

UNITED OVERSEAS BANK (MALAYSIA) BHD
(Company No.271809K)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2011

Domiciled in Malaysia
Registered Office:
Level 11, Menara UOB
Jalan Raja Laut,
50350 Kuala Lumpur

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

	Notes	Group		Bank	
		30-Sep-11 RM'000	31-Dec-10 RM'000	30-Sep-11 RM'000	31-Dec-10 RM'000
ASSETS					
Cash and short-term funds		9,744,303	9,270,889	9,744,303	9,270,889
Securities purchased under resale agreements		19,842	149,973	19,842	149,973
Deposits and placements with financial institutions		466,962	10,889	466,962	10,889
Financial assets at fair value through profit and loss	11	2,522,525	2,275,075	2,522,525	2,275,075
Available-for-sale securities	12	4,967,086	3,517,612	4,967,086	3,517,612
Loans, advances and financing	13	43,056,006	34,387,818	43,235,813	34,568,033
Derivatives financial assets	14	343,829	244,248	343,829	244,248
Other assets	15	347,930	212,152	352,040	216,460
Statutory deposits with Bank Negara Malaysia		898,800	22,800	898,800	22,800
Investment in subsidiaries		-	-	50	50
Investment in associates		204,335	189,234	122,733	122,733
Investment property		8,325	8,460	-	-
Property, plant and equipment		240,017	226,240	119,245	106,272
Prepaid land lease payments		39,775	40,270	-	-
Deferred tax assets		148,578	148,576	148,602	148,602
Total assets		63,008,313	50,704,236	62,941,830	50,653,636
LIABILITIES AND EQUITY					
Deposits from customers	16	47,196,986	38,964,836	47,214,009	38,979,301
Deposits and placements of banks and other financial institutions	17	6,309,122	3,903,054	6,309,549	3,903,480
Bills and acceptances payable		3,026,182	2,279,218	3,026,182	2,279,218
Amount due to Cagamas		30,078	33,344	30,078	33,344
Derivatives financial liabilities	14	499,528	337,928	499,528	337,928
Other liabilities	18	941,934	528,234	940,211	527,363
Taxation		97,100	63,331	97,144	63,331
Subordinated bonds	19	498,867	498,628	498,867	498,628
Total liabilities		58,599,797	46,608,573	58,615,568	46,622,593
Share capital		470,000	470,000	470,000	470,000
Reserves		3,938,516	3,625,663	3,856,262	3,561,043
SHAREHOLDERS' EQUITY		4,408,516	4,095,663	4,326,262	4,031,043
TOTAL LIABILITIES AND EQUITY		63,008,313	50,704,236	62,941,830	50,653,636
COMMITMENTS AND CONTINGENCIES	26	50,566,861	47,791,176	50,566,861	47,791,176

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	Notes	Group		Bank	
		30-Sep-11 RM'000	30-Sep-10 RM'000	30-Sep-11 RM'000	30-Sep-10 RM'000
Operating revenue		2,221,970	1,703,530	2,233,787	1,706,749
Interest income	20	1,837,119	1,383,569	1,841,986	1,387,406
Interest expense	21	(875,887)	(546,063)	(875,904)	(546,070)
Net interest income		961,232	837,506	966,082	841,336
Other operating income	22	397,115	329,918	403,510	329,300
Operating income		1,358,347	1,167,424	1,369,592	1,170,636
Other operating expenses	23	(512,374)	(412,204)	(518,804)	(418,897)
Operating profit before allowance for impairment on loans, advances and financing and provision for commitments and contingencies		845,973	755,220	850,788	751,739
Allowance for impairment on loans, advances and financing	24	(136,765)	(126,312)	(136,766)	(126,322)
Net provision for commitments and contingencies		242	6,594	242	6,594
Share of net profit of associates		709,450	635,502	714,264	632,011
		20,601	21,127	-	-
Profit before taxation		730,051	656,629	714,264	632,011
Income tax expense		(205,482)	(177,930)	(207,329)	(177,930)
Profit after taxation		524,569	478,699	506,935	454,081
Basic earnings per share (sen)		111.6	101.9		

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Group		Bank	
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
	RM'000	RM'000	RM'000	RM'000
Profit for the period	524,569	478,699	506,935	454,081
Other comprehensive income:				
Net loss on revaluation of available-for-sale securities	(7,266)	(21,311)	(7,266)	(21,311)
Total comprehensive income for the period	517,303	457,388	499,669	432,770

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INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

GROUP	← Non-distributable		→ Distributable		Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000		Net unrealised reserves on AFS securities RM'000	Retained Profits RM'000
2011							
Balance as at 1 January 2011	470,000	322,555	470,000	72,797	5,725	2,754,586	4,095,663
Total comprehensive income for the period	-	-	-	-	(7,266)	524,569	517,303
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 30 September 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>(1,541)</u>	<u>3,074,705</u>	<u>4,408,516</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011 (con'td.)

	←	Non-distributable		→	Distributable		
	Share Capital	Share Premium	Statutory Reserves	Revaluation Reserves	Net unrealised reserves on AFS securities	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP (con'td.)							
2010							
Balance as at 1 January 2010	470,000	322,555	470,000	72,797	28,603	2,132,238	3,496,193
As previously reported	-	-	-	-	(11,002)	31,119	20,117
Effects from adopting FRS139							
As restated	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>17,601</u>	<u>2,163,357</u>	<u>3,516,310</u>
Total comprehensive income for the year	-	-	-	-	(11,876)	619,077	607,201
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2009	-	-	-	-	-	(27,848)	(27,848)
Balance as at 31 December 2010	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>5,725</u>	<u>2,754,586</u>	<u>4,095,663</u>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	←	Non-distributable			→	Distributable			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Net unrealised reserves on AFS securities RM'000	Retained Profits RM'000	Total RM'000		
Balance as at 1 January 2011	470,000	322,555	470,000	-	5,725	2,762,763	4,031,043		
Total comprehensive income for the period	-	-	-	-	(7,266)	506,935	499,669		
Transactions with owners:									
Dividends paid:									
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)		
Balance as at 30 September 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>-</u>	<u>(1,541)</u>	<u>3,065,248</u>	<u>4,326,262</u>		

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011 (con'td.)**

	← Non-distributable		→ Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	
BANK (con'td.)					
2010					
Balance as at 1 January 2010	470,000	322,555	470,000	-	3,466,791
As previously reported	-	-	-	-	20,117
Effects from adopting FRS139					
As restated	470,000	322,555	470,000	-	3,486,908
Total comprehensive income for the year	-	-	-	(11,876)	571,983
Transactions with owners:					
Dividends paid:					
- final dividend for the year ended 31 December 2009	-	-	-	-	(27,848)
Balance as at 31 December 2010	470,000	322,555	470,000	-	4,031,043
				5,725	2,762,763
					4,031,043

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

	Group		Bank	
	30-Sep-11 RM'000	30-Sep-10 RM'000	30-Sep-11 RM'000	30-Sep-10 RM'000
Profit before taxation	730,051	656,629	714,264	632,011
Adjustments for non operating and non-cash items	181,405	72,219	185,815	89,151
Operating profit before changes in working capital	911,456	728,848	900,079	721,162
Changes in working capital:				
Net changes in operating assets	(10,074,252)	(5,760,912)	(10,073,645)	(5,768,766)
Net changes in operating liabilities	11,857,539	3,833,864	11,859,243	3,845,253
Tax expense paid	(171,695)	(168,624)	(171,669)	(168,619)
Net cash generated from/(used in) operating activities	2,523,048	(1,366,824)	2,514,008	(1,370,970)
Net cash generated from investing activities	(1,389,111)	2,632,330	(1,380,071)	2,636,476
Net cash used in financing activities	(204,450)	(27,848)	(204,450)	(27,848)
Net changes in cash and cash equivalents	929,487	1,237,658	929,487	1,237,658
Cash and cash equivalents at beginning of the year	9,281,778	6,547,787	9,281,778	6,547,787
Cash and cash equivalents at end of the period	10,211,265	7,785,445	10,211,265	7,785,445

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2011

1. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 30 September 2011 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") as modified by Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group and the Bank are consistent with those of the audited financial statements for the financial year ended 31 December 2010 except for the amendments to FRS139 include 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. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 17 December 2010, whereby banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment provision.

3. AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

4. 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 the Bank for the financial period ended 30 September 2011.

5. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuations.

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6. CHANGES IN ESTIMATES

There were no significant 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 the Bank for the financial period ended 30 September 2011.

7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2011.

8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

9. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

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

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group and the Bank for the financial period ended 30 September 2011.

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
Held-for-trading securities		
At fair value		
Bank Negara Malaysia bills	1,693,018	1,601,588
Malaysian Government treasury bills	57,241	42,791
Malaysian Government securities	162,374	52,715
Cagamas bonds	-	10,246
Bankers' acceptances and Islamic accepted bills	81,222	147,655
Total held-for-trading securities	<u>1,993,855</u>	<u>1,854,995</u>
Designated as fair value through profit and loss		
Outside Malaysia		
Private debt securities	528,670	420,080
Total financial assets at fair value through profit and loss	<u>2,522,525</u>	<u>2,275,075</u>

12. AVAILABLE-FOR-SALE SECURITIES

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
At fair value		
Money market instruments		
Bank Negara Malaysia bills	2,233,593	1,392,716
Malaysian Government treasury bills	23,980	132,809
Malaysian Government securities	1,743,142	540,803
Cagamas bonds	740,711	1,186,681
	<u>4,741,426</u>	<u>3,253,009</u>
Private Debts Securities of Companies Incorporated		
In Malaysia		
Corporate bonds	204,568	244,706
	<u>204,568</u>	<u>244,706</u>
Quoted securities		
Shares of corporations outside Malaysia	6,694	5,191
Shares of corporations in Malaysia	1,850	2,158
	<u>8,544</u>	<u>7,349</u>
At cost		
Unquoted securities		
Shares	12,272	12,272
Private debt securities	276	276
	<u>12,548</u>	<u>12,548</u>
Total available-for-sale securities	<u>4,967,086</u>	<u>3,517,612</u>

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13. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Overdrafts	2,568,685	2,561,532	2,568,685	2,561,930
Term loans and revolving credits				
Housing loans	16,032,581	13,125,569	16,032,581	13,125,569
Syndicated term loans	859,383	596,834	859,383	596,834
Other term loans/financing	16,576,007	12,217,627	16,755,814	12,397,444
Credit cards receivable	1,484,095	1,322,621	1,484,095	1,322,621
Bills receivable	276,923	179,505	276,923	179,505
Trust receipts	1,317,028	852,649	1,317,028	852,649
Staff loans	74,256	79,287	74,256	79,287
Others	9,397	6,849	9,397	6,849
	39,198,355	30,942,473	39,378,162	31,122,688
Claims on customers under acceptance credits	4,867,794	4,331,757	4,867,794	4,331,757
Unearned interest	(63,368)	(52,580)	(63,368)	(52,580)
Gross loans, advances and financing	44,002,781	35,221,650	44,182,588	35,401,865
Allowance for losses on loans, advances and financing				
- Individual impairment	(260,206)	(278,563)	(260,206)	(278,563)
- Collective impairment	(686,569)	(555,269)	(686,569)	(555,269)
Net loans, advances and financing	43,056,006	34,387,818	43,235,813	34,568,033

(i) By maturity structure

Maturing within one year	12,538,165	11,705,461	12,538,165	11,705,859
One year to three years	1,675,316	1,502,550	1,675,316	1,502,550
Three years to five years	2,480,791	1,368,609	2,480,791	1,368,609
Over five years	27,308,509	20,645,030	27,488,316	20,824,847
	44,002,781	35,221,650	44,182,588	35,401,865

(ii) By type of customer

Domestic non-bank financial institutions				
- Stockbroking companies	5	-	5	-
- Others	240,898	116,628	240,898	116,628
Domestic business enterprises				
- Small medium enterprises	10,638,635	8,387,058	10,638,635	8,387,058
- Others	9,595,008	7,937,850	9,774,815	8,118,065
Individuals	20,052,916	16,007,497	20,052,916	16,007,497
Other domestic entities	96	144	96	144
Foreign entities	3,475,223	2,772,473	3,475,223	2,772,473
	44,002,781	35,221,650	44,182,588	35,401,865

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13. LOANS, ADVANCES AND FINANCING (con'td.)**(iii) By interest/profit rate sensitivity**

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Fixed rate				
Housing loans/financing	58,909	64,904	58,909	64,904
Other fixed rate loan/financing	2,764,068	2,091,146	2,764,068	2,091,146
Variable rate				
BLR plus	39,788,054	31,670,282	39,788,054	31,670,680
Cost-plus	1,000,932	1,060,671	1,180,739	1,240,488
Other variable rates	390,818	334,647	390,818	334,647
	44,002,781	35,221,650	44,182,588	35,401,865

(iv) By sector

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Agriculture, hunting, forestry and fishing	332,260	266,054	332,260	266,054
Mining and quarrying	80,419	71,633	80,419	71,633
Manufacturing	5,895,385	5,013,507	5,895,385	5,013,507
Electricity, gas and water	62,386	49,116	62,386	49,116
Construction	3,045,642	1,936,901	3,045,642	1,936,901
Wholesale & retail trade and restaurants & hotels	6,375,413	5,069,577	6,375,413	5,069,577
Transport, storage and communication	462,152	354,489	462,152	354,489
Finance, insurance and business services	2,079,248	2,056,005	2,079,248	2,056,005
Real estate	2,080,023	1,560,215	2,259,830	1,740,430
Community, social and personal services	190,492	94,877	190,492	94,877
Households of which:	23,363,884	18,745,126	23,363,884	18,745,126
- purchase of residential properties	16,802,888	13,765,796	16,802,888	13,765,796
- purchase of non residential properties	2,923,764	1,855,713	2,923,764	1,855,713
- others	3,637,232	3,123,617	3,637,232	3,123,617
Others	35,477	4,150	35,477	4,150
	44,002,781	35,221,650	44,182,588	35,401,865

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13. LOANS, ADVANCES AND FINANCING (con'td.)**(v) Movements in impaired loans, advances and financing are as follows:**

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
Balance as at 1 January	869,568	1,020,358
Classified as impaired during the period/year	396,868	508,876
Amount recovered	(220,160)	(319,980)
Reclassified as non-impaired	(121,596)	(217,200)
Amount written off	(82,162)	(122,486)
Balance as at 30 September / 31 December	842,518	869,568
Individual impairment	(260,206)	(278,563)
Net impaired loans, advances and financing	582,312	591,005
Ratio of net impaired loans, advances and financing to net loans, advances and financing	1.3%	1.7%

(vi) Movements in allowance for losses on loans, advances and financing are as follows:

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
<u>Collective Impairment</u>		
Balance as at 1 January	555,269	434,669
Allowance made during the period/year	131,300	120,600
Balance as at 30 September / 31 December	686,569	555,269
% of gross loans, advances and financing (excluding loan to Government) less individual impairment	1.6%	1.6%

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13. LOANS, ADVANCES AND FINANCING (con'td.)**(vi) Movements in allowance for losses on loans, advances and financing are as follows (con'td.):**

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
<u>Individual Impairment</u>		
Balance as at 1 January		
As previously reported	278,563	283,602
Effect from adopting FRS139	-	(31,121)
As restated	278,563	252,481
Allowance made during the period/year	154,749	292,726
Amount written back in respect of recoveries	(80,271)	(119,521)
Amount written off	(88,359)	(122,568)
Interest recognition on impaired loans	(4,476)	(24,555)
Balance as at 30 September / 31 December	260,206	278,563

(vii) Impaired loans, advances and financing according to economic sectors are as follows:

	Group and Bank	
	Sep-11	Dec-10
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	812	1,866
Manufacturing	275,223	308,353
Construction	116,925	42,198
Wholesale & retail trade and restaurants & hotels	125,243	127,356
Transport, storage and communication	5,020	2,916
Finance, insurance and business services	15,425	20,306
Real estate	5,521	14,310
Community, social and personal services	898	2,482
Households of which:	297,451	349,781
- purchase of residential properties	230,592	276,543
- purchase of non residential properties	11,091	14,587
- others	55,768	58,651
	842,518	869,568

UNITED OVERSEAS BANK (MALAYSIA) BHD

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14. FINANCIAL DERIVATIVES

The notional principal amounts and the positive and negative fair values of the Group's and Bank's financial derivatives are as follows:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
AS AT 30 SEPTEMBER 2011			
Foreign exchange contracts			
- forwards	3,598,905	82,081	90,289
- swaps	6,028,196	76,570	127,284
Interest rate related contracts			
- forwards	81,890	109	69
- swaps	24,990,406	165,324	271,649
Options	1,763,127	19,745	10,237
		<u>343,829</u>	<u>499,528</u>
AS AT 31 DECEMBER 2010			
Foreign exchange contracts			
- forwards	1,613,805	5,514	17,404
- swaps	7,241,624	104,218	55,490
Interest rate related contracts			
- forwards	60,000	81	87
- swaps	24,379,950	132,867	263,399
Options	678,942	1,568	1,548
		<u>244,248</u>	<u>337,928</u>

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15. OTHER ASSETS

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Other receivables, deposits and prepayments	142,834	139,431	146,471	143,093
Accrued interest receivable	49,644	39,237	49,644	39,237
Amount due from subsidiaries	-	-	473	646
Precious metal accounts	155,452	33,484	155,452	33,484
	347,930	212,152	352,040	216,460

16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
(i) By type of deposit				
Demand deposits	7,712,112	6,554,962	7,728,104	6,568,414
Savings deposits	2,575,033	2,714,454	2,575,033	2,714,454
Fixed deposits	22,777,747	17,762,547	22,778,778	17,763,560
Negotiable instruments of deposits	183,439	229,620	183,439	229,620
Others	13,948,655	11,703,253	13,948,655	11,703,253
	47,196,986	38,964,836	47,214,009	38,979,301

(ii) By type of customer

Business enterprises	21,615,789	18,565,252	21,632,812	18,579,717
Individuals	19,926,260	16,820,827	19,926,260	16,820,827
Others	5,654,937	3,578,757	5,654,937	3,578,757
	47,196,986	38,964,836	47,214,009	38,979,301

(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

Due within six months	18,005,962	14,809,586	18,006,993	14,810,599
Six months to one year	4,779,159	2,969,999	4,779,159	2,969,999
One year to three years	144,747	185,908	144,747	185,908
Three years to five years	31,318	26,674	31,318	26,674
	22,961,186	17,992,167	22,962,217	17,993,180

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17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Licensed banks	204,231	1,280,144	204,231	1,280,144
Licensed investment banks	-	30,000	-	30,000
Bank Negara Malaysia	1,351,550	2,303,013	1,351,550	2,303,013
Other financial institutions	4,753,341	289,897	4,753,768	290,323
	<u>6,309,122</u>	<u>3,903,054</u>	<u>6,309,549</u>	<u>3,903,480</u>

18. OTHER LIABILITIES

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Provision for commitments and contingencies	5,329	5,571	5,329	5,571
Accrued interest payable	193,938	158,216	193,038	157,315
Accruals and provisions for operational expenses	88,770	99,953	88,770	99,953
Other accruals and provisions	653,897	264,494	653,074	264,524
	<u>941,934</u>	<u>528,234</u>	<u>940,211</u>	<u>527,363</u>

19. SUBORDINATED BONDS

	Group and Bank	
	Sep-11 RM'000	Dec-10 RM'000
RM500 million Subordinated Bonds 2010 / 2020, at par	500,000	500,000
Unamortised expenses relating to issue of Subordinated Bonds	(1,133)	(1,372)
	<u>498,867</u>	<u>498,628</u>

On 29 March 2010, the Bank issued RM500 million 10 year Subordinated Bonds due in 2020 callable with step-up in 2015.

The Bonds bear interest at the rate of 4.88% per annum from 29 March 2010 to 29 September 2015 and thereafter, at the rate of 5.88% per annum from 29 September 2015 to the date of early redemption in full of such Bonds or maturity date of the Bonds (whichever is earlier).

The interest is payable semi-annually in arrears on 29 March and 29 September each year commencing 29 September 2010.

The Bonds have been rated AA2 by Rating Agency Malaysia Bhd and they qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

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20. INTEREST INCOME

	Group		Bank	
	Sep-11	Sep-10	Sep-11	Sep-10
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	1,457,264	1,078,770	1,462,131	1,082,607
- Recoveries from impaired loans	48,080	58,482	48,080	58,482
Money at call and deposit placements with financial institutions	217,682	115,440	217,682	115,440
Financial assets at fair value through profit and loss	24,544	31,262	24,544	31,262
Available-for-sale securities	94,878	111,030	94,878	111,030
Others	392	1,033	392	1,033
	1,842,840	1,396,017	1,847,707	1,399,854
Amortisation of premium less accretion of discount	(5,721)	(12,448)	(5,721)	(12,448)
	1,837,119	1,383,569	1,841,986	1,387,406

21. INTEREST EXPENSE

	Group		Bank	
	Sep-11	Sep-10	Sep-11	Sep-10
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	89,696	58,720	89,713	58,727
Deposits from customers	761,316	467,414	761,316	467,414
Loans sold to Cagamas	1,091	3,574	1,091	3,574
Subordinated Bonds	18,489	12,566	18,489	12,566
Others	5,295	3,789	5,295	3,789
	875,887	546,063	875,904	546,070

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22. OTHER OPERATING INCOME

	Group		Bank	
	Sep-11 RM'000	Sep-10 RM'000	Sep-11 RM'000	Sep-10 RM'000
<u>Fee income</u>				
Commission	107,681	71,442	107,681	71,442
Guarantee fees	32,564	21,468	32,564	21,468
Service charges and fees	118,909	102,662	119,119	102,662
Commitment fees	15,937	14,978	15,942	14,981
Arrangement and participation fees	3,560	20,673	3,560	20,673
	278,651	231,223	278,866	231,226
<u>Investment income</u>				
Loss from sale of financial assets at fair value through profit and loss	(35,502)	(39,305)	(35,502)	(39,305)
Gain from sale of available-for-sale securities	15,173	22,754	15,173	22,754
Unrealised gain on financial assets at fair value through profit and loss	(5,118)	6,540	(5,118)	6,540
Loss from sale of Subsidiaries	-	-	-	(1)
Gross dividends from:				
- Available-for-sale securities quoted in Malaysia	461	594	461	594
- Associate	-	-	7,333	-
	(24,986)	(9,417)	(17,653)	(9,418)
<u>Other income</u>				
Foreign exchange gain/(loss)				
- realised	227,253	94,591	227,253	94,591
- unrealised	(99,922)	(78)	(99,922)	(78)
Rental income from operating leases, other than those from investment property	144	126	54	39
Rental income from investment property	508	533	-	-
Loss on disposal of property, plant and equipment	5	(37)	(534)	(37)
Other operating income	3,204	2,983	3,204	2,983
Others	12,258	9,994	12,242	9,994
	143,450	108,112	142,297	107,492
	397,115	329,918	403,510	329,300

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23. OTHER OPERATING EXPENSES

	Group		Bank	
	Sep-11 RM'000	Sep-10 RM'000	Sep-11 RM'000	Sep-10 RM'000
Personnel expenses	305,521	235,482	300,422	233,148
Establishment related expenses	85,789	83,537	93,576	91,638
Promotion and marketing related expenses	31,111	17,282	35,573	18,612
General administrative expenses	89,953	75,903	89,233	75,499
	512,374	412,204	518,804	418,897
<u>Personnel expenses</u>				
Wages, salaries and bonus	239,858	180,184	235,513	178,148
Employees Provident Fund Contributions	36,854	28,127	36,266	27,841
Other employee benefits	28,809	27,171	28,643	27,159
	305,521	235,482	300,422	233,148
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	23,608	28,870	20,338	25,295
Depreciation of investment property	135	135	-	-
Amortisation of prepaid land lease payments	495	495	-	-
Hire of equipment	42	62	42	62
Information technology costs	9,482	7,888	9,482	7,888
Repair and maintenance	14,437	11,258	13,745	10,958
Rental of premises	8,043	7,411	18,793	18,499
Others	29,547	27,418	31,176	28,936
	85,789	83,537	93,576	91,638
<u>Promotion and marketing related expenses</u>				
Advertising and publicity	17,063	9,677	17,016	9,675
Others	14,048	7,605	18,557	8,937
	31,111	17,282	35,573	18,612
<u>General administrative expenses</u>				
Fees and commissions paid	53,074	41,740	52,558	41,429
Others	36,879	34,163	36,675	34,070
	89,953	75,903	89,233	75,499

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24. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	Sep-11 RM'000	Sep-10 RM'000	Sep-11 RM'000	Sep-10 RM'000
Allowance for impaired loans, advances and financing				
(a) Individual Impairment				
- made in the financial period/year	154,749	216,749	154,749	216,749
- written back in the financial period/year	(80,271)	(93,451)	(80,271)	(93,451)
(b) Collective Impairment				
- made in the financial period/year	131,300	78,500	131,300	78,500
Impaired loans, advances and financing				
- written (back)/off	(5,009)	1,024	(5,009)	1,024
- recovered	(64,004)	(76,510)	(64,003)	(76,500)
	136,765	126,312	136,766	126,322

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
<u>Tier I capital</u>				
Paid-up share capital	470,000	470,000	470,000	470,000
Share premium	322,555	322,555	322,555	322,555
Retained profits	2,550,136	2,754,586	2,558,313	2,762,763
Statutory reserves	470,000	470,000	470,000	470,000
Less: Deferred tax assets	(148,578)	(148,576)	(148,602)	(148,602)
Total Tier I Capital	3,664,113	3,868,565	3,672,266	3,876,716
<u>Tier II capital</u>				
Subordinated bonds	500,000	500,000	500,000	500,000
RM collective impairment (proportion of Standardised Approach's RWA)	114,863	95,275	111,171	91,670
Surplus of total Eligible Provisions over total Expected Loss (IRB approach)	136,752	112,163	136,752	112,163
	751,615	707,438	747,923	703,833
Less:				
Investment in subsidiary companies	-	-	(50)	(50)
Total Tier II Capital	751,615	707,438	747,873	703,783
Capital base	4,415,728	4,576,003	4,420,139	4,580,499

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25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)

(a) The capital adequacy ratios of the Group and Bank are as follows:

	Group		Bank	
	Sep-11	Dec-10	Sep-11	Dec-10
Core capital ratio	11.73%	14.77%	11.80%	14.92%
Risk-weighted capital ratio	14.13%	17.47%	14.21%	17.63%

(b) Analysis of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	Sep-11 RM'000	Dec-10 RM'000	Sep-11 RM'000	Dec-10 RM'000
Total RWA for credit risk	27,371,117	22,565,776	27,195,484	22,390,278
Total RWA for market risk	623,199	523,537	623,199	523,537
Total RWA for operational risk	2,820,405	2,527,863	2,862,210	2,527,863
Large Exposure for Equity Holdings RWA	427,009	427,009	427,009	427,009
Additional RWA due to Capital Floor	-	142,638	-	106,316
	31,241,730	26,186,823	31,107,902	25,975,003

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26. COMMITMENTS AND CONTINGENCIES

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

	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
AS AT 30 SEPTEMBER 2011			
Direct credit substitutes	1,448,989	1,448,989	960,513
Transaction-related contingent items	1,870,368	935,357	544,736
Short-term self-liquidating trade-related contingencies	409,006	81,801	62,584
Foreign exchange related contracts			
- less than one year	8,661,410	223,572	102,989
Interest rates related contracts			
- less than one year	9,642,395	48,377	10,294
- one year to less than five years	13,283,383	395,127	190,983
- five years and above	2,040,305	167,426	119,898
Equity related contracts			
- less than one year	14,096	2,898	966
- one year to less than five years	149,422	2,676	825
Others	13,047,487	1,216,420	211,187
Total	<u>50,566,861</u>	<u>4,522,643</u>	<u>2,204,975</u>

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26. COMMITMENTS AND CONTINGENCIES (con'td.)

AS AT 31 DECEMBER 2010	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	1,659,443	1,659,443	1,073,401
Transaction-related contingent items	1,565,669	782,964	467,133
Short-term self-liquidating trade-related contingencies	321,933	64,387	47,733
Foreign exchange related contracts			
- less than one year	8,087,126	199,476	46,229
Interest rates related contracts			
- less than one year	7,341,125	30,347	8,923
- more than one year to less than five years	14,807,248	413,264	170,541
- five years and above	2,204,303	163,376	101,501
Equity related contracts			
- less than one year	173,155	5,195	1,235
- more than one year to less than five years	105,816	4,233	1,915
Others	11,525,358	1,081,859	174,924
Total	47,791,176	4,404,544	2,093,535

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

Foreign exchange and interest rate contracts for the Group and the Bank are subject to market risk and credit risk.

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27. PERFORMANCE REVIEW

For the nine months ended 30 September 2011, the Group posted a pre-tax profit of RM730.1million, showing an increase of RM73.4million or 11% compared to the corresponding period last year. The better performance was mainly supported by higher total income moderated by higher other operating expenses and higher allowance for impairment on loans and financing.

Net interest income increased by 15% or RM123.7million to RM961.2million mainly due to the robust loans growth which helped to cushion continued pressure on loan margins. Other operating income increased by 20% or RM67.2million to RM397.1million due to higher foreign exchange gains and higher fee income.

Total operating expenses rose by RM100.2million or 24% to RM512.4million mainly attributable to higher staff expenses as a result of the increased headcount due to business expansion and also higher marketing expenses.

Allowances for losses on loans and financing increased by RM10.5million or 8% to RM136.8million. This was mainly due to higher collective impairment to cater for the increased loans growth despite lower bad debt recoveries but offset by lower individual impairment.

Gross loans registered a strong growth of RM8.8billion or 25% to RM44.0billion. The growth was broad based with the main growth coming from housing, wholesale and retail trade and construction. With the Group's robust credit management processes, the Group will continue to improve its asset quality as evidenced by the reduction in Net NPL ratio from 1.7% to 1.3%.

Non bank deposits also grew strongly by 21% or RM8.2billion to RM47.2billion mainly contributed by higher fixed deposits and other deposits.

28. PROSPECTS FOR 2011

The global environment is increasingly unpredictable and volatile, this economic situation looks set to remain for some time.

The Central Bank is maintaining its GDP forecast to grow by 5.0% to 6.0% for the full year as it expects strong domestic demand and the Economic Transformation Programme (ETP) projects to fuel the economic growth. Inflation is projected to hover between 2.5% and 3.5% for the year and it is expected to inch closer to 3.5% due to the concerns of global headwinds.

Although the pace of growth will be moderated, the Group will continue to stay focused on the fundamentals of its business, achieving greater operational efficiency and deepening customer relationships.