	10,491
	113,023	92,299	113,023	92,299
Fee and commission expense				
Interbank and clearing fees	(227)	(227)	(227)	(227)
Brokerage	(534)	(485)	(534)	(485)
Others	(6,078)	(4,996)	(6,078)	(4,996)
	(6,839)	(5,708)	(6,839)	(5,708)
Net fee and commission income	106,184	86,591	106,184	86,591

22 Net Trading Income

	<i>Group</i>		<i>Bank</i>	
	Year-To-Date ended		Year-To-Date ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading and other financial instruments	8,328	(10,799)	8,328	(10,799)
Net interest income from financial assets held-for-trading	6,557	24,180	6,557	24,180
Net unrealised gains on revaluation of financial assets held-for-trading	10,743	1,813	10,743	1,813
Net gains arising from dealing in foreign currency	37,410	33,873	37,410	33,873
Net unrealised gains from dealing in foreign currency	36,176	49,008	36,176	49,008
Net gains arising from trading in derivatives	29,799	2,276	29,799	2,276
Net unrealised gains on revaluation of derivatives	4,529	1,099	4,529	1,099
Gains/(losses) arising from fair value hedges	563	(750)	563	(750)
	134,105	100,700	134,105	100,700

23 Income from Islamic Banking

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010		31 Mar 2010	
	RM'000	31 Mar 2009	RM'000	31 Mar 2009
		RM'000		RM'000
Income derived from investment of depositor funds and others	67,316	68,529	-	-
Income derived from investment of shareholders funds	19,700	17,107	-	-
Income attributable to the depositors	(10,192)	(17,415)	-	-
Income from Islamic Banking operations	76,824	68,221	-	-

24 Other Operating Income

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010		31 Mar 2010	
	RM'000	31 Mar 2009	RM'000	31 Mar 2009
		RM'000		RM'000
Disposal of financial investments available-for-sale	3,440	22,705	3,440	22,705
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	228	167	228	167
Rental income	1,632	1,597	1,632	1,597
Net gains on disposal of property and equipment	5	101	5	101
Other operating income	6,940	7,281	29,759	25,518
	12,245	31,851	35,064	50,088

25 Loans/ Financing Impairment Charges and other Credit Risk Provisions

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010		31 Mar 2010	
	RM'000	31 Mar 2009	RM'000	31 Mar 2009
		RM'000		RM'000
Impairment charges on loans and financing:				
(a) Individual impairment / (2009: Specific allowance)				
Made during the financial period	56,742	82,547	41,366	68,297
Written back	(10,293)	(6,941)	(8,233)	(6,309)
(b) Collective impairment / (2009: General allowance)				
Made during the financial period	5,100	-	5,100	-
Written back	(3,800)	(16,500)	(3,800)	(16,500)
Impaired loans				
Recovered during the financial period	(23,094)	(14,574)	(20,145)	(13,480)
Written off	5,778	2,966	4,950	2,925
Impairment charges on commitments and contingencies:				
Made during the financial period	-	950	-	950
Written back	(270)	(38)	(270)	(38)
	30,163	48,410	18,968	35,845

26 Other Operating Expenses

	<i>Group</i>		<i>Bank</i>	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	137,171	130,751	131,531	125,192
Promotion and marketing related expenses	19,775	12,201	17,560	7,604
Establishment related expenses	31,294	30,360	28,748	28,741
General administrative expenses	82,391	73,061	78,806	71,570
	270,631	246,373	256,645	233,107

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	106,459	100,657	101,770	96,571
Employees Provident Fund contributions	16,166	16,182	15,424	15,497
Promotion and marketing related expenses				
Advertising and promotion	14,542	8,245	12,327	3,648
Establishment related expenses				
Depreciation of property and equipment	8,385	8,786	7,721	8,490
Amortisation of intangible assets	5,907	4,489	5,718	4,375
Information technology costs	3,209	4,409	3,136	4,060
Hire of equipment	1,643	1,470	1,554	1,463
Rental of premises	6,319	4,940	5,219	4,332
Property and equipment written off	8	-	8	-
General administrative expenses				
Intercompany expenses	59,883	53,416	56,604	52,582
Auditors' remuneration	-			
-Statutory audit	111	100	91	88
-Other services	153	-	78	-

27 Capital Adequacy

	<i>Group</i>	
	31 Mar 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)	2,311,994	2,561,994
Statutory reserve	154,604	154,604
	3,512,473	3,762,473
Less: Deferred tax adjustments	(97,687)	(97,687)
Total Tier 1 capital	3,414,786	3,664,786
Tier 2 capital		
Subordinated bonds	1,004,476	1,000,385
Revaluation reserves	76,973	77,223
Collective impairment allowance / (2009: General Allowance)	441,597	440,297
Total Tier 2 capital	1,523,046	1,517,905
Total capital	4,937,832	5,182,691
Capital base	4,937,832	5,182,691
Core capital ratio	10.1%	11.1%
Risk-weighted capital ratio	14.6%	15.8%
Core capital ratio (net of proposed dividend)	10.1%	10.4%
Risk-weighted capital ratio (net of proposed dividend)	14.6%	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>			
	31 Mar 2010		31 Dec 2009	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	66,091,047	27,554,618	63,293,707	27,030,500
Total RWA for market risk	-	1,874,168	-	1,558,720
Total RWA for operational risk	-	4,347,294	-	4,299,805
	66,091,047	33,776,080	63,293,707	32,889,025

27 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	31 Mar 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)	2,271,891	2,521,891
Statutory reserve	114,500	114,500
	3,432,266	3,682,266
Less: Deferred tax adjustments	(99,566)	(99,566)
Total Tier 1 capital	3,332,700	3,582,700
Tier 2 capital		
Subordinated bonds	1,004,476	1,000,385
Revaluation reserves	76,973	77,223
Collective impairment allowance / (2009: General Allowance)	389,000	387,700
Total Tier 2 capital	1,470,449	1,465,308
Total capital	4,803,149	5,048,008
Less: Investment in subsidiaries	(660,021)	(660,021)
Capital base	4,143,128	4,387,987
Core capital ratio	10.7%	11.8%
Risk-weighted capital ratio	13.3%	14.5%
Core capital ratio (net of proposed dividend)	10.7%	11.0%
Risk-weighted capital ratio (net of proposed dividend)	13.3%	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>			
	31 Mar 2010		31 Dec 2009	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	62,563,154	25,113,106	60,002,149	24,575,852
Total RWA for market risk	-	1,851,083	-	1,534,062
Total RWA for operational risk	-	4,182,022	-	4,161,243
	62,563,154	31,146,211	60,002,149	30,271,157

28 Commitments and Contingencies

31 Mar 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	1,264,659	-	1,264,659	1,036,326
Transaction-related contingent items	2,369,900	-	1,184,949	956,740
Short-term self-liquidating trade-related contingencies	788,913	-	157,783	108,266
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	8,968,980	-	-	-
- Maturity exceeding one year	1,229,620	-	614,810	483,550
Unutilised credit card lines	7,262,545	-	1,452,509	1,089,382
Foreign exchange related contracts				
- Less than one year	16,701,223	283,203	449,438	309,636
- Over one year to less than five years	6,056,133	234,726	694,952	363,750
- Over five years	1,051,839	69,461	186,929	186,778
Interest/profit rate related contracts:				
- Less than one year	8,804,966	17,040	29,716	11,383
- Over one year to less than five years	20,495,833	221,507	678,837	291,982
- Over five years	1,225,000	31,895	108,925	37,922
Other commodity contracts:				
- Less than one year	58,823	325	6,207	1,242
- Over one year to less than five years	32,849	770	4,712	942
Equity related contracts				
- Less than one year	75,871	2,566	7,118	1,424
- Over one year to less than five years	1,107,511	78,000	164,470	32,894
- Over five years	14,485	1,005	2,454	491
Sell buy back agreement	117,080	-	117,080	117,080
	77,626,230	940,498	7,125,548	5,029,788

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.

28 Commitments and Contingencies (Cont'd)

31 Mar 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	1,255,076	-	1,255,076	1,026,743
Transaction-related contingent items	2,351,840	-	1,175,920	947,817
Short-term self-liquidating trade-related contingencies	751,394	-	150,279	101,330
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	8,386,567	-	-	-
- Maturity exceeding one year	1,208,382	-	604,191	474,620
Unutilised credit card lines	6,787,183	-	1,357,436	1,018,077
Foreign exchange related contracts				
- Less than one year	16,701,223	283,203	449,438	309,636
- Over one year to less than five years	6,056,133	234,726	694,952	363,750
- Over five years	1,051,839	69,461	186,929	186,778
Interest rate related contracts:				
- Less than one year	8,804,966	17,040	29,716	11,383
- Over one year to less than five years	20,495,833	221,507	678,837	291,982
- Over five years	1,225,000	31,895	108,925	37,922
Other commodity contracts:				
- Less than one year	58,823	325	6,207	1,242
- Over one year to less than five years	32,849	770	4,712	942
Equity related contracts				
- Less than one year	-	-	-	-
- Over one year to less than five years	1,047,056	70,442	152,074	30,415
- Over five years	14,485	1,005	2,454	491
Sell buy back agreement	-	-	-	-
	76,228,649	930,374	6,857,146	4,803,128

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.

28 Commitments and Contingencies

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
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".

28 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
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	-	-	-	-
Sell buy back agreement	-	-	-	-
	74,087,292	743,624	6,613,483	4,581,985

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".

29 Interest/ Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing level of market interest/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 31 Mar 2010	Non-trading book					Non-interest/ profit sensitive RM'000	Trading book RM'000	Total 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				
ASSETS									
Cash and short term funds	12,992,553	-	-	-	-	605,104	-	13,597,657	1.97
Securities purchased under resale agreements	4,475,608	3,114,118	-	-	-	-	-	7,589,726	2.27
Deposits and placements with banks and other financial institutions	-	1,017,421	49,526	-	-	-	-	1,066,947	2.37
Financial assets held-for-trading	-	-	-	-	-	-	1,531,730	1,531,730	2.84
Financial investments available-for-sale	954,712	232,549	80,793	1,638,990	149,353	29,999	-	3,086,396	2.90
Loans, advances and financing									
- performing	23,340,282	2,141,575	471,543	1,483,536	445,630	714,620	-	28,597,186	5.37
- impaired *	-	-	-	-	-	291,771	-	291,771	
Others	-	-	-	-	-	748,950	1,545,427	2,294,377	
Total Assets	41,763,155	6,505,663	601,862	3,122,526	594,983	2,390,444	3,077,157	58,055,790	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	23,190,526	4,561,956	7,305,320	2,026,142	475,423	9,142,142	-	46,701,509	1.74
Deposits and placements of banks and other financial institutions	1,451,382	339,047	191,842	5,958	2,986	619,031	-	2,610,246	1.85
Bills and acceptances payable	4,308	3,480	-	-	-	338,291	-	346,079	1.83
Recourse obligation on loans sold to Cagamas Berhad	-	-	312,842	252,639	-	-	-	565,481	4.71
Subordinated bonds	-	-	-	-	1,004,476	-	-	1,004,476	4.70
Others	-	-	-	-	-	1,054,426	1,912,795	2,967,221	
Total Liabilities	24,646,216	4,904,483	7,810,004	2,284,739	1,482,885	11,153,890	1,912,795	54,195,012	
Shareholders' funds	-	-	-	-	-	3,860,778	-	3,860,778	
Total Liabilities and Shareholders' funds	24,646,216	4,904,483	7,810,004	2,284,739	1,482,885	15,014,668	1,912,795	58,055,790	
On-balance sheet interest/profit sensitivity gap	17,116,939	1,601,180	(7,208,142)	837,787	(887,902)	(12,624,224)	1,164,362	-	
Off-balance sheet interest/profit sensitivity gap									
Interest/profit rate contracts									
- futures	-	220,000	(160,000)	(60,000)	-	-	-	-	
- options	53,798	(40,000)	(227,200)	213,402	-	-	-	-	
- swaps	2,411,097	(45,568)	(2,678,931)	(457,852)	846,930	-	-	75,676	
Total interest/profit sensitivity gap	19,581,834	1,735,612	(10,274,273)	533,337	(40,972)	(12,624,224)	1,164,362	75,676	

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

29 Interest/ Profit Rate Risk (Cont'd)

Group 31 Dec 2009 Restated	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	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.

29 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Mar 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	12,337,306	250,000	-	-	-	591,494	-	13,178,800	1.96
Securities purchased under resale agreements	4,475,608	3,114,118	-	-	-	-	-	7,589,726	2.27
Deposits and placements with banks and other financial institutions	449,376	1,173,880	364,483	21,203	-	-	-	2,008,942	2.37
Financial assets held-for-trading	-	-	-	-	-	-	1,474,264	1,474,264	2.92
Financial investments available-for-sale	954,712	207,556	80,793	1,343,119	149,353	29,999	-	2,765,532	2.89
Loans, advances and financing									
- performing	22,069,015	1,828,653	284,530	156,397	269,328	656,010	-	25,263,933	4.98
- impaired*	-	-	-	-	-	269,499	-	269,499	
Others	-	-	-	-	-	1,343,477	1,535,202	2,878,679	
Total Assets	40,286,017	6,574,207	729,806	1,520,719	418,681	2,890,479	3,009,466	55,429,375	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	21,583,511	4,370,360	6,903,566	2,019,671	475,423	8,794,140	-	44,146,671	1.74
Deposits and placements of banks and other financial institutions	1,345,656	229,313	191,842	5,958	2,986	619,031	-	2,394,786	1.73
Bills and acceptances payable	4,308	3,480	-	-	-	332,041	-	339,829	1.83
Recourse obligation on loans sold to Cagamas Berhad	-	-	312,842	252,639	-	-	-	565,481	4.71
Subordinated bonds	-	-	-	-	1,004,476	-	-	1,004,476	4.70
Others	-	-	-	-	-	1,311,298	1,902,671	3,213,969	
Total Liabilities	22,933,475	4,603,153	7,408,250	2,278,268	1,482,885	11,056,510	1,902,671	51,665,212	
Shareholders' funds	-	-	-	-	-	3,764,163	-	3,764,163	
Total Liabilities and Shareholders' funds	22,933,475	4,603,153	7,408,250	2,278,268	1,482,885	14,820,673	1,902,671	55,429,375	
On-balance sheet interest sensitivity gap	17,352,542	1,971,054	(6,678,444)	(757,549)	(1,064,204)	(11,930,194)	1,106,795	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	220,000	(160,000)	(60,000)	-	-	-	-	
- options	53,798	(40,000)	(227,200)	213,402	-	-	-	-	
- swaps	2,411,097	(45,568)	(2,678,931)	(457,852)	846,930	-	-	75,676	
Total interest sensitivity gap	19,817,437	2,105,486	(9,744,575)	(1,061,999)	(217,274)	(11,930,194)	1,106,795	75,676	

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

29 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.

30 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 allowance 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 relate 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 are required to maintain general allowance provisions of at 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 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 allowance 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.

30 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 period ended 31 March 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 is disclosed in Note 30 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 period ended 31 March 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.

30 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

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
Assets:-				
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
Reserves:-				
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 is disclosed below.

Statement of financial position as at 1 January 2009

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
	RM'000	RM'000	RM'000	RM'000
Assets:-				
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

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

31 Review of Performance

The Group recorded profit before tax of RM297 million for the first financial quarter ended 31 March 2010, an increase of 19.8% or RM49 million compared against history. Operating income increased by RM45 million or 8.2% against the corresponding quarter in 2009, mainly on trading profits (+RM33 million or 33.2%) due to higher gains from trading in derivatives, coupled with higher gains on sale of securities. Net fee income increased by RM20 million or 22.6% primarily due to higher fees and commission from credit facilities, card services and sale of third party unit trusts. Net interest income also improved marginally (+RM3 million) but there was a deterioration of RM20 million or 61.6% in other operating income due to a decline in gains on disposal of financial investments available-for-sale. Operating expenses also grew at a faster pace (+9.8% or RM24 million) compared to operating income.

Although net impaired loans ratio increased marginally from 0.8% at 31 March 2009 to 1.0%, the improving economic conditions has seen a decline in the flow of impaired loans.

Total assets increased by RM2.9 billion or 5.3% against 31 December 2009, in tandem with the increase in deposits from customers of RM2.0 billion or 4.5%. Gross loans, advances and financing as at 31 March 2010 stood at RM29.7 billion, slightly higher than the RM29.5 billion recorded as at 31 December 2009.

32 Business Prospects

In 2009, the Malaysian economy contracted by 1.9% as the effects from the global financial crisis peaked in the first quarter of the year. The global economy gradually entered into a state of progressive but uneven recovery in the second half of 2009. Since then, the Malaysian economy has shown positive signs of recovery as growth picked up momentum in the first quarter of 2010 due to underlying support from strengthening domestic demand and improving external conditions.

Liquidity in the local financial markets is expected to remain ample while the capital markets are expected to gradually return to their pre financial crisis levels due to improving market sentiment. Competition is expected to intensify arising from new entrants in the financial sector with more licences expected to be issued in the near future as part of the financial sector liberalisation process. Demand for credit is likely to increase as investor and consumer sentiments gradually improve. The accelerated implementation of the remaining projects under the government's second stimulus package and the implementation of the New Economic Model could further generate economic activity and growth. With clear signs of an economic recovery, the Central Bank has started normalising interest rates. Further increases in interest rates would help boost net interest income for the Group.

The focus for 2010 will remain on growing the Premier proposition for both the conventional and Islamic banks. Wealth management services will be 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 also seek to intensify its coverage of federal government business as well as Government Linked Companies ("GLCs"). The lower fiscal deficit target for 2010 could potentially reduce government funding for projects and that would drive the GLCs to tap the market for funds.

Plans are well underway to expand the Group's geographical reach with the opening of new conventional and Islamic branches as well as Islamic offsite Self Service Banking terminals in 2010. Two more Islamic branches were opened in the first quarter of 2010 and we expect to open additional branches before the end of the year. Three Islamic offsite Self Service Banking terminals were launched in April 2010, with additional terminals to be launched by the end of the year.

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

33 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

Statement of comprehensive income for the first financial quarter ended 31 March 2009
(previously referred to as income statement)

	Group		Bank	
	As restated	As previously stated	As restated	As previously stated
a) <u>Interest income</u>				
Loans and advances				
- Interest income other than from impaired loans	372,039	377,294	372,039	377,294
- Interest income recognised from impaired loans	5,707	5,707	5,707	5,707
Money at call and deposit placements with financial institutions	68,508	68,508	74,887	68,558
Securities available-for-sale	32,883	34,050	32,883	34,050
Fair value hedge derivative assets	1,080	-	1,080	-
Others	-	1,080	-	7,409
	480,217	486,639	486,596	493,018
Amortisation of premium less accretion of discounts	-	(1,167)	-	(1,167)
Interest suspended	-	(5,255)	-	(5,255)
Total interest income	480,217	480,217	486,596	486,596
b) <u>Net fee and commission income</u>				
Fee and commission income*	92,299	-	92,299	-
Fee and commission expense**	(5,708)	-	(5,708)	-
Net fee and commission income	86,591	-	86,591	-
* previously reported under other operating income				
** previously reported under other operating expenses				
c) <u>Other operating income</u>				
Fees and commissions*	-	87,463	-	87,463
Net (losses)/gains arising from sale of securities				
- Securities held-for-trading and other financial instruments**	-	(10,799)	-	(10,799)
- Securities available-for-sale	22,705	22,705	22,705	22,705
Net interest income from trading securities**	-	24,180	-	24,180
Net unrealised gains on revaluation of trading securities**	-	1,813	-	1,813
Net gains arising from dealing in foreign currency**	-	33,873	-	33,873
Net unrealised gains from dealing in foreign currency**	-	49,008	-	49,008
Net gains arising from trading in derivatives**	-	1,363	-	1,363
Net unrealised gains on revaluation of derivatives**	-	1,099	-	1,099
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	167	167	167	167
Rental income	1,597	1,597	1,597	1,597
Net gains on disposal of property and equipment	101	101	101	101
Other operating income***	7,281	7,444	25,518	25,681
	31,851	220,014	50,088	238,251

* Now classified under fee and commission income

** Now classified under net trading income

*** An amount of RM163,000 was reclassified to net trading income

33 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

Statement of comprehensive income for the first financial quarter ended 31 March 2009 (Cont'd)
(previously referred to as income statement)

d) <u>Income from Islamic Banking</u>	<u>Group</u>		<u>Bank</u>	
	As restated	As previously stated	As restated	As previously stated
Income derived from investment of depositor funds and others	68,529	68,529	-	-
Income derived from investment of shareholders funds*	17,107	17,254	-	-
Income attributable to the depositors	(17,415)	(17,415)	-	-
Income from Islamic Banking operations	<u>68,221</u>	<u>68,368</u>	-	-

*Fee and commission expenses and recoveries were previously reported under other operating expenses.

e) <u>Other operating expenses</u>				
Personnel expenses	130,751	130,751	125,192	125,192
Promotion and marketing related expenses	12,201	12,201	7,604	7,604
Establishment related expenses	30,360	30,360	28,741	28,741
General administrative expenses*	73,061	74,080	71,570	72,442
	<u>246,373</u>	<u>247,392</u>	<u>233,107</u>	<u>233,979</u>

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