

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


UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2011

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 financial period ended 30 September 2011 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 : 20 October 2011

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

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

	Note	<i>Group</i>		<i>Bank</i>	
		30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Assets					
Cash and short term funds	11	15,785,983	11,815,604	14,419,019	10,658,860
Securities purchased under resale agreements		5,074,098	6,467,863	5,074,098	6,467,863
Deposits and placements with banks and other financial institutions	12	863,390	330,981	2,695,413	1,471,815
Financial Assets Held-for-Trading	13	4,774,727	4,895,060	4,696,309	4,747,054
Financial Investments Available-for-Sale	14	2,578,594	3,400,090	2,257,398	3,069,425
Loans, advances and financing	15	39,023,362	34,076,044	32,733,215	29,439,768
Other assets	17	3,020,344	2,023,553	3,005,626	1,978,890
Statutory deposits with Bank Negara Malaysia	18	1,112,560	221,827	909,998	187,098
Investments in subsidiary companies		-	-	660,021	660,021
Property and equipment		334,617	318,481	320,417	302,056
Intangible assets		55,338	60,621	54,737	59,122
Deferred tax assets		81,992	168,344	71,125	150,342
Total assets		72,705,005	63,778,468	66,897,376	59,192,314
Liabilities					
Deposits from customers	19	54,987,109	48,339,424	50,215,202	44,556,909
Deposits and placements of banks and other financial institutions	20	7,909,005	6,853,048	6,806,580	6,261,536
Bills and acceptances payable		432,057	429,229	426,449	423,698
Other liabilities	21	3,583,216	2,354,493	3,845,468	2,277,196
Recourse obligation on loans sold to Cagamas Berhad		67,386	374,991	67,386	374,991
Provision for taxation and zakat	22	74,158	103,158	72,002	98,710
Subordinated bonds	23	1,013,652	1,003,039	1,013,652	1,003,039
Total liabilities		68,066,583	59,457,382	62,446,739	54,996,079
Equity					
Share capital		114,500	114,500	114,500	114,500
Reserves		4,523,922	3,956,586	4,336,137	3,831,735
Proposed dividend		-	250,000	-	250,000
Total equity attributable to shareholder of the Bank		4,638,422	4,321,086	4,450,637	4,196,235
Total liabilities and equity		72,705,005	63,778,468	66,897,376	59,192,314
Commitments and Contingencies	32	127,602,904	87,503,362	125,278,336	85,680,212

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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 20 October 2011.

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

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

		<i>Group</i>			
		3rd quarter ended		Year-To-Date ended	
		30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
<i>Note</i>		RM'000	RM'000	RM'000	RM'000
	Revenue	1,052,617	865,342	2,952,512	2,460,216
	Interest income	556,751	493,205	1,632,387	1,396,036
	Interest expense	(277,205)	(209,385)	(771,704)	(582,192)
	Net interest income	279,546	283,820	860,683	813,844
	Fee and commission income	123,230	111,150	370,953	342,549
	Fee and commission expense	(3,041)	(7,301)	(15,075)	(22,126)
	Net fee and commission income	120,189	103,849	355,878	320,423
	Net trading income	226,662	150,365	541,767	415,537
	Income from Islamic banking operations	112,953	81,670	311,832	232,082
	Other operating income	4,707	8,934	20,075	30,846
	Operating income before impairment losses	744,057	628,638	2,090,235	1,812,732
	Loans / financing impairment charges and other credit risk provisions	(33,583)	(41,585)	(165,774)	(164,914)
	Impairment losses on intangible assets	-	-	(4,900)	-
	Net operating income	710,474	587,053	1,919,561	1,647,818
	Other operating expenses	(295,524)	(280,635)	(900,282)	(845,634)
	Profit before income tax expense	414,950	306,418	1,019,279	802,184
	Income tax expense	(113,235)	(78,509)	(266,282)	(211,311)
	Profit for the period	301,715	227,909	752,997	590,873
	Other comprehensive income				
	Fair value reserve				
	Change in fair value	5,034	9,707	3,382	10,740
	Amount transferred to profit or loss	(20)	-	(1,431)	(6,129)
	Income tax relating to components of other comprehensive income	(1,094)	(2,291)	(317)	(1,371)
	Other comprehensive income for the period, net of income tax	3,920	7,416	1,634	3,240
	Total comprehensive income for the period	305,635	235,325	754,631	594,113
	Profit attributable to shareholder of the Bank	301,715	227,909	752,997	590,873
	Total comprehensive income attributable to shareholder of the Bank	305,635	235,325	754,631	594,113
	Basic earnings per RM0.50 ordinary share	131.8 sen	99.5 sen	328.8 sen	258.0 sen
	Dividends per RM0.50 ordinary share (net)				
	- paid in respect of prior year	-	-	109.2 sen	109.2 sen
	- interim dividend paid	87.3 sen	87.3 sen	87.3 sen	87.3 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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 20 October 2011.

HSBC BANK MALAYSIA BERHAD
(Company No. 127776-V)
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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

		<i>Bank</i>			
		3rd quarter ended		Year-To-Date ended	
		30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
		RM'000	RM'000	RM'000	RM'000
	<i>Note</i>	947,640	797,911	2,672,727	2,282,206
Revenue					
Interest income	24	570,334	502,241	1,667,589	1,420,200
Interest expense	24	(277,205)	(209,385)	(771,704)	(582,192)
Net interest income	24	293,129	292,856	895,885	838,008
Fee and commission income	25	123,230	111,150	370,953	342,549
Fee and commission expense	25	(3,041)	(7,301)	(15,075)	(22,126)
Net fee and commission income	25	120,189	103,849	355,878	320,423
Net trading income	26	226,662	150,365	541,767	415,537
Other operating income	28	27,414	34,155	92,418	103,920
Operating income before impairment losses		667,394	581,225	1,885,948	1,677,888
Loans / financing impairment charges and other credit risk provisions	29	(1,172)	(18,243)	(85,409)	(106,164)
Impairment losses on intangible assets		-	-	(4,900)	-
Net operating income		666,222	562,982	1,795,639	1,571,724
Other operating expenses	30	(276,823)	(266,609)	(854,312)	(800,241)
Profit before income tax expense		389,399	296,373	941,327	771,483
Income tax expense		(107,791)	(73,106)	(250,828)	(200,136)
Profit for the period		281,608	223,267	690,499	571,347
Other comprehensive income					
Fair value reserve					
Change in fair value		4,632	9,704	3,166	11,570
Amount transferred to profit or loss		(20)	-	(1,431)	(6,129)
Income tax relating to components of other comprehensive income		(994)	(2,425)	(263)	(1,356)
Other comprehensive income for the period, net of income tax		3,618	7,279	1,472	4,085
Total comprehensive income for the period		285,226	230,546	691,971	575,432
Profit attributable to shareholder of the Bank		281,608	223,267	690,499	571,347
Total comprehensive income attributable to shareholder of the Bank		285,226	230,546	691,971	575,432
Basic earnings per RM0.50 ordinary share		123.0 sen	97.5 sen	301.5 sen	249.5 sen
Dividends per RM0.50 ordinary share (net)					
- paid in respect of prior year		-	-	109.2 sen	109.2 sen
- interim dividend paid		87.3 sen	87.3 sen	87.3 sen	87.3 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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 20 October 2011.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Group											
	← Non-distributable					→ Distributable					Total shareholder's equity	
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution 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	RM'000	RM'000	RM'000
Balance as at 1 January 2010	114,500	741,375	154,604	133,216	190,000	(11,406)	-	74,703 *	2,312,009	3,594,501	250,000	3,959,001
-effect of adopting FRS 139	-	-	-	-	-	-	-	-	9,284	9,284	-	9,284
Balance as at 1 January 2010, as restated	114,500	741,375	154,604	133,216	190,000	(11,406)	-	74,703	2,321,293	3,603,785	250,000	3,968,285
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	590,873	590,873	-	590,873
Other comprehensive income, net of income tax												
Revaluation reserve:												
Transfer to retained profit upon realisation of depreciation	-	-	-	(2,302)	-	-	-	-	2,302	-	-	-
Fair value reserve:												
Net change in fair value	-	-	-	-	-	7,837	-	-	-	7,837	-	7,837
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(4,597)	-	-	-	(4,597)	-	(4,597)
Total other comprehensive income	-	-	-	(2,302)	-	3,240	-	-	2,302	3,240	-	3,240
Total comprehensive income for the period	-	-	-	(2,302)	-	3,240	-	-	593,175	594,113	-	594,113
Transactions with ultimate holding company, recorded directly in equity												
Share based payment transactions	-	-	-	-	-	-	-	1,028	7,687	8,715	-	8,715
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividends paid to shareholder - 2010 interim	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2010	114,500	741,375	154,604	130,914	190,000	(8,166)	-	75,731	2,722,155	4,006,613	-	4,121,113
Balance as at 1 January 2011	114,500	741,375	164,500	139,110	190,000	4,512	-	81,169 *	2,635,920	3,956,586	250,000	4,321,086
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	752,997	752,997	-	752,997
Other comprehensive income, net of income tax												
Revaluation reserve:												
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,160)	-	-	-	-	1,160	-	-	-
Fair value reserve:												
Net change in fair value	-	-	-	-	-	2,027	680	-	-	2,707	-	2,707
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(1,073)	-	-	-	(1,073)	-	(1,073)
Total other comprehensive income	-	-	-	(1,160)	-	954	680	-	1,160	1,634	-	1,634
Total comprehensive income for the period	-	-	-	(1,160)	-	954	680	-	754,157	754,631	-	754,631
Transactions with ultimate holding company, recorded directly in equity												
Share based payment transactions	-	-	-	-	-	-	-	6,757	5,948	12,705	-	12,705
Dividends paid to shareholder - 2010 final	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividends paid to shareholder - 2011 interim	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2011	114,500	741,375	164,500	137,950	190,000	5,466	680	87,926	3,196,025	4,523,922	-	4,638,422

* This balance has been reclassified to conform to current year's presentation, please refer to Note 35 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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 20 October 2011.

HSBC BANK MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011 (CONT'D)

	Bank										Proposed dividends	Total shareholder's equity
	← Non-distributable				→ Distributable							
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Capital redemption reserve	Available-for-sale reserve	Cash flow hedge reserve	Capital contribution 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	RM'000	RM'000
Balance as at 1 January 2010	114,500	741,375	114,500	133,216	190,000	(11,843)	-	74,560*	2,271,906	3,513,714	250,000	3,878,214
-effect of adopting FRS 139	-	-	-	-	-	-	-	-	9,252	9,252	-	9,252
Balance as at 1 January 2010, as restated	114,500	741,375	114,500	133,216	190,000	(11,843)	-	74,560	2,281,158	3,522,966	250,000	3,887,466
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	571,347	571,347	-	571,347
Other comprehensive income, net of income tax												
Revaluation reserve:												
Transfer to retained profit upon realisation of depreciation	-	-	-	(2,302)	-	-	-	-	2,302	-	-	-
Fair value reserve :												
Net change in fair value	-	-	-	-	-	8,682	-	-	-	8,682	-	8,682
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(4,597)	-	-	-	(4,597)	-	(4,597)
Total other comprehensive income	-	-	-	(2,302)	-	4,085	-	-	2,302	4,085	-	4,085
Total comprehensive income for the period	-	-	-	(2,302)	-	4,085	-	-	573,649	575,432	-	575,432
Transactions with ultimate holding company, recorded directly in equity												
Share based payment transactions	-	-	-	-	-	-	-	901	7,687	8,588	-	8,588
Dividends paid to shareholder - 2009 final	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividends paid to shareholder - 2010 interim	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2010	114,500	741,375	114,500	130,914	190,000	(7,758)	-	75,461	2,662,494	3,906,986	-	4,021,486
Balance as at 1 January 2011	114,500	741,375	114,500	139,110	190,000	4,648	-	80,834 [†]	2,561,268	3,831,735	250,000	4,196,235
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	690,499	690,499	-	690,499
Other comprehensive income, net of income tax												
Revaluation reserve:												
Transfer to retained profit upon realisation of depreciation	-	-	-	(1,160)	-	-	-	-	1,160	-	-	-
Fair value reserve:												
Net change in fair value	-	-	-	-	-	1,865	680	-	-	2,545	-	2,545
Net amount transferred to profit or loss on disposal	-	-	-	-	-	(1,073)	-	-	-	(1,073)	-	(1,073)
Total other comprehensive income	-	-	-	(1,160)	-	792	680	-	1,160	1,472	-	1,472
Total comprehensive income for the period	-	-	-	(1,160)	-	792	680	-	691,659	691,971	-	691,971
Transactions with ultimate holding company, recorded directly in equity												
Share based payment transactions	-	-	-	-	-	-	-	6,483	5,948	12,431	-	12,431
Dividends paid to shareholder - 2010 final	-	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividends paid to shareholder - 2011 interim	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2011	114,500	741,375	114,500	137,950	190,000	5,440	680	87,317	3,058,875	4,336,137	-	4,450,637

* This balance has been reclassified to conform to current year's presentation, please refer to Note 35 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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 20 October 2011.

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

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	30 Sep 2010	30 Sept 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
Profit before income tax expense	1,019,279	802,184	941,327	771,483
Adjustments for non-operating and non-cash items	67,184	61,691	62,532	58,478
Operating profit before working capital changes	1,086,463	863,875	1,003,859	829,961
Changes in working capital:				
Net changes in operating assets	(5,841,860)	(4,103,063)	(4,810,878)	(3,281,900)
Net changes in operating liabilities	8,627,588	4,168,800	7,466,755	2,646,666
Income tax paid	(209,474)	(219,873)	(198,808)	(201,732)
Net cash generated from/(used in) operations	3,662,717	709,739	3,460,928	(7,005)
Net cash generated from investing activities	757,662	2,426,872	749,231	2,377,225
Net cash used in financing activity	(450,000)	(450,000)	(450,000)	(450,000)
	307,662	1,976,872	299,231	1,927,225
Net changes in cash and cash equivalents	3,970,379	2,686,611	3,760,159	1,920,220
Cash and cash equivalents at beginning of the period	11,815,604	11,709,558	10,658,860	11,480,483
Cash and cash equivalents at end of the period	15,785,983	14,396,169	14,419,019	13,400,703
Analysis of cash and cash equivalents				
Cash and short-term funds	15,785,983	14,396,169	14,419,019	13,400,703

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 2010 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed interim financial statements.

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Explanatory notes to the Unaudited Condensed Interim Financial Statements as at 30 September 2011

1 General Information

HSBC Bank Malaysia Berhad ("the Bank") is principally engaged in the provision of banking and other related financial services while its subsidiaries ("the Group") 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 financial period ended 30 September 2011 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 condensed interim financial statements include the financial statements of the Bank and its subsidiary companies. The unaudited condensed 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 2010. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 December 2010.

All 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 2010, except for the adoption of the following FRSs, amendments to FRSs and Issues Committee ("IC") Interpretations.

FRS/Interpretations	Effective date
- FRS 1, First-time Adoption of Financial Reporting Standards	1 Jul 2010
- FRS 3, Business Combinations	1 Jul 2010
- FRS 127, Consolidated and Separate Financial Statements	1 Jul 2010
- IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 Jan 2011
- IC Interpretation 12, Service Concession Arrangements	1 Jul 2010
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 Jul 2010
- IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 Jul 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 132, Financial Instruments: Presentation – Classification of Rights Issues	1 Mar 2010
- Amendments to FRS 2, Share-based Payment	1 Jul 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 Jul 2010
- Amendments to FRS 7, Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments	1 Jan 2011
- Amendments to FRS 138, Intangible Assets	1 Jul 2010
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 Jul 2010
- Improvements to FRSs (2010)	1 Jan 2011

2 Basis of Preparation (Cont'd)

IC Interpretations 12, 16 and 17 are not expected to have any impact on the financial statements of the Group and the Bank as they are not relevant to the operations of the Group and the Bank. 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 as they are either not applicable or not yet effective for the Group and Bank.

FRS/Interpretations	Effective date
- FRS 124, Related Party Disclosures (revised)	1 Jan 2012
- IC Interpretation 15, Agreements for the Construction of Real Estate	1 Jan 2012
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 Jul 2011
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 Jul 2011

The new requirements above take effect for the annual periods beginning on or after 1 July 2011, except for FRS 124, and IC Interpretation 15, which apply for the annual period beginning on or after 1 January 2012. IC Interpretation 15 is not expected to have any impact on the financial statements of the Group and the Bank as it is not relevant to the operations of the Group and the Bank. The adoption of the other IC Interpretation and amendments to IC Interpretation is not expected to have a significant financial impact on the Group and the Bank.

3 Auditors' Report On Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2010 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 30 September 2011.

6 Changes in Estimates

The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to impairment of loans, advances and financing, the valuation of financial instruments and the impairment of available-for-sale financial investments.

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 30 September 2011.

7 Debt and Equity Securities

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

8 Dividend

The Group paid the following dividends during the financial period ended 30 September 2011:-

- a) A final dividend of RM1.456 per ordinary share less tax at 25% amounting to RM250 million in respect of the financial year ended 31 December 2010 was paid on 29 March 2011.
- b) An interim dividend of RM1.164 per ordinary share less tax at 25% totalling RM200 million in respect of the current financial period was paid on 8 September 2011.

9 Carrying Amount of Revalued Assets

Property and equipment are stated at cost/valuation less accumulated depreciation and impairment losses except for freehold land which is stated at professional valuation. There was no change in the valuation of property and equipment that was brought forward from the previous audited financial statements for the financial period ended 30 September 2011.

10 Significant Events

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

11 Cash and Short Term Funds

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,832,179	1,998,438	1,748,468	1,970,221
Money at call and deposit placements maturing within one month	13,953,804	9,817,166	12,670,551	8,688,639
	15,785,983	11,815,604	14,419,019	10,658,860

12 Deposits and Placements with Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Licensed banks	-	-	1,832,023	1,140,834
Bank Negara Malaysia	300,000	200,000	300,000	200,000
Other financial institutions	563,390	130,981	563,390	130,981
	863,390	330,981	2,695,413	1,471,815

13 Financial Assets Held-for-Trading

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	323,789	667,045	245,992	602,685
Bank Negara Malaysia bills and notes	3,038,997	1,918,290	3,038,997	1,918,290
Bank Negara Malaysia Islamic bills	149,614	587,127	149,614	587,127
Malaysian Government securities	803,197	1,178,902	803,197	1,178,902
Malaysian Government Islamic bonds	155,287	131,110	154,666	72,558
Cagamas bonds and notes	11,488	3,332	11,488	3,332
	4,482,372	4,485,806	4,403,954	4,362,894
Unquoted securities:				
Private debt securities (including commercial paper)	292,355	409,254	292,355	384,160
	4,774,727	4,895,060	4,696,309	4,747,054

14 Financial Investments Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
At fair value	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government treasury bills	-	98,704	-	98,704
Malaysian Government securities	844,275	933,468	844,275	933,468
Malaysian Government Islamic bonds	838,401	664,725	542,207	368,564
Cagamas bonds and notes	65,513	65,844	65,513	65,844
Negotiable instruments of deposit	250,087	375,029	225,085	345,027
Bankers' acceptance and Islamic accepted bills	557,934	1,233,033	557,934	1,228,531
	2,556,210	3,370,803	2,235,014	3,040,138
Quoted securities:				
Shares	-	10,696	-	10,696
Unquoted securities:				
Shares*	16,907	16,907	16,907	16,907
Private and Islamic debt securities	5,477	5,499	5,477	5,499
	22,384	22,406	22,384	22,406
Impairment loss: Quoted securities:				
Shares	-	(3,815)	-	(3,815)
	2,578,594	3,400,090	2,257,398	3,069,425

*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.

The maturity structure of money market instruments held as financial investments available-for-sale is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	1,029,133	2,068,706	823,089	2,034,202
More than one year to three years	581,968	607,366	466,816	311,205
More than three years to five years	511,220	487,064	511,220	487,064
Over five years	433,889	207,667	433,889	207,667
	2,556,210	3,370,803	2,235,014	3,040,138

15 Loans, Advances and Financing

(i) By type

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	1,305,799	1,196,751	1,263,284	1,182,249
Term loans/ financing				
Housing loans/ financing	12,702,666	11,394,601	11,855,111	10,934,428
Syndicated term loans/ financing	79,716	83,345	79,716	83,345
Factoring receivables	102,575	68,903	102,575	68,903
Hire purchase receivables	227,563	177,462	183	1,081
Lease receivables	2,120	2,807	1,976	2,620
Other term loans/ financing	10,590,714	9,416,156	6,715,910	6,281,513
Bills receivable	4,021,827	2,691,106	4,021,827	2,691,106
Trust receipts	1,560,777	984,483	1,548,077	983,779
Claims on customers under acceptance credits	3,341,494	3,125,331	2,287,204	2,367,254
Staff loans/ financing	415,587	398,694	398,855	389,362
Credit/ charge cards	2,791,432	2,838,223	2,472,337	2,576,706
Revolving credit	2,911,627	2,654,619	2,774,839	2,654,619
Other loans/ financing	8,806	8,703	8,806	8,703
Less: Unearned income	(88,264)	(66,727)	-	-
Gross loans, advances and financing	39,974,439	34,974,457	33,530,700	30,225,668
Less: Allowances for impaired loans, advances and financing				
- Collective allowances for impairment	(594,298)	(519,055)	(498,500)	(448,400)
- Individual allowances for impairment	(356,779)	(379,358)	(298,985)	(337,500)
Total net loans, advances and financing	39,023,362	34,076,044	32,733,215	29,439,768

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions				
Stockbroking companies	141,578	152,941	141,578	152,941
Others	264	355	264	277
Domestic business enterprises				
Small medium enterprises	7,478,489	5,946,355	5,964,374	5,003,898
Others	11,530,386	9,531,400	9,599,891	7,969,106
Government and statutory bodies	24,908	25,443	-	-
Individuals	18,547,446	17,187,695	15,917,804	15,218,354
Other domestic entities	10,129	10,253	7,028	6,639
Foreign entities	2,241,239	2,120,015	1,899,761	1,874,453
	39,974,439	34,974,457	33,530,700	30,225,668

(iii) By residual contractual maturity

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	17,104,463	17,682,717	13,739,655	15,199,183
More than one year to three years	1,657,833	1,837,382	1,046,341	1,198,346
More than three years to five years	2,723,871	1,965,029	1,671,804	1,029,074
More than five years	18,488,272	13,489,329	17,072,900	12,799,065
	39,974,439	34,974,457	33,530,700	30,225,668

15 Loans, Advances and Financing (Cont'd)

(iv) By interest/ profit rate sensitivity

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/ financing	204,059	218,546	187,287	197,028
Hire purchase receivables	207,664	162,816	183	1,081
Other fixed rate loans/ financing	5,449,179	5,241,626	2,434,420	2,524,123
Variable rate				
BLR plus	26,529,626	22,720,874	25,661,634	22,272,111
Cost-plus	2,774,839	2,654,619	2,774,839	2,654,619
Other variable rates	4,809,072	3,975,976	2,472,337	2,576,706
	39,974,439	34,974,457	33,530,700	30,225,668

(v) By sector

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	1,282,145	1,091,735	1,123,360	993,947
Mining and quarrying	423,570	374,731	274,890	236,627
Manufacturing	7,807,277	7,121,615	6,233,760	6,030,757
Electricity, gas and water	349,813	193,672	337,317	181,399
Construction	1,036,350	852,605	848,750	771,815
Real estate	1,397,711	1,257,425	1,008,506	933,687
Wholesale & retail trade and restaurants & hotels	2,354,844	2,050,233	2,057,896	1,819,014
Transport, storage and communication	576,179	446,622	176,085	213,563
Finance, insurance and business services	1,317,012	1,454,107	1,154,758	1,220,693
Household-retail	19,775,722	18,230,265	17,082,937	16,229,546
Others	3,653,816	1,901,447	3,232,441	1,594,620
	39,974,439	34,974,457	33,530,700	30,225,668

(vi) By purpose

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	13,068,913	11,771,923	12,234,987	11,316,312
-Non residential	1,462,551	1,399,753	1,422,525	1,374,284
Purchase of securities	18,610	31,626	17,726	30,607
Purchase of transport vehicles	47,116	46,757	45,384	45,293
Purchase of fixed assets excluding land & building	62,788	76,779	-	-
Consumption credit	6,126,336	5,895,473	4,270,673	4,353,929
Construction	1,036,350	852,605	848,750	771,815
Working capital	17,098,131	13,779,292	13,943,257	11,456,267
Other purpose	1,053,644	1,120,249	747,398	877,161
	39,974,439	34,974,457	33,530,700	30,225,668

15 Loans, Advances and Financing (Cont'd)

(vii) By geographical distribution

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Northern region	7,121,079	6,702,818	5,769,479	5,748,276
Southern region	5,002,079	4,496,785	4,297,918	3,979,936
Central region	23,017,656	19,649,521	19,292,439	16,788,288
Eastern region	4,833,625	4,125,333	4,170,864	3,709,168
	39,974,439	34,974,457	33,530,700	30,225,668

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

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

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

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

Concentration by location for loans, advances and financing is based on the location of the borrower.

16 Impaired Loans, Advances and Financing

(i) Movements in impaired loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
At beginning of period/year	692,481	667,236	621,671	611,783
Classified as impaired during the period/year	517,702	623,462	406,426	527,129
Reclassified as performing	(150,401)	(158,638)	(149,929)	(157,182)
Amount recovered	(161,370)	(194,622)	(140,221)	(175,838)
Amount written off	(206,500)	(263,127)	(144,793)	(196,877)
Other movements	19,339	18,170	13,134	12,656
At end of period/year	711,251	692,481	606,288	621,671
Individual allowance for impairment	(356,779)	(379,358)	(298,985)	(337,500)
Net impaired loans, advances and financing	354,472	313,123	307,303	284,171

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

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
At beginning of period/year	519,055	440,297	448,400	387,700
Made during the period/year	88,309	90,588	62,000	71,600
Amount written back	(13,066)	(11,830)	(11,900)	(10,900)
At end of period/year	594,298	519,055	498,500	448,400
Individual allowance for impairment				
At beginning of period/year, as previously stated	379,358	390,789	337,500	355,406
-effect of adopting FRS 139	-	(12,379)	-	(12,336)
At beginning of period/year, as restated	379,358	378,410	337,500	343,070
Made during the period/year	179,702	274,172	112,841	205,403
Amount recovered	(45,924)	(57,488)	(43,708)	(51,820)
Amount written off	(174,203)	(228,961)	(118,908)	(167,416)
Other movements	17,846	13,225	11,260	8,263
At end of period/year	356,779	379,358	298,985	337,500

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

(iii) By sector	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Agricultural, hunting, forestry and fishing	989	1,185	989	1,185
Manufacturing	112,925	122,760	104,577	119,831
Construction	2,796	4,703	2,796	4,703
Real estate	7,389	8,590	7,389	8,590
Wholesale & retail trade, restaurants & hotels	57,022	67,537	52,162	62,291
Transport, storage and communication	10,256	10,940	10,078	10,860
Finance, insurance and business services	4,633	3,635	4,289	2,950
Household-retail	514,783	472,908	423,550	411,038
Others	458	223	458	223
	711,251	692,481	606,288	621,671

(iv) By purpose	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Purchase of landed property:				
-Residential	234,522	222,778	224,909	220,560
-Non residential	32,984	35,713	32,873	35,602
Purchase of securities	4	29	4	29
Purchase of transport vehicles	60	166	60	166
Consumption credit	270,209	239,632	188,589	179,980
Construction	2,796	4,703	2,796	4,703
Working capital	170,340	189,460	157,057	180,631
Other purpose	336	-	-	-
	711,251	692,481	606,288	621,671

(v) By geographical distribution	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Northern region	175,305	150,506	147,011	131,287
Southern region	180,055	176,563	160,261	163,698
Central region	262,582	270,384	212,787	238,703
Eastern region	93,309	95,028	86,229	87,983
	711,251	692,481	606,288	621,671

17 Other Assets

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Derivative financial assets (Note 32)	1,679,524	1,133,709	1,660,025	1,122,554
Interest/ income receivable	50,207	45,932	53,350	44,881
Other receivables, deposits and prepayments	1,290,613	843,912	1,292,251	811,455
	3,020,344	2,023,553	3,005,626	1,978,890

18 Statutory Deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)c and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities.

19 Deposits from Customers

(i) By type of deposit	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Demand deposits	11,999,541	10,452,840	11,557,745	9,939,130
Savings deposits	8,759,233	8,225,387	8,005,364	7,570,037
Fixed / Investment deposits	26,790,372	23,847,727	23,424,355	21,363,980
Negotiable instruments of deposit	2,016,348	860,786	2,016,348	860,786
Wholesale money market deposits	2,156,604	2,379,524	2,156,604	2,379,524
Others	3,265,011	2,573,160	3,054,786	2,443,452
	54,987,109	48,339,424	50,215,202	44,556,909

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

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Due within six months	22,631,568	19,308,201	19,684,256	17,143,088
More than six months to one year	3,940,140	4,311,527	3,543,559	4,016,246
More than one year to three years	1,929,004	689,572	1,907,784	670,836
More than three years to five years	305,489	399,076	304,585	394,459
Over 5 years	519	137	519	137
	28,806,720	24,708,513	25,440,703	22,224,766

(ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Government and statutory bodies	123,272	152,207	16,348	17,688
Business enterprises	21,123,729	17,364,412	19,658,573	15,792,441
Individuals	24,722,533	23,637,923	22,071,770	21,937,928
Others	9,017,575	7,184,882	8,468,511	6,808,852
	54,987,109	48,339,424	50,215,202	44,556,909

20 Deposits and Placements of Banks and Other Financial Institutions

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Bank Negara Malaysia	119,124	68,133	62,430	68,133
Other financial institutions	7,789,881	6,784,915	6,744,150	6,193,403
	7,909,005	6,853,048	6,806,580	6,261,536

21 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities	1,539,958	970,123	1,538,673	958,968
Interest/ profit payable	218,712	176,702	196,998	161,520
Allowance for commitments and contingencies	4	1,980	4	1,980
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals	1,817,842	1,198,988	2,109,793	1,154,728
	3,583,216	2,354,493	3,845,468	2,277,196

Movement in allowance for commitments and contingencies is as follows:

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
At beginning of period/year	1,980	2,440	1,980	2,440
Allowance made during the period/year	-	32	-	32
Amount released	(1,976)	(492)	(1,976)	(492)
	(1,976)	(460)	(1,976)	(460)
At end of period/year	4	1,980	4	1,980

22 Provision for Taxation and Zakat

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Taxation	74,058	103,058	72,002	98,710
Zakat	100	100	-	-
	74,158	103,158	72,002	98,710

23 Subordinated Bonds

	<i>Group</i>		<i>Bank</i>	
	30 Sept 2011	31 Dec 2010	30 Sept 2011	31 Dec 2010
	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	13,652	3,039	13,652	3,039
	1,013,652	1,003,039	1,013,652	1,003,039

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.

The first tranche of RM 500 million subordinated bonds maturing on 28 June 2022, may be called and redeemed by the Bank, in whole or in part at any anniversary date, on or after 28 June 2017, subject to prior consent of Bank Negara Malaysia (BNM). If the subordinated bonds are not redeemed on 28 June 2017, coupon payable is stepped up by 100 basis point to 5.35% p.a.

The second tranche of RM 500 million subordinated bonds maturing on 2 November 2027, may be called and redeemed by the Bank, in whole or in part at any anniversary date, on or after 2 November 2022, subject to prior consent of BNM. If the subordinated bonds are not redeemed on 2 November 2022, coupon payable is stepped up by 100 basis point to 6.05% p.a.

Both tranches of subordinated bonds are repayable at par on maturity.

The subordinated bonds qualify as a component of Tier 2 capital of the Bank. However, it is a BNM's requirement to amortise the subordinated bonds on a straight-line basis for regulatory capital base purpose, in their final 5 years of maturity.

24 Net Interest Income

	<i>Group</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	400,765	354,988	1,144,775	991,216
- Interest income recognised from impaired loans	12,283	11,044	35,090	26,558
Money at call and deposit placements with financial institutions	125,163	108,067	383,580	312,548
Financial investments available-for-sale	17,551	17,520	65,456	59,932
Fair value hedge derivative assets	989	1,586	3,486	5,782
	556,751	493,205	1,632,387	1,396,036
Interest expense				
Deposits and placements of banks and other financial institutions	(29,431)	(14,147)	(71,763)	(32,237)
Deposits from customers	(228,137)	(175,228)	(646,259)	(490,609)
Loans sold to Cagamas	(845)	(6,384)	(6,615)	(19,672)
Subordinated bonds	(11,846)	(11,846)	(35,153)	(35,153)
Others	(6,946)	(1,780)	(11,914)	(4,521)
	(277,205)	(209,385)	(771,704)	(582,192)
Net interest income	279,546	283,820	860,683	813,844
	<i>Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans and advances				
- Interest income other than from impaired loans	400,765	354,988	1,144,775	991,216
- Interest income recognised from impaired loans	12,283	11,044	35,090	26,558
Money at call and deposit placements with financial institutions	138,746	117,103	418,782	336,712
Financial investments available-for-sale	17,551	17,520	65,456	59,932
Fair value hedge derivative assets	989	1,586	3,486	5,782
	570,334	502,241	1,667,589	1,420,200
Interest expense				
Deposits and placements of banks and other financial institutions	(29,431)	(14,147)	(71,763)	(32,237)
Deposits from customers	(228,137)	(175,228)	(646,259)	(490,609)
Loans sold to Cagamas	(845)	(6,384)	(6,615)	(19,672)
Subordinated bonds	(11,846)	(11,846)	(35,153)	(35,153)
Others	(6,946)	(1,780)	(11,914)	(4,521)
	(277,205)	(209,385)	(771,704)	(582,192)
Net interest income	293,129	292,856	895,885	838,008

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

25 Net Fee and Commission Income

	<i>Group and Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
Fee and commission income	RM'000	RM'000	RM'000	RM'000
Credit cards	39,101	45,625	126,809	135,454
Service charges and fees	43,253	33,798	117,530	106,053
Fees on credit facilities	7,414	6,437	23,329	24,337
Agency fee	19,251	11,822	63,829	39,222
Others	14,211	13,468	39,456	37,483
	123,230	111,150	370,953	342,549
Fee and commission expense				
Interbank and clearing fees	(274)	(221)	(820)	(680)
Brokerage	(487)	(559)	(1,834)	(1,769)
Others	(2,280)	(6,521)	(12,421)	(19,677)
	(3,041)	(7,301)	(15,075)	(22,126)
Net fee and commission income	120,189	103,849	355,878	320,423

26 Net Trading Income

	<i>Group and Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading and other financial instruments	45,862	15,578	89,957	45,306
Net interest income from financial assets held-for-trading	42,562	24,112	78,204	48,856
Net unrealised (losses)/gains on revaluation of financial assets held-for-trading	(4,254)	6,732	(3,805)	9,605
Net gains arising from dealing in foreign currency	155,383	90,090	355,000	204,758
Net unrealised (losses)/gains from dealing in foreign currency	(19,356)	(2,240)	(17,867)	43,368
Net (losses)/gains arising from trading in derivatives	(19,110)	(20,202)	37,794	3,734
Net unrealised gains on revaluation of derivatives	25,782	36,437	2,616	59,884
(Losses)/gains arising from fair value hedges	(207)	(142)	(132)	26
	226,662	150,365	541,767	415,537

27 Income from Islamic Banking operations

	<i>Group</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositor funds and others	117,094	78,953	318,250	212,384
Income derived from investment of shareholders funds	24,173	22,735	69,080	62,864
Income attributable to the depositors	(28,314)	(20,018)	(75,498)	(43,166)
Income from Islamic Banking operations	112,953	81,670	311,832	232,082

28 Other Operating Income

	<i>Group</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Disposal of financial investments available-for-sale	21	999	260	5,498
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	41	28	859	928
- Quoted outside Malaysia	-	60	57	242
Rental income	1,809	1,714	5,096	5,056
Net gains on disposal of property and equipment	55	17	131	23
Other operating income	2,781	6,116	13,672	19,099
	4,707	8,934	20,075	30,846

	<i>Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Disposal of financial investments available-for-sale	21	999	260	5,498
Dividend income from financial investments available-for-sale				
- Unquoted in Malaysia	41	28	859	928
- Quoted outside Malaysia	-	60	57	242
Rental income	1,809	1,714	5,096	5,056
Net gains on disposal of property and equipment	55	17	131	23
Other operating income	25,488	31,337	86,015	92,173
	27,414	34,155	92,418	103,920

29 Loans/ Financing Impairment Charges and other Credit Risk Provisions

	<i>Group</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the financial period	57,269	67,932	179,702	189,677
Written back	(25,299)	(18,902)	(45,924)	(36,347)
(b) Collective impairment				
Made during the financial period	26,471	17,200	88,309	70,142
Written back	(12,209)	(12,765)	(13,066)	(16,565)
Impaired loans				
Recovered during the financial period	(23,017)	(20,729)	(73,568)	(65,395)
Written off	10,394	8,863	32,297	23,815
Impairment charges on commitments and contingencies:				
Written back	(26)	(14)	(1,976)	(439)
Impairment charges on other credit related items				
Made during the financial period	-	-	-	26
	33,583	41,585	165,774	164,914

29 Loans/ Financing Impairment Charges and other Credit Risk Provisions (Cont'd)

	<i>Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Impairment charges on loans and financing:				
(a) Individual impairment				
Made during the financial period	32,262	42,216	112,841	126,050
Written back	(24,357)	(13,698)	(43,708)	(28,688)
(b) Collective impairment				
Made during the financial period	13,600	5,100	62,000	53,100
Written back	(11,900)	(5,800)	(11,900)	(9,600)
Impaired loans				
Recovered during the financial period	(17,280)	(17,029)	(57,733)	(55,084)
Written off	8,873	7,468	25,885	20,799
Impairment charges on commitments and contingencies:				
Written back	(26)	(14)	(1,976)	(439)
Impairment charges on other credit related items				
Made during the financial period	-	-	-	26
	1,172	18,243	85,409	106,164

30 Other Operating Expenses

	<i>Group</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	138,267	134,442	443,172	425,780
Promotion and marketing related expenses	28,099	22,546	63,761	67,098
Establishment related expenses	41,537	36,351	113,863	101,194
General administrative expenses	87,621	87,296	279,486	251,562
	295,524	280,635	900,282	845,634

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	103,591	107,257	336,427	330,159
Employees Provident Fund contributions	16,875	18,004	56,227	53,791
Promotion and marketing related expenses				
Advertising and promotion	17,089	17,138	43,318	49,809
Establishment related expenses				
Depreciation of property and equipment	10,775	8,608	30,245	25,510
Amortisation of intangible assets	7,502	7,027	19,825	19,306
Information technology costs	5,575	4,100	11,926	10,027
Hire of equipment	1,640	944	5,383	4,773
Rental of premises	9,677	8,720	27,418	22,820
Property and equipment written off	72	15	73	69
General administrative expenses				
Intercompany expenses	72,333	68,338	209,880	185,684
Auditors' remuneration				
-Statutory audit	120	113	360	338
-Other services	210	174	430	413

30 Other Operating Expenses (Cont'd)

	<i>Bank</i>			
	3rd quarter ended		Year-To-Date ended	
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	131,895	128,947	423,449	407,606
Promotion and marketing related expenses	22,811	19,252	56,328	58,282
Establishment related expenses	38,113	33,284	104,554	92,939
General administrative expenses	84,004	85,126	269,981	241,414
	276,823	266,609	854,312	800,241

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	98,676	102,976	320,700	315,813
Employees Provident Fund contributions	16,037	17,229	53,677	51,358
Promotion and marketing related expenses				
Advertising and promotion	13,621	13,844	37,705	40,993
Establishment related expenses				
Depreciation of property and equipment	9,408	7,611	26,245	23,013
Amortisation of intangible assets	7,039	6,848	19,407	18,750
Information technology costs	5,449	4,006	11,566	9,759
Hire of equipment	1,622	934	5,333	4,606
Rental of premises	8,425	7,302	23,665	19,404
Property and equipment written off	72	15	73	68
General administrative expenses				
Intercompany expenses	68,493	66,066	201,974	176,909
Auditors' remuneration				
-Statutory audit	95	93	285	278
-Other services	183	123	343	279

31 Capital Adequacy

	<i>Group</i>	
	30 Sept 2011 RM'000	31 Dec 2010 RM'000
Tier 1 capital		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits (including proposed dividend/dividend paid)	2,893,924	2,885,920
Statutory reserve	164,500	164,500
	4,104,299	4,096,295
Less: Deferred tax adjustments	(202,907)	(189,082)
Total Tier 1 capital	3,901,392	3,907,213
Tier 2 capital		
Subordinated bonds	1,013,652	1,003,039
Revaluation reserves	79,999	80,726
Collective impairment allowance	594,298	508,539
Total Tier 2 capital	1,687,949	1,592,304
Total capital	5,589,341	5,499,517
Capital base	5,589,341	5,499,517
Core capital ratio	8.7%	10.2%
Risk-weighted capital ratio	12.4%	14.4%
Core capital ratio (net of proposed dividend/dividend paid)	8.7%	9.6%
Risk-weighted capital ratio (net of proposed dividend/dividend paid)	12.4%	13.7%

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

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

	<i>Group</i>			
	30 Sept 2011		31 Dec 2010	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	82,839,550	37,615,739	69,088,318	31,677,595
Total RWA for market risk	-	2,648,736	-	2,069,218
Total RWA for operational risk	-	4,639,334	-	4,458,252
	82,839,550	44,903,809	69,088,318	38,205,065

31 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	30 Sept 2011	31 Dec 2010
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	114,500	114,500
Share premium	741,375	741,375
Capital redemption reserve	190,000	190,000
Retained profits (including proposed dividend/dividend paid)	2,776,881	2,811,268
Statutory reserve	114,500	114,500
	3,937,256	3,971,643
Less: Deferred tax adjustments	(197,640)	(187,035)
Total Tier 1 capital	3,739,616	3,784,608
Tier 2 capital		
Subordinated bonds	1,013,652	1,003,039
Revaluation reserves	79,999	80,726
Collective impairment allowance	498,500	438,997
Total Tier 2 capital	1,592,151	1,522,762
Total capital	5,331,767	5,307,370
Less: Investment in subsidiaries	(660,021)	(660,021)
Capital base	4,671,746	4,647,349
Core capital ratio	9.5%	11.0%
Risk-weighted capital ratio	11.9%	13.6%
Core capital ratio (net of proposed dividend/dividend paid)	9.5%	10.3%
Risk-weighted capital ratio (net of proposed dividend/dividend paid)	11.9%	12.8%

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

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

	<i>Bank</i>			
	30 Sept 2011		31 Dec 2010	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	75,047,235	32,407,971	63,519,386	28,018,139
Total RWA for market risk	-	2,584,375	-	2,039,942
Total RWA for operational risk	-	4,261,674	-	4,206,057
	75,047,235	39,254,020	63,519,386	34,264,138

32 Commitments and Contingencies

30 Sept 2011

	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	1,466,062	-	1,466,062	1,212,529
Transaction-related contingent items	4,339,149	-	2,169,574	1,341,684
Short-term self-liquidating trade-related contingencies	701,631	-	140,326	98,213
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	11,444,482	-	2,288,896	1,966,025
- Maturity exceeding one year	1,504,434	-	300,887	261,939
Unutilised credit card lines	7,836,681	-	1,567,336	1,175,502
Foreign exchange related contracts				
- Less than one year	47,646,797	724,429	1,257,859	797,138
- Over one year to less than five years	7,558,722	264,242	780,567	490,805
- Over five years	2,933,326	168,519	476,070	408,224
Interest/profit rate related contracts:				
- Less than one year	7,369,796	13,108	26,675	10,291
- Over one year to less than five years	29,872,819	333,946	970,241	364,095
- Over five years	2,713,176	97,459	273,756	81,705
Gold and other precious metals contracts				
- Less than one year	74,719	7,010	6,892	1,378
- Over one year to less than five years	42,676	10,999	3,776	755
Other commodity contracts:				
- Over one year to less than five years	30,202	10	3,635	727
Equity related contracts				
- Less than one year	42,066	6,570	9,149	1,829
- Over one year to less than five years	1,570,741	44,243	169,846	33,969
- Over five years	288,949	8,989	37,885	7,577
Sell buy back agreement	166,476	-	166,476	166,477
	127,602,904	1,679,524	12,115,908	8,420,862

Note 17

^ 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 amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF" including a refined temporary (until 31 December 2011) measure relating to credit conversion factor for undrawn facilities.

32 Commitments and Contingencies (Cont'd)

30 Sept 2011

	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	1,039,775	-	1,039,775	846,849
Transaction-related contingent items	3,855,814	-	1,927,907	1,134,419
Short-term self-liquidating trade-related contingencies	665,556	-	133,111	94,343
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	10,427,039	-	2,085,408	1,773,830
- Maturity exceeding one year	1,463,815	-	292,763	254,111
Unutilised credit card lines	7,013,434	-	1,402,687	1,052,015
Foreign exchange related contracts				
- Less than one year	47,567,583	725,758	1,258,264	796,901
- Over one year to less than five years	7,578,360	263,611	782,154	491,599
- Over five years	2,933,326	168,519	476,070	408,224
Interest rate related contracts:				
- Less than one year	7,369,796	13,108	26,675	10,291
- Over one year to less than five years	30,806,319	322,703	1,005,037	376,025
- Over five years	2,713,176	97,459	273,756	81,705
Gold and other precious metals contracts				
- Less than one year	74,719	7,010	6,892	1,378
- Over one year to less than five years	42,676	10,999	3,776	755
Other commodity contracts:				
- Over one year to less than five years	30,202	10	3,635	727
Equity related contracts				
- Less than one year	30,668	2,627	4,467	893
- Over one year to less than five years	1,377,129	39,232	149,402	29,880
- Over five years	288,949	8,989	37,884	7,579
	125,278,336	1,660,025	10,909,663	7,361,524

Note 17

^ 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.

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32 Commitments and Contingencies (Cont'd)

31 Dec 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	1,373,274	-	1,373,274	1,243,087
Transaction-related contingent items	2,198,080	-	1,099,040	910,741
Short-term self-liquidating trade-related contingencies	409,577	-	81,915	65,187
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	9,971,490	-	-	-
- Maturity exceeding one year	970,034	-	485,017	436,744
Unutilised credit card lines	7,056,438	-	1,411,288	1,058,466
Foreign exchange related contracts				
- Less than one year	21,304,763	249,369	420,594	248,292
- Over one year to less than five years	7,035,957	364,513	877,709	522,640
- Over five years	2,021,628	134,092	362,855	321,171
Interest/profit rate related contracts:				
- Less than one year	6,342,043	17,570	26,361	10,043
- Over one year to less than five years	25,048,291	226,900	770,220	281,764
- Over five years	2,049,452	46,107	191,620	53,171
Gold and other precious metals contracts				
- Less than one year	49,303	4,707	5,238	1,047
- Over one year to less than five years	76,330	4,148	7,968	1,594
Other commodity contracts:				
- Less than one year	1,761	93	269	54
- Over one year to less than five years	30,523	275	3,937	787
Equity related contracts				
- Less than one year	128,418	10,595	16,925	3,384
- Over one year to less than five years	1,143,390	71,058	162,555	32,512
- Over five years	145,076	4,282	18,790	3,758
Sell buy back agreement	147,534	-	147,533	147,533
	<u>87,503,362</u>	<u>1,133,709</u>	<u>7,463,108</u>	<u>5,341,975</u>

Note 17

^ 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 amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF" and the temporary (until 31 December 2010) measure relating to credit conversion factor for undrawn facilities.

32 Commitments and Contingencies (Cont'd)

31 Dec 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	1,283,050	-	1,283,050	1,162,259
Transaction-related contingent items	2,175,732	-	1,087,866	900,940
Short-term self-liquidating trade-related contingencies	395,150	-	79,030	63,781
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	9,204,534	-	-	-
- Maturity exceeding one year	888,816	-	444,408	404,749
Unutilised credit card lines	6,475,280	-	1,295,056	971,292
Foreign exchange related contracts				
- Less than one year	21,304,763	249,369	420,594	248,292
- Over one year to less than five years	7,035,957	364,513	877,709	522,640
- Over five years	2,021,628	134,092	362,855	321,171
Interest rate related contracts:				
- Less than one year	6,342,043	17,570	26,361	10,043
- Over one year to less than five years	25,048,291	226,900	770,220	281,764
- Over five years	2,049,452	46,107	191,620	53,171
Gold and other precious metals contracts				
- Less than one year	49,303	4,707	5,238	1,047
- Over one year to less than five years	76,330	4,148	7,968	1,594
Other commodity contracts:				
- Less than one year	1,761	93	269	54
- Over one year to less than five years	30,523	275	3,937	787
Equity related contracts				
- Less than one year	115,241	5,953	11,486	2,297
- Over one year to less than five years	1,037,282	64,545	147,527	29,506
- Over five years	145,076	4,282	18,790	3,758
	85,680,212	1,122,554	7,033,984	4,979,145

Note 17

^ 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 amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF" and the temporary (until 31 December 2010) measure relating to credit conversion factor for undrawn facilities.

33 Review of Performance

The Group recorded profit before tax ("PBT") of RM1.019 billion for the financial period ended 30 September 2011, an increase of 27.1% or RM217 million compared against history. Operating income increased by RM277 million or 15.3% to RM2.090 billion (30 Sept 2010: RM1.813 billion) on higher trading profits (+RM126 million or 30.4%), income from Islamic Banking operations (+RM80 million or 34.4%), net interest income (+RM47 million or 5.8%) and fee income (+RM36 million or 11.2%).

Trading profits advanced to RM542 million principally on foreign exchange gains, while net interest income increased to RM861 million on higher average customer loan balances coupled with higher Base Lending Rate. Net fee income improved mainly on higher insurance fee and commission on sale of unit trusts to RM356 million. Income from Islamic Banking Operations grew to RM312 million; the greatest improvement in terms of percentage, in line with the Group's expansion in the Islamic banking business via wider geographical reach and range of services/products offered. In tandem, operating expenses grew to RM900 million (+RM54 million or 6.4%), mainly on higher general administrative expenses and personnel costs. Cost income ratio improved to 43.1% from 46.6% on the strong growth in operating income and relatively moderate increment in operating expenses.

Gross impaired loans ratio improved to 1.8% as at 30 September 2011 (31 December 2010: 2.0%) reflecting higher quality assets as well as growth in the loans and financing portfolio. Gross loans and financing as at 30 September 2011 stood at RM40.0 billion, RM5.0 billion or 14.3% higher than the RM35.0 billion recorded as at 31 Dec 2010 (30 September 2010: RM33.3 billion), mainly funded by the increase in deposits from customers (+RM6.6 billion to RM55.0 billion as at 30 September 2011). Total assets as at 30 September 2011 were RM72.7 billion, RM8.9 billion or 14.0% up against 31 December 2010 (RM63.8 billion).

34 Business Prospects

The Malaysian economy registered a GDP growth of 4.5% in the first half of 2011. However, with the expected moderation in external demand over concerns of the Euro zone debt crisis and slowing US economy, the growth in the remaining months of the year is expected to be moderate.

Nevertheless, the Malaysian economy is likely to find support from public sector expenditure and domestic private consumption. Growth in the local financial and insurance sectors are expected to remain strong from lending and financing activities on government infrastructure development projects and resilient consumer spending. Fund raising activities by companies are expected to pick up as some key projects under the Tenth Malaysia Plan (10MP) have commenced during the year and funding for such projects may need to be sourced from the market, either via business loans/financing or fund raising in the capital market.

In 2011, the focus on corporate banking has been in the funding activities of the various projects under the Economic Transformation Programme and 10MP. In the retail sector, emphasis has been on growing the Premier proposition for both the conventional and Islamic banks, with wealth management services being a target growth segment. The Group intends to increase its current share of high quality assets via the relationship-based approach, and build on cross referrals and cross selling of various banking products to the Group's existing customers by leveraging on the HSBC brand name, global reach and connectivity.

With the opening of the 10th branch for HSBC Amanah in Wangsa Maju, Kuala Lumpur on 8 August 2011, the Group now has a total of 52 branches [42 conventional and 10 Islamic branches].

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

35 Comparative Figures

Restatement of Comparative Figures

The presentation and classification of items in the current financial statements is consistent with the previous financial year except for the following:

- (i) Reclassification/restatement to conform to current year's presentation due to a change in the internal classification of states making up the geographical regions.

Statement of Financial Position as at 31 December 2010

a) Loans, advances and financing

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
By geographical region				
Northern region	6,702,818	5,627,466	5,748,276	4,833,290
Southern region	4,496,785	5,238,476	3,979,936	4,596,318
Central region	19,649,521	19,983,182	16,788,288	17,086,892
Eastern region	4,125,333	4,125,333	3,709,168	3,709,168
	<u>34,974,457</u>	<u>34,974,457</u>	<u>30,225,668</u>	<u>30,225,668</u>

b) Impaired Loans, advances and financing

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
By geographical region				
Northern region	150,506	117,512	131,287	101,069
Southern region	176,563	198,763	163,698	184,364
Central region	270,384	281,178	238,703	248,255
Eastern region	95,028	95,028	87,983	87,983
	<u>692,481</u>	<u>692,481</u>	<u>621,671</u>	<u>621,671</u>

Statement of Financial Position as at 1 January 2010

a) Loans, advances and financing

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
By geographical region				
Northern region	5,263,420	4,275,120	4,844,452	3,953,177
Southern region	3,468,043	4,162,901	3,138,466	3,760,714
Central region	16,999,092	17,292,534	14,862,817	15,131,844
Eastern region	3,724,323	3,724,323	3,356,190	3,356,190
	<u>29,454,878</u>	<u>29,454,878</u>	<u>26,201,925</u>	<u>26,201,925</u>

b) Impaired Loans, advances and financing

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
By geographical region				
Northern region	150,217	118,610	137,041	107,635
Southern region	156,119	176,101	148,784	167,567
Central region	292,106	303,731	265,460	276,083
Eastern region	68,794	68,794	60,498	60,498
	<u>667,236</u>	<u>667,236</u>	<u>611,783</u>	<u>611,783</u>

35 Comparative Figures (Cont'd)

Restatement of Comparative Figures (Cont'd)

(ii) Reclassification to conform to current year's presentation upon adoption of Amendment to FRS 2, Share Based Payment.

Statement of Financial Position as at 31 December 2010

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
a) <u>Other assets</u>				
Derivative financial assets	1,133,709	1,133,709	1,122,554	1,122,554
Interest/ income receivable	45,932	45,932	44,881	44,881
Other receivables, deposits and prepayments*	843,912	844,378	811,455	811,921
	<u>2,023,553</u>	<u>2,024,019</u>	<u>1,978,890</u>	<u>1,979,356</u>
b) <u>Other liabilities</u>				
Derivative financial liabilities	970,123	970,123	958,968	958,968
Interest/ profit payable	176,702	176,702	161,520	161,520
Allowance for commitments and contingencies	1,980	1,980	1,980	1,980
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals**	1,198,988	1,280,623	1,154,728	1,236,028
	<u>2,354,493</u>	<u>2,436,128</u>	<u>2,277,196</u>	<u>2,358,496</u>
c) <u>Reserves [see unaudited condensed statements of changes in equity]</u>				
Capital contribution reserves	81,169	-	80,834	-

* Reclassification of capital contribution for share awards of RM466k to capital contribution reserves.

** Reclassification of capital contribution on share options of RM81,635k and 81,300k respectively to capital contribution reserves.

Statement of Financial Position as at 1 January 2010

	Group		Bank	
	RM'000 As restated	RM'000 As previously stated	RM'000 As restated	RM'000 As previously stated
a) <u>Other liabilities</u>				
Derivative financial liabilities	618,732	618,732	608,495	608,495
Interest/ profit payable	152,594	152,594	144,551	144,551
Allowance for commitments and contingencies	2,440	2,440	2,440	2,440
Profit equalisation reserve	6,700	6,700	-	-
Other creditors and accruals*	966,761	1,041,464	1,288,604	1,363,164
	<u>1,747,227</u>	<u>1,821,930</u>	<u>2,044,090</u>	<u>2,118,650</u>
b) <u>Reserves [see unaudited condensed statements of changes in equity]</u>				
Capital contribution reserves	74,703	-	74,560	-

* Reclassification of capital contribution on share options of RM74,703k and 74,560k respectively to capital contribution reserves.