

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2012

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 2012**

	Notes	Group			Bank		
		30-Sep-12 RM'000	31-Dec-11 (Restated) RM'000	1-Jan-11 (Restated) RM'000	30-Sep-12 RM'000	31-Dec-11 (Restated) RM'000	1-Jan-11 (Restated) RM'000
ASSETS							
Cash and Short-Term funds	11	10,878,238	13,863,225	9,270,889	10,878,238	13,863,225	9,270,889
Securities purchased under Resale Agreements		-	-	149,973	-	-	149,973
Deposits and Placements with Financial Institutions	12	400,340	11,686	10,889	400,340	11,686	10,889
Financial assets at fair value through profit and loss	13	2,759,052	2,474,507	2,275,075	2,759,052	2,474,507	2,275,075
Available-for-Sale Securities	14	10,124,380	2,825,137	3,517,612	10,124,380	2,825,137	3,517,612
Loans, Advances and Financing	15	53,041,726	46,980,894	34,583,171	53,237,657	47,164,745	34,763,386
Derivatives Financial Assets	16	232,391	256,860	244,248	232,391	256,860	244,248
Other Assets	17	476,951	474,396	212,152	481,283	478,413	216,460
Statutory Deposits with Bank Negara Malaysia		1,617,840	1,363,000	22,800	1,617,840	1,363,000	22,800
Investment in Subsidiaries		-	-	-	50	50	50
Investment in Associates		236,755	206,343	189,234	122,733	122,733	122,733
Investment Properties	18	8,145	8,280	8,460	-	-	-
Property, Plant and Equipment		274,094	252,585	226,240	131,248	119,013	106,272
Prepaid Land Lease payments	19	39,179	39,674	40,270	-	-	-
Deferred Tax Assets		249,556	290,595	148,576	249,616	290,655	148,602
Total assets		80,338,647	69,047,182	50,899,589	80,234,828	68,970,024	50,848,989
LIABILITIES AND EQUITY							
Deposits from Customers	20	62,926,748	52,643,082	38,964,836	62,943,882	52,655,065	38,979,301
Deposits and Placements of Banks and Other Financial Institutions	21	6,824,630	6,528,773	3,903,054	6,825,057	6,529,200	3,903,480
Bills and Acceptances Payable		2,955,088	2,843,787	2,279,218	2,955,088	2,843,787	2,279,218
Amount due to Cagamas		-	-	33,344	-	-	33,344
Derivatives Financial Liabilities	16	275,530	347,948	337,928	275,530	347,948	337,928
Other Liabilities	22	1,407,068	1,148,878	528,234	1,405,890	1,147,084	527,363
Tax payable		101,311	171,092	112,169	101,319	171,068	112,169
Subordinated Bonds	23	499,201	498,902	498,628	499,201	498,902	498,628
Total liabilities		74,989,576	64,182,462	46,657,411	75,005,967	64,193,054	46,671,431
Share Capital		470,000	470,000	470,000	470,000	470,000	470,000
Reserves		4,879,071	4,394,720	3,772,178	4,758,861	4,306,970	3,707,558
Shareholders' equity		5,349,071	4,864,720	4,242,178	5,228,861	4,776,970	4,177,558
TOTAL LIABILITIES AND EQUITY		80,338,647	69,047,182	50,899,589	80,234,828	68,970,024	50,848,989
COMMITMENTS AND CONTINGENCIES	31	48,990,861	47,361,699	47,791,176	48,990,861	47,361,699	47,791,176

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INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS****FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

Group	Notes	Third Quarter Ended		Nine Months Ended	
		30-Sep-12 RM'000	30-Sep-11 (Restated) RM'000	30-Sep-12 RM'000	30-Sep-11 (Restated) RM'000
Operating Revenue	24	997,165	779,949	2,889,033	2,221,970
Interest Income	25	840,705	664,372	2,407,761	1,837,119
Interest Expense	26	(466,750)	(329,136)	(1,322,017)	(875,887)
Net Interest Income		373,955	335,236	1,085,744	961,232
Other Operating Income	27	161,042	118,911	494,668	397,115
Operating Income		534,997	454,147	1,580,412	1,358,347
Other Operating Expenses	28	(178,763)	(177,773)	(518,867)	(512,374)
Operating Profit before allowance for Impairment on Loans, Advances and Financing and provision for Commitments and Contingencies		356,234	276,374	1,061,545	845,973
(Allowance for) / reversal of impairment on Loans, Advances and Financing	29	(11,316)	(32,257)	(121,536)	(51,695)
Net write back / (provision) for commitments and Contingencies		494	195	4,960	242
		345,412	244,312	944,969	794,520
Share of net profit of associates		9,385	3,636	33,330	20,601
Profit before Taxation		354,797	247,948	978,299	815,121
Income Tax expense		(82,267)	(71,014)	(227,967)	(226,750)
Profit after Taxation		272,530	176,934	750,332	588,371
Basic earnings per share (sen)		58.0	37.6	159.6	125.2

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INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-12	30-Sep-11 (Restated)	30-Sep-12	30-Sep-11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	272,530	176,934	750,332	588,371
Other Comprehensive Income:				
Net gain/(loss) on Revaluation of Available-for-Sale Securities	(9,363)	4,121	(2,142)	(7,266)
Income tax relating to components of other comprehensive income	2,341	-	536	-
Total Comprehensive Income for the period	265,507	181,055	748,726	581,105

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INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS****FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

Bank	Notes	Third Quarter Ended		Nine Months Ended	
		30-Sep-12 RM'000	30-Sep-11 (Restated) RM'000	30-Sep-12 RM'000	30-Sep-11 (Restated) RM'000
Operating Revenue	24	1,001,205	784,922	2,897,980	2,233,787
Interest Income	25	842,515	666,164	2,413,043	1,841,986
Interest Expense	26	(466,757)	(329,142)	(1,322,037)	(875,904)
Net Interest Income		375,758	337,022	1,091,006	966,082
Other Operating Income	27	163,273	121,537	498,293	403,510
Operating Income		539,031	458,559	1,589,299	1,369,592
Other Operating Expenses	28	(181,083)	(180,188)	(525,938)	(518,804)
Operating Profit before allowance for Impairment on Loans, Advances and Financing and provision for Commitments and Contingencies		357,948	278,371	1,063,361	850,788
(Allowance for) / reversal of impairment on Loans, Advances and Financing	29	(11,316)	(32,257)	(121,536)	(51,695)
Net write back / (provision) for commitments and Contingencies		494	195	4,960	242
Profit before Taxation		347,126	246,309	946,785	799,335
Income Tax expense		(82,819)	(71,847)	(228,913)	(228,597)
Profit after Taxation		264,307	174,462	717,872	570,738
Basic earnings per share (sen)		56.2	37.1	152.7	121.4

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Third Quarter Ended		Nine Months Ended	
	30-Sep-12	30-Sep-11 (Restated)	30-Sep-12	30-Sep-11 (Restated)
Bank	RM'000	RM'000	RM'000	RM'000
Profit for the period	264,307	174,462	717,872	570,738
Other Comprehensive Income:				
Net gain/(loss) on Revaluation of Available-for-Sale Securities	(9,364)	4,121	(2,142)	(7,266)
Income tax relating to components of other comprehensive income	2,341	-	536	-
Total Comprehensive Income for the period	257,284	178,583	716,266	563,472

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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

<u>GROUP</u>	← 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	
2012							
Balance as at 1 January 2012							
As previously reported	470,000	322,555	470,000	73,006	308	3,326,263	4,662,132
Effects from adopting MFRS139	-	-	-	-	-	202,588	202,588
As restated	470,000	322,555	470,000	73,006	308	3,528,851	4,864,720
Total comprehensive income for the period	-	-	-	-	(1,606)	750,332	748,726
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2011	-	-	-	-	-	(264,375)	(264,375)
Balance as at 30 September 2012	470,000	322,555	470,000	73,006	(1,298)	4,014,808	5,349,071

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INTERIM FINANCIAL STATEMENTS**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (con'td.)**

GROUP (con'td.)	← Non-distributable →				Distributable		Total
	Share Capital	Share Premium	Statutory reserves	Revaluation reserves	Net unrealised reserves on AFS securities	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011							
Balance as at 1 January 2011							
As previously reported	470,000	322,555	470,000	72,797	5,725	2,754,586	4,095,663
Effects from adopting MFRS139	-	-	-	-	-	146,515	146,515
As restated	470,000	322,555	470,000	72,797	5,725	2,901,101	4,242,178
Total comprehensive income for the period	-	-	-	-	(7,266)	588,371	581,105
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 30 September 2011	470,000	322,555	470,000	72,797	(1,541)	3,285,022	4,618,833

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

<u>BANK</u>	← 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	
<u>2012</u>							
Balance as at 1 January 2012							
As previously reported	470,000	322,555	470,000	-	308	3,311,519	4,574,382
Effects from adopting MFRS139	-	-	-	-	-	202,588	202,588
As restated	470,000	322,555	470,000	-	308	3,514,107	4,776,970
Total comprehensive income for the period	-	-	-	-	(1,606)	717,872	716,266
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2011	-	-	-	-	-	(264,375)	(264,375)
Balance as at 30 September 2012	470,000	322,555	470,000	-	(1,299)	3,967,604	5,228,861

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 (con'td.)

<u>BANK (con'td.)</u>	← 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	
<u>2011</u>							
Balance as at 1 January 2011							
As previously reported	470,000	322,555	470,000	-	5,725	2,762,763	4,031,043
Effects from adopting MFRS139	-	-	-	-	-	146,515	146,515
As restated	470,000	322,555	470,000	-	5,725	2,909,278	4,177,558
Total comprehensive income for the period	-	-	-	-	(7,266)	570,738	563,472
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 30 September 2011	470,000	322,555	470,000	-	(1,541)	3,275,566	4,536,580

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INTERIM FINANCIAL STATEMENTS**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS****FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

	Group		Bank	
	30-Sep-12	30-Sep-11 (Restated)	30-Sep-12	30-Sep-11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	978,299	815,121	946,785	799,335
Adjustments for non-operating and non-cash items	(106,296)	96,334	(80,762)	100,742
Operating profit before working capital changes	872,003	911,455	866,023	900,077
Changes in working capital:				
Net changes in operating assets	(6,708,792)	(10,074,252)	(6,721,186)	(10,073,645)
Net changes in operating liabilities	10,872,850	11,857,539	10,878,617	11,859,243
Tax expense paid	(256,487)	(171,695)	(256,428)	(171,669)
Net cash generated from operating activities	4,779,574	2,523,046	4,767,026	2,514,006
Net cash (used in)/generated from investing activities	(7,111,831)	(1,389,111)	(7,099,283)	(1,380,071)
Net cash used in financing activities	(264,076)	(204,450)	(264,076)	(204,450)
Net changes in cash and cash equivalents	(2,596,333)	929,485	(2,596,333)	929,485
Cash and cash equivalents at beginning of the period	13,874,911	9,281,778	13,874,911	9,281,778
Cash and cash equivalents at end of the period	11,278,578	10,211,263	11,278,578	10,211,263

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012**

1. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 30 September 2012 have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB").

These unaudited interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. 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 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 32 Changes in Accounting Policies.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group and the Bank as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012
Presentation of Items of Other Comprehensive income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits (as amended in June 2011)
MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012**

1. BASIS OF PREPARATION (con'td.)

Effective for annual periods commencing on or after 1 January 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
Effective for annual periods commencing on or after 1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

2. AUDITORS' REPORT

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not subject to any qualification.

3. 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 2012.

4. 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.

5. CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial periods that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2012.

6. 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 2012.

7. 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 2012.

8. DIVIDENDS PAID

A final dividend of 75% less 25% taxation in respect of the financial year ended 31 December 2011, amounting to RM264,375,000 was paid on 12 April 2012.

9. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****10. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group for the financial period ended 30 September 2012.

11. CASH AND SHORT-TERM FUNDS

	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	2,143,934	386,271	720,318
Money at call and deposit placements maturing within one month	8,734,304	13,476,954	8,550,571
	10,878,238	13,863,225	9,270,889

12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
Licensed banks	340	511	-
Bank Negara Malaysia	400,000	-	-
Other financial institutions	-	11,175	10,889
	400,340	11,686	10,889

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
Held-for-trading securities			
At fair value:			
Bank Negara Malaysia bills	1,925,819	1,507,196	1,601,588
Malaysian Government treasury bills	34,759	120,013	42,791
Malaysian Government securities	351,007	286,580	52,715
Private debt securities	20,054	-	-
Cagamas bonds	-	-	10,246
Bankers' acceptances and Islamic accepted bills	91,493	37,844	147,655
Total held-for-trading securities	2,423,132	1,951,633	1,854,995
Designated as fair value through profit and loss			
Inside Malaysia but denominated in United States Dollar			
Private debt securities	335,920	522,874	420,080
Total financial assets at fair value through profit and loss	2,759,052	2,474,507	2,275,075

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****14. AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
At fair value			
Money market instruments:			
Bank Negara Malaysia bills	6,791,128	1,939,484	1,392,716
Malaysian Government treasury bills	109,210	-	132,809
Malaysian Government securities	2,553,211	274,438	540,803
Negotiable instruments of deposits	100,012	-	-
Cagamas bonds	277,797	418,087	1,186,681
	9,831,358	2,632,009	3,253,009
Private Debt Securities of Companies Incorporated			
In Malaysia:			
Corporate bonds	267,749	170,556	244,706
	267,749	170,556	244,706
Quoted securities:			
Shares of corporations outside Malaysia	9,820	7,842	5,191
Shares of corporations in Malaysia	2,905	2,182	2,158
	12,725	10,024	7,349
At cost			
Unquoted securities:			
Shares	12,272	12,272	12,272
Private debt securities	276	276	276
	12,548	12,548	12,548
Total available-for-sale securities	10,124,380	2,825,137	3,517,612

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****15. LOANS, ADVANCES AND FINANCING**

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	(Restated) RM'000	(Restated) RM'000	RM'000	(Restated) RM'000	(Restated) RM'000
Overdrafts	2,761,393	2,676,449	2,561,532	2,761,393	2,676,449	2,561,930
Term loans and revolving credits						
Housing loans	19,641,341	17,240,962	13,125,569	19,641,341	17,240,962	13,125,569
Syndicated term loans	965,978	848,493	596,834	965,978	848,493	596,834
Other term loans/financing	22,285,349	18,693,916	12,217,627	22,481,280	18,877,767	12,397,444
Credit cards receivable	1,703,680	1,656,020	1,322,621	1,703,680	1,656,020	1,322,621
Bills receivable	127,658	196,464	179,505	127,658	196,464	179,505
Trust receipts	1,247,319	1,421,533	852,649	1,247,319	1,421,533	852,649
Claims on customers under acceptance credits	5,060,165	4,927,815	4,331,757	5,060,165	4,927,815	4,331,757
Staff loans - Others	65,004	73,036	79,287	65,004	73,036	79,287
Others	6,699	9,717	6,849	6,699	9,717	6,849
	53,864,586	47,744,405	35,274,230	54,060,517	47,928,256	35,454,445
Unearned interest	(44,423)	(62,745)	(52,580)	(44,423)	(62,745)	(52,580)
Gross loans, advances and financing	53,820,163	47,681,660	35,221,650	54,016,094	47,865,511	35,401,865
Allowance for losses on loans, advance and financing						
- Individual impairment	(273,663)	(249,315)	(278,563)	(273,663)	(249,315)	(278,563)
- Collective impairment	(504,774)	(451,451)	(359,916)	(504,774)	(451,451)	(359,916)
Net loans, advances and financing	53,041,726	46,980,894	34,583,171	53,237,657	47,164,745	34,763,386

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AS AT 30 SEPTEMBER 2012****15. LOANS, ADVANCES AND FINANCING (con'td.)****(i) By maturity structure:**

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Maturing within one year	14,331,290	13,751,193	11,705,461	14,331,289	13,751,193	11,705,859
One year to three years	1,344,975	1,263,462	1,502,550	1,540,908	1,263,462	1,502,550
Three years to five years	3,376,466	2,886,776	1,368,609	3,376,466	2,886,776	1,368,609
Over five years	34,767,432	29,780,229	20,645,030	34,767,431	29,964,080	20,824,847
	53,820,163	47,681,660	35,221,650	54,016,094	47,865,511	35,401,865

(ii) By type of customer:

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions						
- Stockbroking companies	171	8	-	171	8	-
- Others	207,305	256,531	116,628	207,305	256,531	116,628
Domestic business enterprises						
- Small medium enterprises	12,324,214	11,527,835	8,387,058	12,324,214	11,527,835	8,387,058
- Others	11,692,838	10,150,067	7,937,850	11,888,769	10,333,918	8,118,065
Individuals	25,477,743	21,813,502	16,007,497	25,477,743	21,813,502	16,007,497
Other domestic entities	60	116	144	60	116	144
Foreign entities	4,117,832	3,933,601	2,772,473	4,117,832	3,933,601	2,772,473
	53,820,163	47,681,660	35,221,650	54,016,094	47,865,511	35,401,865

(iii) By interest/profit rate sensitivity:

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed rate						
Housing loans/financing	49,490	58,053	64,904	49,490	58,053	64,904
Other fixed rate loan/financing	2,953,156	2,950,070	2,091,146	2,953,156	2,950,070	2,091,146
Variable rate						
BLR plus	48,601,661	42,883,908	31,670,282	48,601,661	42,883,908	31,670,680
Cost-plus	1,652,064	1,122,256	1,060,671	1,847,997	1,306,107	1,240,488
Other variable rates	563,792	667,373	334,647	563,790	667,373	334,647
	53,820,163	47,681,660	35,221,650	54,016,094	47,865,511	35,401,865

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	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	525,371	540,462	266,054	525,371	540,462	266,054
Mining and quarrying	84,261	82,556	71,633	84,261	82,556	71,633
Manufacturing	6,359,022	6,200,739	5,013,507	6,359,022	6,200,739	5,013,507
Electricity, gas and water	13,916	43,854	49,116	13,916	43,854	49,116
Construction	4,367,055	3,519,461	1,936,901	4,367,055	3,519,461	1,936,901
Wholesale & retail trade and restaurants & hotels	7,203,676	6,621,331	5,069,577	7,203,676	6,621,331	5,069,577
Transport, storage and communication	591,031	518,524	354,489	591,031	518,524	354,489
Finance, insurance and business services	2,518,100	2,253,738	2,056,005	2,518,100	2,253,738	2,056,005
Real estate	2,652,625	2,305,881	1,560,215	2,848,557	2,489,732	1,740,430
Community, social and personal services	213,925	212,430	94,877	213,925	212,430	94,877
Households of which:	29,284,728	25,347,201	18,745,126	29,284,728	25,347,201	18,745,126
- purchase of residential properties	20,548,053	18,053,741	13,765,796	20,548,053	18,053,741	13,765,796
- purchase of non residential properties	4,505,980	3,379,329	1,855,713	4,505,980	3,379,329	1,855,713
- others	4,230,695	3,914,131	3,123,617	4,230,695	3,914,131	3,123,617
Others	6,453	35,483	4,150	6,452	35,483	4,150
	53,820,163	47,681,660	35,221,650	54,016,094	47,865,511	35,401,865

(v) Movements in impaired loans, advances and financing are as follows:

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	833,396	869,568	1,020,358	833,396	869,568	1,020,358
Classified as impaired during the period/year	492,298	518,035	508,876	492,298	518,035	508,876
Amount recovered	(178,149)	(289,956)	(319,980)	(178,149)	(289,956)	(319,980)
Reclassified as non-impaired	(135,977)	(157,787)	(217,200)	(135,977)	(157,787)	(217,200)
Amount written off	(77,302)	(106,464)	(122,486)	(77,302)	(106,464)	(122,486)
At 1 Jan / 30 Sep / 31 Dec	934,266	833,396	869,568	934,266	833,396	869,568
Individual impairment	(273,663)	(249,315)	(278,563)	(273,663)	(249,315)	(278,563)
Net impaired loans, advances and financing	660,603	584,081	591,005	660,603	584,081	591,005
Ratio of net impaired loans, advances and financing to net loans, advances and financing	1.2%	1.3%	1.7%	1.2%	1.2%	1.7%

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****15. LOANS, ADVANCES AND FINANCING (con'td.)**

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

	Group and Bank	
	30-Sep-12	31-Dec-11
		(Restated)
	RM'000	RM'000
<u>Collective Impairment</u>		
At 1 January		
As previously reported	721,569	555,269
Effects from adopting MFRS139 (Note 33)	(270,118)	(195,353)
As restated	451,451	359,916
Allowance made during the period/year	53,323	91,535
At 30 September / 31 December	504,774	451,451

	Group and Bank	
	30-Sep-12	31-Dec-11
	RM'000	RM'000
<u>Individual Impairment</u>		
At 1 January	249,315	278,563
Allowance made during the period/year	209,351	210,473
Amount written back in respect of recoveries	(89,701)	(116,985)
Amount written off	(84,270)	(116,149)
Interest recognition on impaired loans	(3,841)	(6,587)
Transfer to debt restructuring	(7,191)	-
At 30 September / 31 December	273,663	249,315

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

	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	279	634	1,866
Manufacturing	278,978	257,876	308,353
Construction	107,162	106,778	42,198
Wholesale & retail trade and restaurants & hotels	114,021	122,472	127,356
Transport, storage and communication	5,949	5,071	2,916
Finance, insurance and business services	19,596	19,357	20,306
Real estate	23,937	10,528	14,310
Community, social and personal services	380	895	2,482
Households of which:	383,964	309,785	349,781
- purchase of residential properties	284,880	239,435	276,543
- purchase of non residential properties	39,755	14,952	14,587
- others	59,329	55,398	58,651
	934,266	833,396	869,568

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012**

16. 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 2012			
Foreign exchange contracts			
- forwards	4,601,671	42,409	35,224
- swaps	7,353,632	52,363	73,835
Interest rate related contracts			
- swaps	19,058,974	131,596	161,657
Options	1,679,116	6,023	4,814
	<u>1,679,116</u>	<u>232,391</u>	<u>275,530</u>
As at 31 December 2011			
Foreign exchange contracts			
- forwards	2,539,564	31,286	49,807
- swaps	5,112,429	44,159	31,242
Interest rate related contracts			
- forwards	30,000	116	-
- swaps	23,086,189	177,349	264,569
Options	1,161,020	3,950	2,330
	<u>1,161,020</u>	<u>256,860</u>	<u>347,948</u>
As at 1 January 2011			
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>678,942</u>	<u>244,248</u>	<u>337,928</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	104,521	186,058	139,431	108,562	189,690	143,093
Accrued interest receivable	72,541	45,528	39,237	72,541	45,528	39,237
Amount due from subsidiaries	-	-	-	291	385	646
Precious Metal accounts	299,889	242,810	33,484	299,889	242,810	33,484
	476,951	474,396	212,152	481,283	478,413	216,460

18. INVESTMENT PROPERTIES

Group	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
At 1 January	8,280	8,460	8,640
Depreciation charge	(135)	(180)	(180)
At 1 Jan / 30 Sep / 31 Dec	8,145	8,280	8,460

19. PREPAID LAND LEASE PAYMENTS

Group	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
Long term leasehold land			
At 1 January	39,674	40,270	40,930
Amortisation for the period / year	(495)	(660)	(660)
Impairment write back	-	64	-
At 1 Jan / 30 Sep / 31 Dec	39,179	39,674	40,270

20. DEPOSITS FROM CUSTOMERS

	Group			Bank		
	30-Sep-12	31-Dec-11	1-Jan-11	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Demand deposits	10,270,014	8,232,769	6,554,962	10,286,090	8,243,714	6,568,414
Savings deposits	3,109,471	2,739,425	2,714,454	3,109,471	2,739,425	2,714,454
Fixed deposits	32,137,409	24,516,626	17,762,547	32,138,467	24,517,664	17,763,560
Negotiable instruments of deposits	3,433,441	1,937,141	229,620	3,433,441	1,937,141	229,620
Others	13,976,413	15,217,121	11,703,253	13,976,413	15,217,121	11,703,253
	62,926,748	52,643,082	38,964,836	62,943,882	52,655,065	38,979,301

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****20. DEPOSITS FROM CUSTOMERS (con'td.)**

	Group			Bank		
	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000
(i) The maturity structure of fixed deposits and negotiable instruments of deposits is as follows:						
Due within six months	28,706,496	19,708,555	14,809,586	28,707,554	19,709,593	14,810,599
Six months to one year	6,708,060	6,605,688	2,969,999	6,708,060	6,605,688	2,969,999
One year to three years	151,266	119,767	185,908	151,266	119,767	185,908
Three years to five years	5,028	19,757	26,674	5,028	19,757	26,674
	35,570,850	26,453,767	17,992,167	35,571,908	26,454,805	17,993,180
(ii) The deposits are sourced from the following customers:						
Business enterprises						
- Subsidiaries	-	-	-	17,134	11,983	14,465
- Others	29,205,081	24,110,906	18,565,252	29,205,081	24,110,906	18,565,252
Individuals	26,414,426	21,367,320	16,820,827	26,414,426	21,367,320	16,820,827
Others	7,307,241	7,164,856	3,578,757	7,307,241	7,164,856	3,578,757
	62,926,748	52,643,082	38,964,836	62,943,882	52,655,065	38,979,301

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group			Bank		
	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000
Licensed banks in Malaysia	452,970	99,655	1,280,144	452,970	99,655	1,280,144
Bank Negara Malaysia	1,564,299	1,460,545	2,303,013	1,564,299	1,460,545	2,303,013
Licensed investment banks in Malaysia	-	-	30,000	-	-	30,000
Other financial institutions outside Malaysia	4,807,361	4,968,573	289,897	4,807,788	4,969,000	290,323
	6,824,630	6,528,773	3,903,054	6,825,057	6,529,200	3,903,480

22. OTHER LIABILITIES

	Group			Bank		
	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000	30-Sep-12 RM'000	31-Dec-11 RM'000	1-Jan-11 RM'000
Provision for commitments and contingencies	290	5,250	5,570	290	5,250	5,570
Accrued interest payable	422,448	244,809	158,216	421,548	243,909	157,315
Accruals and provisions for operational expenses	86,466	109,771	99,953	86,235	109,771	99,953
Other accruals and provisions	897,864	789,048	264,495	897,817	788,154	264,525
	1,407,068	1,148,878	528,234	1,405,890	1,147,084	527,363

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group and Bank		
	30-Sep-12	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000
RM500 million Subordinated Bonds 2010/2020, at par	500,000	500,000	500,000
Unamortised expenses relating to issue of Subordinated Bonds	(799)	(1,098)	(1,372)
	499,201	498,902	498,628

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

The Bonds bear interest at the rate of 4.88% per annum from 29 March 2010 to 29 March 2015 and thereafter, at the rate of 5.88% per annum from 30 March 2015 to the date of early redemption in full of such Bonds or maturity date of the Bonds (whichever is earlier).

The Bonds may be redeemed at par at the option of the Bank, in whole but not in part, on 30 March 2015 or at any interest payment date thereafter.

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 AA1 by Rating Agency Malaysia Bhd and they qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

24. OPERATING REVENUE

Operating revenue of the Group and the Bank comprise interest income, commission income, investment income/(loss), trustee and nominee services and other income derived from banking operation.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	Sep-12	Sep-11	Sep-12	Sep-11
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	1,907,622	1,457,264	1,912,903	1,462,131
- Recoveries from impaired loans	48,646	48,080	48,646	48,080
Money at call and deposit placements with financial institutions	164,998	217,682	164,998	217,682
Financial assets at fair value through profit and loss	70,405	24,544	70,405	24,544
Available-for-sale securities	219,981	94,878	219,982	94,878
Others	758	392	758	392
	2,412,410	1,842,840	2,417,692	1,847,707
Amortisation of premium less accretion of discount on:				
- Financial assets at fair value through profit and loss	(581)	(368)	(581)	(368)
- Available-for-sale securities	(4,068)	(5,353)	(4,068)	(5,353)
	2,407,761	1,837,119	2,413,043	1,841,986

26. INTEREST EXPENSE

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	Sep-12	Sep-11	Sep-12	Sep-11
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	67,234	89,696	67,254	89,713
Deposits from customers	1,220,702	761,316	1,220,702	761,316
Loans sold to Cagamas	-	1,091	-	1,091
Subordinated Bonds	18,616	18,489	18,616	18,489
Others	15,465	5,295	15,465	5,295
	1,322,017	875,887	1,322,037	875,904

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****27. OTHER OPERATING INCOME**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	Sep-12	Sep-11	Sep-12	Sep-11
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	124,970	107,681	124,970	107,681
Guarantee fees	44,001	32,564	44,001	32,564
Service charges and fees	137,116	118,909	137,207	119,119
Commitment fees	17,844	15,937	17,851	15,942
Arrangement and participation fees	7,401	3,560	7,401	3,560
	331,331	278,651	331,430	278,866
<u>Investment income/(loss)</u>				
Loss from sale of financial assets at fair value through profit and loss	(35,781)	(38,967)	(35,781)	(38,967)
Gain from sale of precious metals	3,503	3,465	3,503	3,465
Gain from sale/recovery of available-for-sale securities	14,795	15,173	14,795	15,173
Unrealised gain on financial assets at fair value through profit and loss	27,409	(5,118)	27,409	(5,118)
Gross dividends from :				
- Available-for-sale securities quoted in Malaysia	507	461	505	461
- Associate	-	-	3,890	7,333
	10,434	(24,986)	14,320	(17,653)
<u>Other income</u>				
Foreign exchange gain/(loss)				
- realised	144,574	227,253	144,574	227,253
- unrealised	(8,706)	(99,922)	(8,706)	(99,922)
Rental income from operating leases, other than those from investment property	111	144	41	54
Rental income from investment property	250	508	-	-
(Loss)/gain on disposal of property, plant and equipment	(10)	5	(10)	(534)
Other operating income	3,277	3,204	3,277	3,204
Others	13,407	12,258	13,366	12,242
	152,903	143,450	152,542	142,297
	494,668	397,115	498,293	403,510

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****28. OTHER OPERATING EXPENSES**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	Sep-12	Sep-11	Sep-12	Sep-11
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	313,367	305,521	310,516	300,422
Establishment related expenses	88,866	85,789	97,109	93,576
Promotion and marketing related expenses	25,134	31,111	27,181	35,573
General administrative expenses	91,500	89,953	91,132	89,233
	518,867	512,374	525,938	518,804
<u>Personnel expenses</u>				
Wages, salaries and bonus	245,191	239,858	242,726	235,513
Employees Provident Fund Contributions (EPF)	38,300	36,854	37,950	36,266
Other employee benefits	29,876	28,809	29,840	28,643
	313,367	305,521	310,516	300,422
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	23,373	23,608	20,098	20,338
Depreciation of investment property	135	135	-	-
Amortisation of prepaid land lease payments	495	495	-	-
Hire of equipment	42	42	41	42
Information technology costs	9,469	9,482	9,469	9,482
Repair and maintenance	11,975	14,437	11,168	13,745
Rental of premises	9,610	8,043	21,242	18,793
Others	33,766	29,547	35,091	31,176
	88,866	85,789	97,109	93,576
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	16,494	17,063	16,488	17,016
Others	8,640	14,048	10,693	18,557
	25,134	31,111	27,181	35,573
<u>General administrative expenses</u>				
Fees and commissions paid	52,649	53,074	52,416	52,558
Others	38,851	36,879	38,716	36,675
	91,500	89,953	91,132	89,233

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****29. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	Sep-12	Sep-11 (Restated)	Sep-12	Sep-11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans, advances and financing				
(a) Individual impairment				
- Made in the financial period	209,350	154,749	209,350	154,749
- Written back in the financial period	(89,701)	(80,271)	(89,701)	(80,271)
(b) Collective impairment				
- Made/(written back) in the financial period	53,323	46,229	53,323	46,229
Impaired loans, advances and financing				
- Written back	(5,877)	(5,009)	(5,877)	(5,009)
- Recovered	(45,559)	(64,003)	(45,559)	(64,003)
	121,536	51,695	121,536	51,695

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****30. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY**

The Group computes capital adequacy ratios in accordance with Bank Negara Malaysia's guideline.

	Group			Bank		
	30-Sep-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)	30-Sep-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Tier I capital</u>						
Paid-up share capital	470,000	470,000	470,000	470,000	470,000	470,000
Share premium	322,555	322,555	322,555	322,555	322,555	322,555
Retained profits - audited	3,742,278	3,528,851	2,901,101	3,703,297	3,514,107	2,909,278
Statutory reserve	470,000	470,000	470,000	470,000	470,000	470,000
Less: Deferred tax assets	(249,556)	(290,595)	(148,576)	(249,616)	(290,655)	(148,602)
Total Tier I capital	4,755,277	4,500,811	4,015,080	4,716,236	4,486,007	4,023,231
<u>Tier II capital</u>						
Subordinated bonds	500,000	500,000	500,000	500,000	500,000	500,000
Collective impairment (proportion of Standardised Approach's RWA)	81,547	72,501	61,756	78,971	70,090	59,419
Surplus/(Deficit) of total Eligible Provisions over total Expected Loss (IRB approach)	48,017	(11,953)	(2,828)	50,593	(9,542)	(492)
Total Tier II capital	629,564	560,548	558,928	629,564	560,548	558,927
Total capital	5,384,841	5,061,359	4,574,008	5,345,800	5,046,555	4,582,158
Less : Investment in subsidiaries	-	-	-	(50)	(50)	(50)
Capital base	5,384,841	5,061,359	4,574,008	5,345,750	5,046,505	4,582,108

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

	Group			Bank		
	30-Sep-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)	30-Sep-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)
Core capital ratio	12.90%	13.48%	15.05%	12.86%	13.49%	15.19%
Risk-weighted capital ratio	14.60%	15.16%	17.14%	14.57%	15.17%	17.30%

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

	Group			Bank		
	30-Sep-12 RM'000	31-Dec-11 (Restated) RM'000	1-Jan-11 (Restated) RM'000	30-Sep-12 RM'000	31-Dec-11 (Restated) RM'000	1-Jan-11 (Restated) RM'000
Total RWA for credit risk	32,228,228	29,402,963	22,565,776	32,033,235	29,217,085	22,390,278
Total RWA for market risk	879,472	646,320	523,537	879,472	646,320	523,537
Total RWA for operational risk	3,340,014	2,914,924	2,527,863	3,340,014	2,974,088	2,527,863
Large Exposure for Equity Holdings RWA	427,009	427,009	427,009	427,009	427,009	427,009
Additional RWA due to Capital Floor	-	-	639,658	-	-	620,650
	36,874,723	33,391,216	26,683,843	36,679,730	33,264,502	26,489,337

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**AS AT 30 SEPTEMBER 2012****31. 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 2012			
Direct credit substitutes	1,557,433	1,557,434	1,007,634
Transaction-related contingent items	2,693,073	1,346,565	835,221
Short-term self-liquidating trade-related contingencies	314,625	62,925	41,408
Foreign exchange related contracts			
- less than one year	11,244,709	170,580	41,248
- one year to less than five years	230,417	13,653	13,049
Interest rates related contracts			
- less than one year	7,527,599	30,271	9,034
- one year to less than five years	10,156,456	345,996	199,362
- five years and above	1,365,645	121,337	82,182
Equity related contracts			
- less than one year	88,605	3,997	2,415
- one year to less than five years	85,575	1,638	476
Others	13,726,724	1,230,349	157,261
Total	48,990,861	4,884,745	2,389,290

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	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
As at 31 December 2011			
Direct credit substitutes	1,512,859	1,512,859	963,105
Transaction-related contingent items	2,022,840	1,011,592	581,449
Short-term self-liquidating trade-related contingencies	299,645	59,929	33,079
Foreign exchange related contracts			
- less than one year	6,851,811	164,834	61,300
Interest rates related contracts			
- less than one year	10,024,443	65,672	15,233
- one year to less than five years	11,074,119	345,269	178,851
- five years and above	1,962,794	167,309	127,669
Equity related contracts			
- less than one year	16,135	3,142	1,077
- one year to less than five years	146,920	2,333	803
Others	13,450,133	1,222,937	201,981
Total	<u>47,361,699</u>	<u>4,555,876</u>	<u>2,164,547</u>

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**AS AT 30 SEPTEMBER 2012****31. COMMITMENTS AND CONTINGENCIES (con'td.)**

	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
As at 1 January 2011			
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
- 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
- one year to less than five years	105,816	4,233	1,915
Others	11,525,358	1,081,859	174,924
Total	<u>47,791,176</u>	<u>4,404,544</u>	<u>2,093,535</u>

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

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

The Bank had implemented the Basel II Internal Ratings-Based Approach for weighted assets computation effective from June 2010.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2012

32. CHANGES IN ACCOUNTING POLICIES

(a) Transition to the MFRS Framework

These unaudited interim financial statements are for part of the period covered by the Group's and the Bank's first annual financial statements for the year ending 31 December 2012 prepared under the MFRS framework. Accordingly, the Group and the Bank have applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2012. Other than the financial impact arising from the change in accounting policy on collective assessment allowance due to the removal of transitional provision of 1.5% as detailed below, the MFRS framework did not result in any financial impact to the Group and the Bank as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

The transition to the MFRS framework has resulted in the following changes:

MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing

Prior to the transition to MFRS 139, the Group and Bank had maintained their collective assessment allowance at 1.5% of total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing ("GP3"). Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous GP 3 were removed and the Group and the Bank have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans which are not individually significant based on the incurred loss approach. Loans which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans for collective assessment. These loans are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated based on the historical loss experience for such assets, analysed by way of probability of default and loss given default percentages. Collective assessment allowance is made on any shortfall in these discounted recoverable amount against the carrying value of the group of loans.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statements and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statements of financial position. A summary of the financial impact of the change in accounting policy on the financial statements of the Group and the Bank are as follows:

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing (con'td.)

	Group and Bank	
	31-Dec-11	1-Jan-11
	RM'000	RM'000
Statements of Financial Position		
Loans, advances and financing (Note15)		
<u>Collective Impairment</u>		
As previously reported	721,569	555,269
Effects from adopting MFRS139	(270,118)	(195,353)
As restated	451,451	359,916

	Group		Bank	
	31-Dec-11	1-Jan-11	31-Dec-11	1-Jan-11
	RM'000	RM'000	RM'000	RM'000
Retained Profits				
As previously reported	3,326,263	2,754,586	3,311,519	2,762,763
Effects from adopting MFRS139	202,588	146,515	202,588	146,515
As restated	3,528,851	2,901,101	3,514,107	2,909,278

	Group and Bank	
	Nine Months Ended	
	Sep-11	
	RM'000	
Income Statements		
(Allowance for) / reversal of impaired loans, advances and financing		
<u>Collective Impairment</u>		
As previously reported		131,300
Effects from adopting MFRS139		(85,071)
As restated		46,229

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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In the preparation of the Group's and the Bank's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the following tables:

(i) Statements of Financial Position

	Under the FRS Framework RM'000	Effect of the Transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
Group			
As at 31 December 2011			
ASSETS			
Loans, Advances and Financing	46,710,776	270,118	46,980,894
LIABILITIES			
Tax payable	103,562	67,530	171,092
EQUITY			
Reserves	4,192,132	202,588	4,394,720
Bank			
As at 31 December 2011			
ASSETS			
Loans, Advances and Financing	46,894,627	270,118	47,164,745
LIABILITIES			
Tax payable	103,538	67,530	171,068
EQUITY			
Reserves	4,104,382	202,588	4,306,970

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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32. CHANGES IN ACCOUNTING POLICIES (con'td.)

(b) Financial Impact of Changes in Accounting Policies (con'td.)

(i) Statements of Financial Position (con'td.)

	Under the FRS Framework RM'000	Effect of the Transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
Group			
As at 1 January 2011			
ASSETS			
Loans, Advances and Financing	34,387,818	195,353	34,583,171
LIABILITIES			
Tax payable	63,331	48,838	112,169
EQUITY			
Reserves	3,625,663	146,515	3,772,178
Bank			
As at 1 January 2011			
ASSETS			
Loans, Advances and Financing	34,568,033	195,353	34,763,386
LIABILITIES			
Tax payable	63,331	48,838	112,169
EQUITY			
Reserves	3,561,043	146,515	3,707,558

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****32. CHANGES IN ACCOUNTING POLICIES (con'td.)****(b) Financial Impact of Changes in Accounting Policies (con'td.)****(ii) Reconciliation of Income Statements and Statements of Comprehensive Income****Income Statements**

	Under the FRS Framework RM'000	Effect of the Transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
Group			
Financial Period Ended 30 September 2011			
Operating Revenue	2,221,970		2,221,970
Interest Income	1,837,119		1,837,119
Interest Expense	(875,887)		(875,887)
Net Interest Income	961,232		961,232
Other Operating Income	397,115		397,115
Operating Income	1,358,347		1,358,347
Other Operating Expenses	(512,374)		(512,374)
Operating Profit before allowance for Impairment on Loans, Advances and Financing and provision for Commitments and Contingencies	845,973		845,973
(Allowance for) / reversal of impairment on Loans, Advances and Financing	(136,766)	85,071	(51,695)
Net write back of provision for Commitments and Contingencies	242		242
	709,449		794,520
Share of net profit of associates	20,601		20,601
Profit before Taxation	730,050		815,121
Income Tax expense	(205,482)	(21,268)	(226,750)
Profit after Taxation	524,568		588,371

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2012****32. CHANGES IN ACCOUNTING POLICIES (con'td.)****(b) Financial Impact of Changes in Accounting Policies (con'td.)****(ii) Reconciliation of Income Statements and Statements of Comprehensive Income (con'td.)****Incomes Statement**

	Under the FRS Framework RM'000	Effect of the Transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
Bank			
Financial Period Ended 30 September 2011			
Operating Revenue	2,233,787		2,233,787
Interest Income	1,841,986		1,841,986
Interest Expense	(875,904)		(875,904)
Net Interest Income	966,082		966,082
Other Operating Income	403,510		403,510
Operating Income	1,369,592		1,369,592
Other Operating Expenses	(518,804)		(518,804)
Operating Profit before allowance for Impairment on Loans, Advances and Financing and provision for Commitments and Contingencies	850,788		850,788
(Allowance for) / reversal of impairment on Loans, Advances and Financing	(136,766)	85,071	(51,695)
Net write back of provision for Commitments and Contingencies	242		242
Profit before Taxation	714,264		799,335
Income Tax expense	(207,329)	(21,268)	(228,597)
Profit after Taxation	506,935		570,738

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	Under the FRS Framework RM'000	Effect of the Transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
Group			
Financial Period Ended 30 September 2011			
Profit for the period	<u>524,568</u>	63,803	<u>588,371</u>
Other Comprehensive Income:			
Net loss on Revaluation of Available-for-Sale Securities	(7,266)		(7,266)
Total Comprehensive Income for the period	<u><u>517,302</u></u>		<u><u>581,105</u></u>
Bank			
Financial Period Ended 30 September 2011			
Profit for the period	<u>506,935</u>	63,803	<u>570,738</u>
Other Comprehensive Income:			
Net loss on Revaluation of Available-for-Sale Securities	(7,266)		(7,266)
Total Comprehensive Income for the period	<u><u>499,669</u></u>		<u><u>563,472</u></u>

(iii) There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

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The adjustments to the financial statements of the Group and the Bank as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously stated:	As restated:	As previously stated:	As restated:
	Under the FRS Framework	Under the MFRS Framework	Under the FRS Framework	Under the MFRS Framework
Group				
Tier 1 capital (RM'000)	4,298,223	4,500,811	3,868,565	4,015,080
Capital base (RM'000)	5,062,190	5,061,359	4,576,003	4,574,008
Tier 1 capital ratio (%)	12.87%	13.48%	14.77%	15.05%
Risk-weight capital ratio (%)	15.16%	15.16%	17.47%	17.14%
Bank				
Tier 1 capital (RM'000)	4,283,419	4,486,007	3,876,716	4,023,231
Capital base (RM'000)	5,043,482	5,046,505	4,580,499	4,582,108
Tier 1 capital ratio (%)	12.88%	13.49%	14.92%	15.19%
Risk-weight capital ratio (%)	15.16%	15.17%	17.63%	17.30%

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2012

33. PERFORMANCE REVIEW

For the nine months ended 30 September 2012, the Group posted a pre-tax profit of RM978.3 million, an increase of RM163.2 million or 20.0% higher as compared to the corresponding period last year. The better performance was mainly on the back of higher total income, higher share of net profit of associates but moderated by higher allowance for impairment on loans, advances and higher operating expenses.

Net interest income increased by 13.0% or RM124.5 million to RM1,085.7 million mainly due to healthy loans growth. Other operating income grew by 24.6% or RM97.6 million to RM494.7 million mainly due to higher fee income and higher gain from financial assets.

Total operating expenses rose marginally by RM6.5 million or 1.3% to RM518.9 million mainly contributed by higher staff expenses and establishment related expenses but moderated by lower marketing expenses. Expense to income ratio improved from 37.7% to 32.8%.

The allowance for impairment on loans, advances and financing increased by RM69.8 million to RM121.5 million mainly contributed by higher individual impairment, higher collective impairment and lower bad debt recovered.

Year to date, gross loans registered a strong growth of RM6.1 billion or 12.9% to RM53.8 billion. The growth was mainly came from housing, construction, wholesale & retail trade, real estate, finance, insurance and business services. Asset quality improved with Net NPL ratio reducing from 1.3% to 1.2%.

Non bank deposits grew strongly by RM10.3 billion or 19.5% to RM62.9 billion mainly attributed to higher fixed deposits, demand deposits and negotiable instruments of deposits. Net loans to deposit ratio improved from 89.2% to 84.3%.

- 34.** The global economy remained challenging, with weak growth in the US and the sovereign debt crisis in the EU. Despite the challenging environment, Malaysian economy recorded a higher growth of 5.4% in 2Q 12 (1Q 12: 4.9%), underpinned by robust domestic demand and private consumption supported by higher income growth and stable employment conditions.

The country monetary policy remains accommodative and supportive of the economy where BNM is expected to keep the interest rate at current level. BNM maintained its GDP forecast of 4% to 5% for the full year as it expects strong public-private investment to fuel economic growth in the second half of the year despite the global economic uncertainties.

The Group is mindful of the global uncertainties and the increasingly challenging industry landscape. The Group will continue to be disciplined and prudent to ensure its balance sheet remains strong and its business profitable. The Group expects to deliver satisfactory results for 2012.