



**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2011**


**Domiciled in Malaysia.**  
**Registered Office :**  
**2, Leboh Ampang,**  
**50100 Kuala Lumpur**

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

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**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the financial period 31 March 2011 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of FRS134: Interim Financial Reporting and the Circular on the Application of FRS and Revised Financial Reporting Requirements for Islamic Banks issued by Bank Negara Malaysia in 2010.



BALDEV SINGH  
Chief Financial Officer

Date : 20 April 2011

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2011**

	<i>Note</i>	<b>31 Mar 2011</b> <b>RM'000</b>	31 Dec 2010 RM'000
<b>Assets</b>			
Cash and short-term funds	<i>10</i>	<b>1,640,917</b>	1,508,998
Financial Assets Held-for-Trading	<i>11</i>	<b>142,592</b>	148,006
Financial Investments Available-for-Sale	<i>12</i>	<b>325,731</b>	330,665
Financing and advances	<i>13</i>	<b>4,922,976</b>	4,636,276
Other assets	<i>15</i>	<b>78,957</b>	59,035
Statutory deposits with Bank Negara Malaysia		<b>39,529</b>	34,729
Equipment		<b>15,959</b>	16,425
Intangible assets		<b>877</b>	1,499
Deferred tax assets		<b>19,310</b>	18,002
Total Assets		<b>7,186,848</b>	6,753,635
<b>Liabilities</b>			
Deposits from customers	<i>16</i>	<b>4,076,026</b>	3,782,536
Deposits and placements of banks and other financial institutions	<i>17</i>	<b>2,186,263</b>	2,084,599
Bills and acceptances payable		<b>5,343</b>	5,531
Other liabilities	<i>18</i>	<b>104,552</b>	92,005
Provision for taxation and zakat		<b>8,077</b>	4,448
Total Liabilities		<b>6,380,261</b>	5,969,119
<b>Shareholders' Equity</b>			
Share capital		<b>50,000</b>	50,000
Reserves		<b>756,587</b>	734,516
Total Shareholders' Equity		<b>806,587</b>	784,516
Total Liabilities and Shareholders' Equity		<b>7,186,848</b>	6,753,635
Commitments and Contingencies	<i>26</i>	<b>2,201,903</b>	1,823,148

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 21 attached to the unaudited condensed interim financial statements.*

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

**HSBC AMANAH MALAYSIA BERHAD**  
**(Company No. 807705-X)**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

		<b>Year-To-Date Ended</b>	
	<i>Note</i>	<b>31 Mar 2011</b>	31 Mar 2010
		<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	19	<b>93,679</b>	68,053
Income derived from investment of shareholders' funds	20	<b>23,337</b>	19,700
Impairment losses on financing	21	<b>(21,215)</b>	(11,195)
Total distributable income		<b>95,801</b>	76,558
Income attributable to depositors	22	<b>(31,355)</b>	(17,336)
Total net income		<b>64,446</b>	59,222
Personnel expenses	23	<b>(8,029)</b>	(5,640)
Other overheads and expenditures	24	<b>(27,654)</b>	(31,902)
Profit before income tax expense		<b>28,763</b>	21,680
Income tax expense		<b>(6,413)</b>	(4,415)
<b>Profit for the period</b>		<b>22,350</b>	17,265
Other comprehensive income			
Net loss on revaluation of financial investments available-for-sale		<b>(371)</b>	(1,245)
Income tax relating to components of other comprehensive income		<b>92</b>	(92)
Other comprehensive income for the period, net of tax		<b>(279)</b>	(1,337)
<b>Total comprehensive income for the period</b>		<b>22,071</b>	15,928
Basic earnings per RM0.50 ordinary share		<b>22.4 sen</b>	17.3 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 21 attached to the unaudited condensed interim financial statements.*

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

**HSBC AMANAH MALAYSIA BERHAD**  
(Company No. 807705-X)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	← Non-distributable			→	Distributable	
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Available- for-sale reserve</i>	<i>Retained profits</i>	<i>Total</i>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2010</b>						
Balance as at 1 January 2010, as previously stated	50,000	610,000	40,104	437	40,103	740,644
- effect of adopting FRS 139					43	43
Balance as at 1 January 2010, restated	50,000	610,000	40,104	437	40,146	740,687
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	17,265	17,265
<b>Other comprehensive income, net of income tax</b>						
Net unrealised losses on revaluation of financial investments available-for-sale, net of tax	-	-	-	(1,337)	-	(1,337)
Total other comprehensive income	-	-	-	(1,337)	-	(1,337)
Total comprehensive income for the period	-	-	-	(1,337)	17,265	15,928
Balance as at 31 March 2010	50,000	610,000	40,104	(900)	57,411	756,615
<b>2011</b>						
Balance as at 1 January 2011	<b>50,000</b>	<b>610,000</b>	<b>50,000</b>	<b>(136)</b>	<b>74,652</b>	<b>784,516</b>
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	<b>22,350</b>	<b>22,350</b>
<b>Other comprehensive income, net of income tax</b>						
Net unrealised losses on revaluation of financial investments available-for-sale, net of tax	-	-	-	<b>(279)</b>	-	<b>(279)</b>
Total other comprehensive income	-	-	-	<b>(279)</b>	-	<b>(279)</b>
Total comprehensive income for the period	-	-	-	<b>(279)</b>	<b>22,350</b>	<b>22,071</b>
Balance as at 31 March 2011	<b>50,000</b>	<b>610,000</b>	<b>50,000</b>	<b>(415)</b>	<b>97,002</b>	<b>806,587</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 21 attached to the unaudited condensed interim financial statements.*

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**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	<b>31 Mar 2011</b>	31 Mar 2010
	<b>RM'000</b>	RM'000
Profit before income tax expense	<b>28,763</b>	21,680
Adjustments for non-operating and non-cash items	<b>1,935</b>	896
Operating profit before working capital changes	<b>30,698</b>	22,576
Changes in working capital:		
Net changes in operating assets	<b>(306,019)</b>	(71,799)
Net changes in operating liabilities	<b>407,524</b>	174,898
Income tax paid	<b>(4,000)</b>	(4,666)
<b>Net cash generated from operating activities</b>	<b>128,203</b>	121,009
<b>Net cash used in investing activities</b>	<b>3,716</b>	59,470
<b>Net changes in cash and cash equivalents</b>	<b>131,919</b>	180,479
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,508,998</b>	687,308
<b>Cash and cash equivalents at end of the period</b>	<b>1,640,917</b>	867,787
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	<b>1,640,917</b>	867,787

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 21 attached to the unaudited condensed interim financial statements.*

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

**HSBC AMANAH MALAYSIA BERHAD**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2011**

**1 General Information**

HSBC Amanah Malaysia Berhad ("the Bank") incorporated on 26 February 2008, is a licensed Islamic Bank under the Islamic Banking Act, 1983. The registered office of the Bank is at No. 2, Leboh Ampang, 50100 Kuala Lumpur.

The principal activities of the Bank are Islamic banking and related financial services.

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

**2 Basis of Preparation**

The unaudited condensed interim financial statements for the first quarter ended 31 March 2011 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's ("BNM") guidelines and the principles of Shariah.

The unaudited condensed interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the audited financial statements of the bank as at and for the financial year ended 31 December 2010. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2010.

All other significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2010, except for the adoption of the following FRSs, amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Release ("TR").

<b>FRSs / Interpretations</b>	<b>Effective Date</b>
- FRS 1, First time Adoption of Financial Reporting Standards	1 Jul 2010
- FRS 3, Business Combinations	1 Jul 2010
- FRS 127, Consolidated and Separate Financial Statements	1 Jul 2010
- IC Interpretation 12, Service Concession Arrangements	1 Jul 2010
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 Jul 2010
- IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 Jul 2010
- IC Interpretation 18, Transfer of Assets from Customers	1 Jan 2011
- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters	1 Jan 2011
- Amendments to FRS 2, Share-based Payment IC	1 Jul 2010
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	
- Amendments to FRS 5, Non-current Assets held for Sale and Discontinued Operations	1 Jul 2010
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 Jan 2011
- Amendments to FRS 138, Intangible Assets	1 Jul 2010
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 Jul 2010
- Improvements to FRSs (2010)	1 Jan 2010

## **2 Basis of Preparation (Cont'd)**

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<b>FRSs / Interpretations</b>	<b>Effective Date</b>
- Amendments to FRS 132, Financial Instruments : Presentation – Classification of Rights Issues	1 Mar 2010
- TR-i 4: Shariah Compliant Sale Contracts	1 Jan 2011

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

The Bank has not applied the following accounting standards, amendments and interpretations that have been issued by the MASB as they are either not applicable or not yet effective for the Bank.

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

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

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Bank.

## **3 Auditors' Report On Preceding Annual Financial Statements**

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

## **4 Seasonality or Cyclical Factors**

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The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

## **5 Unusual Items Due to Their Nature, Size or Incidence**

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 31 March 2011.



## **6 Changes in Estimates**

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There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the financial period ended 31 March 2011.

## **7 Debt and Equity Securities**

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There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 31 March 2011.

## **8 Dividend**

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No dividend was declared nor paid during the financial period ended 31 March 2011.

## **9 Significant Events**

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

**10 Cash and Short-Term Funds**

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>69,517</b>	28,217
Money at call and interbank placements maturing within one month	<b>1,571,400</b>	1,480,781
	<b><u>1,640,917</u></b>	<u>1,508,998</u>

**11 Financial Assets Held-for-Trading**

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government treasury bills	<b>119,063</b>	<b>64,360</b>
Malaysian Government Islamic bonds	<b>23,529</b>	<b>58,552</b>
Unquoted securities:		
Private debt securities	<b>-</b>	<b>25,094</b>
	<b><u>142,592</u></b>	<u>148,006</u>

**12 Financial Investments Available-for-Sale**

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Islamic bonds	<b>295,730</b>	296,161
Negotiable instruments of deposit	<b>30,001</b>	30,002
Bankers' acceptance and Islamic accepted bills	<b>-</b>	4,502
	<b><u>325,731</u></b>	<u>330,665</u>
The maturity structure of money market instruments held as financial investments available-for-sale is as follows:		
Maturing within one year	<b>30,001</b>	34,504
More than one year to three years	<b>295,730</b>	296,161
	<b><u>325,731</u></b>	<u>330,665</u>

### 13 Financing And Advances

#### (i) By type

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Cash line	24,208	14,502
Term financing		
House financing	543,361	460,173
Hire purchase receivables	192,975	176,381
Lease receivables	173	187
Other term financing	3,204,674	3,134,643
Trust receipts	6,251	704
Claims on customers under acceptance credits	803,323	758,077
Staff financing	10,834	9,332
Credit/ charge cards	271,480	261,517
Revolving credit	50,478	-
	<u>5,107,757</u>	<u>4,815,516</u>
Less: Unearned income	(63,880)	(66,727)
	<u>5,043,877</u>	<u>4,748,789</u>
Less: Allowance for impaired financing:		
- Collective allowances for impairment	(75,049)	(70,655)
- Individual allowances for impairment	(45,852)	(41,858)
Total net financing and advances	<u>4,922,976</u>	<u>4,636,276</u>

#### (ii) By contract

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	742,061	762,967
Ijarah ( <i>lease</i> )	161	173
Ijarah Thumma Al-Bai (AITAB) ( <i>hire purchase</i> )	176,094	161,735
Murabahah ( <i>cost-plus</i> )	1,430,351	1,410,169
Musharakah ( <i>profit and loss sharing</i> )	689,789	552,958
Bai Al-Inah ( <i>sell and buy back</i> )	1,267,962	1,234,198
Bai Al-Dayn ( <i>sale of debt</i> )	305,155	267,797
Ujrah ( <i>fee-based</i> )	432,301	358,786
Qard ( <i>benevolent financing</i> )	3	6
	<u>5,043,877</u>	<u>4,748,789</u>

#### (iii) By type of customer

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Domestic non-bank financial institutions	-	78
Domestic business enterprises		
- Small medium enterprises	963,430	942,457
- Others	1,683,246	1,562,294
Government and statutory bodies	26,295	25,443
Individuals	2,103,466	1,969,341
Other domestic entities	3,432	3,614
Foreign entities	264,008	245,562
	<u>5,043,877</u>	<u>4,748,789</u>

**13 Financing And Advances (Cont'd)**

<b>(iv) By profit rate sensitivity</b>	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Fixed rate		
House financing	<b>18,882</b>	21,518
Hire purchase receivables	<b>176,094</b>	161,735
Other financing	<b>2,773,839</b>	2,717,503
Variable rate		
House financing	<b>542,374</b>	448,763
Other financing	<b>1,532,688</b>	1,399,270
	<b>5,043,877</b>	4,748,789
<b>(v) By maturity structure</b>	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Maturing within one year	<b>2,623,028</b>	2,483,534
More than one year to three years	<b>658,501</b>	639,036
More than three years to five years	<b>922,607</b>	935,955
Over five years	<b>839,741</b>	690,264
	<b>5,043,877</b>	4,748,789
<b>(vi) By sector</b>	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Agriculture, hunting, forestry & fishing	<b>87,527</b>	97,788
Mining and quarrying	<b>142,766</b>	138,104
Manufacturing	<b>1,173,265</b>	1,090,858
Electricity, gas and water	<b>8,500</b>	12,273
Construction	<b>153,324</b>	80,790
Real estate	<b>376,198</b>	323,738
Wholesale & retail trade, restaurants & hotels	<b>177,331</b>	231,219
Transport, storage and communication	<b>246,840</b>	233,059
Finance, insurance and business services	<b>245,942</b>	233,414
Household - Retail	<b>2,143,749</b>	2,000,719
Others	<b>288,435</b>	306,827
	<b>5,043,877</b>	4,748,789
<b>(vii) By purpose</b>	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Purchase of landed property:		
Residential	<b>539,378</b>	455,611
Non-residential	<b>28,039</b>	25,469
Purchase of securities	<b>991</b>	1,019
Purchase of transport vehicles	<b>1,761</b>	1,464
Purchase of fixed assets excluding land & building	<b>81,709</b>	76,779
Consumption Credit	<b>1,600,127</b>	1,541,544
Construction	<b>153,324</b>	80,790
Working Capital	<b>2,385,218</b>	2,323,025
Other Purpose	<b>253,330</b>	243,088
	<b>5,043,877</b>	4,748,789

### 13 Financing And Advances (Cont'd)

#### (viii) By geographical distribution

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Northern Region	1,043,429	954,542
Southern Region	544,054	516,849
Central Region	3,064,356	2,861,233
Eastern Region	392,038	416,165
	<u>5,043,877</u>	<u>4,748,789</u>

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

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

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

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

Concentration by location for financing and advances is based on the location of the customer.

### 14 Impaired Financing

#### (i) Movements in impaired financing and advances

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
At beginning of period/year	70,810	55,453
Classified as impaired during the period/year	29,258	96,333
Reclassified as performing	(59)	(1,456)
Amount recovered	(5,080)	(18,785)
Amount written off	(19,176)	(66,250)
Other movements	1,515	5,515
At end of period/year	<u>77,268</u>	<u>70,810</u>
Less: Individual allowances for impairment	<u>(45,852)</u>	<u>(41,858)</u>
Net impaired financing and advances	<u>31,416</u>	<u>28,952</u>

#### (ii) Movements in allowance for impaired financing

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>Collective allowance for impairment</b>		
At beginning of period/year	70,655	52,597
Made during the period/year	4,394	18,988
Amount written back	-	(930)
At end of period/year	<u>75,049</u>	<u>70,655</u>

#### **Individual allowance for impairment**

At beginning of period/year	41,858	35,383
- effect of adopting FRS 139	-	(43)
At beginning of period/year, restated	<u>41,858</u>	<u>35,340</u>
Made during the period/year	19,959	68,769
Amount recovered	(445)	(5,668)
Amount written off	(17,025)	(61,545)
Other movement	1,505	4,962
At end of period/year	<u>45,852</u>	<u>41,858</u>

#### 14 Impaired Financing (Cont'd)

##### (iii) By contract

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	2,170	2,149
Ijarah Thumma Al-Bai (AITAB) ( <i>hire purchase</i> )	2,468	2,545
Murabahah ( <i>cost-plus</i> )	4,493	4,521
Musharakah ( <i>profit and loss sharing</i> )	3,541	1,859
Bai Al-Inah ( <i>sell and buy back</i> )	55,654	51,608
Ujrah ( <i>fee-based</i> )	8,942	8,128
	<u>77,268</u>	<u>70,810</u>

##### (iv) By sector

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Manufacturing	2,820	2,929
Wholesale & retail trade, restaurants & hotels	5,205	5,246
Transport, storage and communication	50	80
Finance, insurance and business services	664	685
Household - Retail	68,529	61,870
	<u>77,268</u>	<u>70,810</u>

##### (v) By purpose

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Purchase of landed property:		
Residential	3,989	2,218
Non-residential	111	111
Consumption credit	64,540	59,652
Working Capital	8,628	8,829
	<u>77,268</u>	<u>70,810</u>

##### (vi) By geographical distribution

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Northern Region	21,469	19,219
Southern Region	14,324	12,865
Central Region	34,990	31,681
Eastern Region	6,485	7,045
	<u>77,268</u>	<u>70,810</u>

#### 15 Other Assets

	31 Mar 2011 RM'000	31 Dec 2010 RM'000
Derivative financial assets (Note 26)	11,228	11,155
Income receivable	3,804	4,128
Amount due from holding company	52,459	30,604
Other receivables, deposits and prepayments	11,466	13,148
	<u>78,957</u>	<u>59,035</u>

## 16 Deposits From Customers

### (i) By type of deposit

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Non-Mudharabah Fund		
Demand deposits	<b>371,528</b>	513,731
Savings deposits	<b>676,076</b>	655,350
Fixed return investment deposits	<b>1,019,938</b>	705,179
	<b>2,067,542</b>	1,874,260
Mudharabah Fund		
General investment deposits	<b>1,868,453</b>	1,778,568
Others	<b>140,031</b>	129,708
	<b>4,076,026</b>	3,782,536

The maturity structure of general investment deposits and fixed return investment deposits is as follows:

	<b>RM'000</b>	RM'000
Due within six months	<b>2,527,172</b>	2,165,113
More than six months to one year	<b>336,556</b>	295,281
More than one year to three years	<b>23,470</b>	18,736
More than three years to five years	<b>1,193</b>	4,617
	<b>2,888,391</b>	2,483,747

### (ii) By type of customer

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>157,670</b>	134,519
Business enterprises	<b>1,605,239</b>	1,571,992
Individuals	<b>1,957,631</b>	1,699,995
Others	<b>355,486</b>	376,030
	<b>4,076,026</b>	3,782,536

## 17 Deposits and Placements of Banks and Other Financial Institutions

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Mudharabah Fund		
Licensed banks	<b>1,490,808</b>	1,493,087
Bank Negara Malaysia	<b>2,680</b>	-
Other financial institutions	<b>692,775</b>	591,512
	<b>2,186,263</b>	2,084,599

## 18 Other Liabilities

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Derivative financial liabilities	10,992	11,155
Profit payable	14,113	15,182
Amounts due to holding company/ related companies	6,060	22,961
Profit equalisation reserve	6,700	6,700
Other creditors and accruals	66,687	36,007
	<b>104,552</b>	<b>92,005</b>

## 19 Income Derived from Investment of Depositors' Funds and Others

	Year-To-Date ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
Income derived from investment of:		
(i) general investment deposits	65,926	48,549
(ii) specific investment deposits	10,638	8,317
(iii) other deposits	17,115	11,187
	<b>93,679</b>	<b>68,053</b>

(i) Income derived from investment of general investment deposits

Finance income and hibah:

Financing and advances

- Profit earned other than recoveries from impaired financing

57,897                      44,521

- Recoveries from impaired financing

1,227                        862

Money at call and deposit with financial institutions

6,802                        3,166

**65,926**                      **48,549**

(ii) Income derived from investment of specific investment deposits

Finance income and hibah:

Financing and advances

- Profit earned other than recoveries from impaired financing

4,700                        1,151

Financial investments available-for-sale

2,563                        2,575

Accretion of discount less amortisation of premium

(51)                            324

**7,212**                        **4,050**



**19 Income Derived from Investment of Depositors' Funds and Others (Cont'd)**

	Year-To-Date ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
(ii) Income derived from investment of specific investment deposits (Cont'd)		
<u>Other operating income</u>		
Fees and commission	206	2,654
Net gains from dealing in foreign currency	1,241	934
Net gain from sale of financial assets		
held-for-trading and other financial instruments	787	24
Net gain from trading in derivatives	359	-
Net unrealised (loss)/gains from revaluation of		
financial assets held-for-trading	(153)	35
Net profit earned from financial assets		
held-for-trading	986	620
	<u>3,426</u>	<u>4,267</u>
	<u>10,638</u>	<u>8,317</u>
The above fees and commissions were derived from the following major contributors:		
Service charges and fees	206	-

(iii) Income derived from investment of other deposits

<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries		
from impaired financing	15,031	10,258
- Recoveries from impaired financing	318	199
Money at call and deposit with financial		
institutions	1,766	730
	<u>17,115</u>	<u>11,187</u>

**20 Income Derived from Investment of Shareholders' Funds**

	Year-To-Date ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from		
impaired financing	10,862	10,703
- Recoveries from impaired financing	230	207
Money at call and deposit with financial		
institutions	1,276	761
	<u>12,368</u>	<u>11,671</u>

**20 Income Derived from Investment of Shareholders' Funds (Cont'd)**

	Year-To-Date ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
<u>Other operating income</u>		
Fees and commission	10,404	7,241
Shared-service fees from holding company	508	737
Other income	57	51
	<u>10,969</u>	<u>8,029</u>
	<u>23,337</u>	<u>19,700</u>

The above fees and commissions were derived from the following major contributors:

Service charges and fees	4,253	2,654
Cards	3,333	2,969
Agency fees	1,736	1,089

**21 Impairment Losses on Financing**

	Year-To-Date ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
Impairment charges on financing:		
(a) Individual impairment		
- Provided	19,959	15,376
- Written back	(445)	(2,060)
(b) Collective impairment		
- Provided	4,394	-
Impaired financing		
- Recovered	(4,844)	(2,949)
- Written off	2,151	828
	<u>21,215</u>	<u>11,195</u>

## 22 Income Attributable to Depositors

	Year-To-Date ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Deposits from customers		
- Mudharabah Fund	12,144	9,136
- Non-Mudharabah Fund	8,410	858
Deposits and placements of banks and other financial institutions		
- Mudharabah Fund	10,208	7,278
Others	593	64
	<b>31,355</b>	<b>17,336</b>

## 23 Personnel Expenses

	Year-To-Date ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Salaries, allowances and bonuses	6,750	4,689
Employees Provident Fund contributions	1,019	742
Other staff related costs	260	209
	<b>8,029</b>	<b>5,640</b>

## 24 Other Overheads and Expenditures

	Year-To-Date ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Promotion and marketing related expenses		
Advertising and promotion	259	2,215
Establishment related expenses		
Depreciation of equipment	1,310	664
Information technology costs	151	73
Hire of Equipment	12	89
Rental of premises	1,226	1,100
Others	53	620
	<b>2,752</b>	<b>2,546</b>
General administrative expenses		
Shared-service fees to immediate holding company	22,478	22,819
Auditors' fees		
- Statutory audit	25	20
- Non-audit services	13	75
Professional fees	480	96
Others	1,647	4,131
	<b>24,643</b>	<b>27,141</b>
	<b>27,654</b>	<b>31,902</b>

## 25 Capital Adequacy

	<b>31 Mar 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	<b>50,000</b>	50,000
Share premium	<b>610,000</b>	610,000
Retained profits	<b>74,652</b>	74,652
Statutory reserve	<b>50,000</b>	50,000
	<b>784,652</b>	784,652
Deferred tax adjustments	<b>(2,047)</b>	(2,047)
Total Tier 1 capital	<b>782,605</b>	782,605
<b>Tier 2 capital</b>		
Collective impairment allowance	<b>75,049</b>	69,592
Total Tier 2 capital	<b>75,049</b>	69,592
<b>Capital base</b>	<b>857,654</b>	852,197
<b>Core capital ratio</b>	<b>15.0%</b>	16.1%
<b>Risk-weighted capital ratio</b>	<b>16.4%</b>	17.5%

*The capital ratios have been computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB).*

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

	<b>31 Mar 2011</b>		31 Dec 2010	
	<b>Principal RM'000</b>	<b>Risk-weighted RM'000</b>	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	<b>7,673,560</b>	<b>4,727,264</b>	6,991,418	4,443,562
Total RWA for market risk	-	<b>38,964</b>	-	29,276
Total RWA for operational risk	-	<b>447,566</b>	-	394,028
	<b>7,673,560</b>	<b>5,213,794</b>	6,991,418	4,866,866

## 26 Commitments and Contingencies

The table below shows the contract or underlying principal amounts, positive fair value of derivative contract, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions as at balance sheet date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
<b>31 Mar 2011</b>				
Direct credit substitutes	133,803	-	133,803	132,252
Transaction-related contingent items	33,468	-	16,734	14,964
Short-term self-liquidating trade-related contingencies	36,484	-	7,297	4,127
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	828,502	-	165,700	139,569
- Maturity exceeding one year	85,125	-	17,025	12,948
Unutilised credit card lines	671,222	-	134,244	100,683
Sell and buy back agreement	176,251	-	176,251	176,251
Equity related contracts				
- Less than one year	12,354	4,341	5,087	1,018
- One year to less than five years	116,194	6,651	15,924	3,185
Profit rate related contracts				
- One year to less than five years	108,500	236	3,433	1,716
	<b>2,201,903</b>	<b>11,228</b>	<b>675,498</b>	<b>586,713</b>

### Note 15

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
<b>31 Dec 2010</b>				
Direct credit substitutes	90,224	-	90,224	80,828
Transaction-related contingent items	22,347	-	11,174	9,800
Short-term self-liquidating trade-related contingencies	14,427	-	2,885	1,406
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	766,956	-	-	-
- Maturity exceeding one year	81,217	-	40,609	31,995
Unutilised credit card lines	581,158	-	116,232	87,174
Sell and buy back agreement	147,534	-	147,534	147,534
Equity related contracts				
- Less than one year	13,177	4,642	5,439	1,087
- One year to less than five years	106,108	6,513	15,028	3,006
	<b>1,823,148</b>	<b>11,155</b>	<b>429,125</b>	<b>362,830</b>

### Note 15

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

## 27 Comparative Figures

### Restatement of Comparative Figures

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

Reclassification/restatement to conform to current year's presentation

#### (i) Statement of Financial Position as at 31 December 2010

	As restated RM'000	As previously stated RM'000
<b><u>Financing and Advances</u></b>		
<b>By geographical distribution</b>		
Northern Region	954,542	794,176
Southern Region	516,849	642,158
Central Region	2,861,233	2,896,290
Eastern Region	416,165	416,165
	<u>4,748,789</u>	<u>4,748,789</u>

### **Impaired Financing**

<b>By geographical distribution</b>		
Northern Region	19,219	16,443
Southern Region	12,865	14,399
Central Region	31,681	32,923
Eastern Region	7,045	7,045
	<u>70,810</u>	<u>70,810</u>

## 28 Performance Review

The Bank recorded a profit before taxation of RM28.8 million for the three months ended 31 March 2011, an increase of RM7.1m or 32.7% against history. Total income derived from the investment of depositors and shareholders fund increased by RM29.3 million or 33.3%, offset by higher income attributable to depositors (RM14.0 million or 80.9%) and impairment losses on financing (RM10.0 million or 89.5%).

The growth in financing and advances (RM1.6 billion or 46.7% from March 2010) and customer deposits (RM1.5 billion or 59.5% from March 2010), coupled with a 75 basis point increase in the Overnight Policy Rate contributed to higher income from investment of depositors and shareholders fund and income attributable to depositors respectively. Impairment losses on financing increased in tandem with the growth in financing and advances.

Balance sheet size increased by RM0.4 billion or 6.4% against 31 December 2010, mainly on higher financing and advances and deposits. The introduction of new and improved products and services coupled with an expanded branch network contributed to this growth.

## **29 Business Prospects**

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The Malaysian economy is expected to expand around 5 per cent this year, buoyed by strong domestic demand as the public sector continues to be supportive of domestic growth with the implementation of projects outlined in the Economic Transformation Programme and Tenth Malaysia Plan (10MP). Though strong, the projected figures represent slower growth compared to the 7.2 per cent expansion in 2010; mainly due to a moderation of external demand from the larger emerging markets and over concerns on the Euro zone as the debt crisis continues.

This year, growth in the local financial and insurance sector is expected to remain robust as lending and financing activities are expected to thrive on higher consumer spending and greater government infrastructure development projects. Fund raising activities by companies could also pick up next year as some key projects under the 10MP would commence during the year, and the lower fiscal deficit target could potentially mean a reduction in government funding for projects and drive these companies to tap the market for funds. Further, the normalising interest rate environment would also bode well for the Group from a net interest margin perspective.

In 2011, the focus will remain on growing the Premier proposition for both the conventional and Islamic banks, with wealth management services being a key area of attention. The Bank intends to increase its current share of high quality assets via the relationship-based approach, and build on cross referrals and cross selling of various banking products to the Group's existing customers by leveraging on the HSBC brand name, global reach and connectivity.

To date, the Bank has 8 branches and 9 offsite ATMs. There are plans to open more branches and offsite ATMs nationwide over the next two years to expand the Bank's geographical reach and market share.

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