

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2010**

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	6	598,502	452,256	598,202	450,316
Deposits and placements with licensed banks and other financial institutions		70,000	190,000	70,000	190,000
Securities held-for-trading	7	1,017,623	938,644	1,017,623	938,644
Securities available-for-sale	8	2,125,539	2,559,588	2,125,539	2,559,588
Securities held-to-maturity	9	9,132	29,797	9,132	29,797
Loans, advances and financing	10	204,393	176,226	204,393	176,226
Derivative assets		25,029	26,631	25,029	26,631
Other assets	12	88,971	284,669	89,258	286,599
Statutory deposits with Bank Negara Malaysia		17,412	21,197	17,412	21,197
Investment in subsidiary companies		-	-	-	10
Property, plant and equipment		3,466	2,964	3,466	2,964
Deferred tax asset		37,904	40,313	37,904	40,313
TOTAL ASSETS		<u>4,197,971</u>	<u>4,722,285</u>	<u>4,197,958</u>	<u>4,722,285</u>
LIABILITIES					
Deposits from customers	13	1,824,945	2,066,636	1,824,945	2,066,636
Deposits and placements of banks and other financial institutions	14	1,540,300	1,626,601	1,540,300	1,626,601
Other liabilities	15	124,538	293,732	124,537	293,737
Provision for taxation and zakat		315	1,174	315	1,174
TOTAL LIABILITIES		<u>3,490,098</u>	<u>3,988,143</u>	<u>3,490,097</u>	<u>3,988,148</u>
SHAREHOLDER'S EQUITY					
Share Capital		156,500	156,500	156,500	156,500
Reserves:					
Share premium		362,611	362,611	362,611	362,611
Statutory reserve		115,520	112,265	115,520	112,265
Securities available-for-sale reserve		5,157	5,487	5,157	5,487
Retained earnings		68,085	97,279	68,073	97,274
TOTAL SHAREHOLDER'S EQUITY		<u>707,873</u>	<u>734,142</u>	<u>707,861</u>	<u>734,137</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>4,197,971</u>	<u>4,722,285</u>	<u>4,197,958</u>	<u>4,722,285</u>
COMMITMENTS AND CONTINGENCIES					
	25(v)	<u>357,415</u>	<u>402,855</u>	<u>357,415</u>	<u>402,855</u>
CAPITAL ADEQUACY					
	25(i)				
Core capital ratio		40.86%	37.45%	40.86%	37.46%
Risk-weighted capital ratio		41.12%	37.64%	41.11%	37.65%
NET ASSETS PER SHARE (RM)		<u>4.31</u>	<u>4.69</u>	<u>4.31</u>	<u>4.69</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED INCOME STATEMENTS
 FOR THE PERIOD ENDED 30 JUNE 2010**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
		RM'000	RM'000	RM'000	RM'000
Group					
Operating revenue		44,613	50,990	95,528	121,204
Interest income	16	30,859	33,961	65,839	78,117
Interest expense	17	(15,017)	(14,710)	(29,011)	(38,041)
Net interest income		15,842	19,251	36,828	40,076
Income from Islamic Banking operations	28	2,797	4,625	7,457	8,867
Other operating income	18	6,528	8,912	14,415	21,446
Net income		25,167	32,788	58,700	70,389
Operating expenses	19	(9,503)	(9,928)	(19,518)	(18,665)
Operating profit		15,664	22,860	39,182	51,724
Impairment loss written-back/(made) on loans, advances and financing	20	1,185	(260)	1,041	(23)
Allowance for bad and doubtful debts	21	(74)	(201)	(104)	(379)
Impairment loss made on securities	22	(19,472)	(37,890)	(22,564)	(25,128)
(Loss)/profit before tax expense and zakat		(2,697)	(15,491)	17,555	26,194
Tax expense	23	675	3,800	(4,387)	(6,602)
Zakat		(38)	(101)	(148)	(195)
Net (loss)/profit for the period		(2,060)	(11,792)	13,020	19,397
Earnings per RM1.00 ordinary share – basic and diluted (sen)		(1.33)	(7.61)	8.40	12.51

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2010**

	CUMULATIVE QUARTER	
	30 June 2010 RM'000	30 June 2009 RM'000
<u>Group</u>		
Net profit for the period	<u>13,020</u>	<u>19,397</u>
Other comprehensive gain/(loss):		
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	(1,262)	(11,581)
Net unrealised gain on revaluation of securities available-for sale	<u>2,814</u>	<u>8,712</u>
Other comprehensive gain/(loss) for the period, net of tax	<u>1,552</u>	<u>(2,869)</u>
Total comprehensive income for the period	<u>14,572</u>	<u>16,528</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
		RM'000	RM'000	RM'000	RM'000
Bank					
Operating revenue		44,610	51,071	95,521	121,279
Interest income	16	30,859	33,961	65,839	78,117
Interest expense	17	(15,017)	(14,710)	(29,011)	(38,041)
Net interest income		15,842	19,251	36,828	40,076
Income from Islamic Banking operations	28	2,797	4,625	7,457	8,867
Other operating income	18	6,525	8,993	14,408	21,521
Net income		25,164	32,869	58,693	70,464
Operating expenses	19	(9,503)	(9,923)	(19,518)	(18,660)
Operating profit		15,661	22,946	39,175	51,804
Impairment loss written-back/(made) on loans, advances and financing	20	1,185	(260)	1,041	(23)
Allowance for bad and doubtful debts	21	(74)	(201)	(104)	(379)
Impairment loss made on securities	22	(19,472)	(37,890)	(22,564)	(25,128)
(Loss)/profit before tax expense and zakat		(2,700)	(15,405)	17,548	26,274
Tax expense	23	675	3,796	(4,387)	(6,604)
Zakat		(38)	(101)	(148)	(195)
Net (loss)/profit for the period		(2,063)	(11,710)	13,013	19,475
Earnings per RM1.00 ordinary share – basic and diluted (sen)		(1.33)	(7.55)	8.40	12.56

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2010**

	CUMULATIVE QUARTER	
	30 June 2010 RM'000	30 June 2009 RM'000
Bank		
Net profit for the period	<u>13,013</u>	<u>19,475</u>
Other comprehensive gain/(loss):		
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	(1,262)	(11,581)
Net unrealised gain on revaluation of securities available-for sale	<u>2,814</u>	<u>8,712</u>
Other comprehensive gain/(loss) for the period, net of tax	<u>1,552</u>	<u>(2,869)</u>
Total comprehensive income for the period	<u>14,565</u>	<u>16,606</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010**

Group	Non-distributable					
	Share Capital	Share Premium	Statutory Reserve *	Securities available-for-sale Reserve #	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2008, as restated	156,500	362,611	112,087	2,569	96,822	730,589
Net profit for the period	-	-	-	-	19,397	19,397
Other comprehensive loss	-	-	-	(2,869)	-	(2,869)
Total comprehensive (loss)/income for the period	-	-	-	(2,869)	19,397	16,528
At 30 June 2009	156,500	362,611	112,087	(300)	116,219	747,117
Net loss for the period	-	-	-	-	(18,762)	(18,762)
Other comprehensive income	-	-	-	5,787	-	5,787
Transfer to statutory reserve	-	-	178	-	(178)	-
At 31 December 2009	156,500	362,611	112,265	5,487	97,279	734,142
At 1 January 2010, as previously reported	156,500	362,611	112,265	5,487	97,279	734,142
Effect of adopting FRS 139	-	-	-	(1,882)	(5,584)	(7,466)
At 1 January 2010, as restated	156,500	362,611	112,265	3,605	91,695	726,676
Net profit for the period	-	-	-	-	13,020	13,020
Other comprehensive income	-	-	-	1,552	-	1,552
Total comprehensive income for the period	-	-	-	1,552	13,020	14,572
Transfer to statutory reserve	-	-	3,255	-	(3,255)	-
Dividends	-	-	-	-	(33,375)	(33,375)
At 30 June 2010	156,500	362,611	115,520	5,157	68,085	707,873

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

The securities available-for-sale reserve arose from the change in the fair value of the securities available-for-sale in compliance with the revised BNMGP8 requirement.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010**

Bank	Non-distributable					
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve * RM'000	Securities available- for-sale Reserve # RM'000	Retained Earnings RM'000	Total RM'000
At 31 December 2008, as restated	156,500	362,611	112,087	2,569	96,742	730,509
Net profit for the period	-	-	-	-	19,475	19,475
Other comprehensive loss	-	-	-	(2,869)	-	(2,869)
Total comprehensive (loss)/income for the period	-	-	-	(2,869)	19,475	16,606
At 30 June 2009	156,500	362,611	112,087	(300)	116,217	747,115
Net loss for the period	-	-	-	-	(18,765)	(18,765)
Other comprehensive income	-	-	-	5,787	-	5,787
Transfer to statutory reserve	-	-	178	-	(178)	-
At 31 December 2009	156,500	362,611	112,265	5,487	97,274	734,137
At 1 January 2010, as previously reported	156,500	362,611	112,265	5,487	97,274	734,137
Effect of adopting FRS 139	-	-	-	(1,882)	(5,584)	(7,466)
At 1 January 2010, as restated	156,500	362,611	112,265	3,605	91,690	726,671
Net profit for the period	-	-	-	-	13,013	13,013
Other comprehensive income	-	-	-	1,552	-	1,552
Total comprehensive income for the period	-	-	-	1,552	13,013	14,565
Transfer to statutory reserve	-	-	3,255	-	(3,255)	-
Dividends	-	-	-	-	(33,375)	(33,375)
At 30 June 2010	156,500	362,611	115,520	5,157	68,073	707,861

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

The securities available-for-sale reserve arose from the change in the fair value of the securities available-for-sale in compliance with the revised BNMGP8 requirement.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010**

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before tax expense and zakat	17,555	26,194	17,548	26,274
Adjustments for non-cash items	(23)	(23,153)	(23)	(23,240)
Operating profit before changes in working capital	17,532	3,041	17,525	3,034
Changes in working capital:				
Net changes in operating assets	444,959	398,362	446,793	397,928
Net changes in operating liabilities	(435,361)	(1,038,377)	(435,558)	(1,038,375)
Net cash generated from/(used in) operating activities	27,130	(636,974)	28,760	(637,413)
Net cash used in investing activities	(884)	-	(874)	-
	(884)	-	(874)	-
Net cash generated from financing activities	-	(761)	-	(671)
	-	(761)	-	(671)
Net change in cash and cash equivalents	26,246	(637,735)	27,886	(638,084)
Cash and cash equivalents at beginning of the period	642,256	1,757,053	640,316	1,756,924
Cash and cash equivalents at end of the period	668,502	1,119,318	668,202	1,118,840

Cash and cash equivalents included in the cash flow statements comprise of the following balance sheet amounts:

	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	7,243	4,392	6,943	3,914
Money at call and deposit placements maturing within one month	591,259	1,024,926	591,259	1,024,926
Deposits and placements with licensed banks and other financial institutions	70,000	90,000	70,000	90,000
	668,502	1,119,318	668,202	1,118,840

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

Explanatory Notes Pursuant to Bank Negara Malaysia Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") – Guidelines on Financial Reporting for Banking Institutions

1. Basis of Preparation

The unaudited condensed interim financial statements has been prepared under the historical cost convention unless otherwise indicated and comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2009. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2009.

2. Significant accounting policies

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited annual financial statements for the year ended 31 December 2009 except for the adoption of the following new and revised FRSs, Amendments to FRSs, IC Interpretations, Amendments to IC Interpretation and Technical Release issued by the MASB that are effective for financial period beginning on or after 1 January 2010, with the exception of FRS 8, which takes effect for financial period beginning on or after 1 July 2009:

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 Presentation of Financial Statements

FRS 123 Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 First-time Adoption of Financial Reporting

Standards and FRS 127 Consolidated and Separate Financial

Statements: Cost of an Investment in a Subsidiary, Jointly

Controlled Entity or Associate

Amendments to FRS 2 Share-based Payment: Vesting Conditions

and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 139 Financial Instruments: Recognition and

Measurement

Amendments to FRS 139 Financial Instruments: Recognition and

Measurement, FRS 7 Financial Instruments: Disclosures and

IC Interpretation 9 Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled

"Improvements to FRSs (2009)"

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset,

Minimum Funding Requirements and their Interaction

TR-3 Presentation of Financial Statements of Islamic Financial

Institutions

2. Significant accounting policies (continued)

The adoption of the abovementioned FRSs, Amendments to FRSs, IC Interpretations, Amendments to IC Interpretation and Technical Release, where applicable, does not result in significant changes to the accounting policies of the Group and the Bank, other than the adoption of FRS 139 which the impact is disclosed in Note 27 to the unaudited condensed interim financial statements.

On 8 January 2010, BNM issued the guidelines on Classification and Impairment Provisions for Loans/Financing which is effective for annual periods beginning on and after 1 January 2010. The guidelines set out the minimum requirements on classification of impaired loans/financing, provisioning for impaired loans/financing and expectations that must be met by banking institutions with the adoption of FRS 139. With the issuance of the guidelines, the existing revised BNM/ GP3 which was issued on 7 August 2008 will be withdrawn and replaced with the requirements of the guidelines.

In accordance with the transitional provisions under the Amendments to FRS 139 Financial Instruments: Recognition and Measurement, the Financial Services sector is granted a transitional period for the purpose of complying with the collective assessment of impairment required under FRS 139. During the transitional period, banking institutions will be required to comply with the requirements on collective assessment of impairment of loans and financing under the BNM's guidelines on Classification and Impairment Provisions for Loans/Financing. Banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment provisions under the transitional provision in the guidelines. Subject to the prior written approval from BNM, banking institutions are allowed to maintain a lower collective impairment provision.

3. Auditors' report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2009 was not qualified.

4. Performance Review

The Group recorded a pre-tax loss of RM2.697 million for the 2nd quarter ended 30th June 2010 which is a decrease by 113% when compared to pre-tax profit of RM20.252 million recorded in the previous quarter ended 31st March 2010. The decrease in earnings was due to higher impairment loss on securities.

The pre-tax profit for the six months period ended 30th June 2010 amounted to RM17.555 million, a decrease of 33% when compared with the pre-tax profit of RM26.194 million for the previous year corresponding six months period ended 30th June 2009. The decrease in earnings was due to lower net interest income and other operating income.

5. Prospects for 2010

Malaysia's economy rebounded strongly in the first six months of 2010, with gross domestic product (GDP) estimated to have grown by 9.0% compared to the same period in 2009. The second half of 2010 is expected to be more challenging amid concerns over the potential economic slowdown in China, the sovereign debt crisis in Europe and the possibility of a "double-dip" recession in the U.S.

The second half of the year is and has always been associated with a volatile equity market, especially in the July-October period. Notwithstanding that, prospect for an upside surprise in the equity markets remain extant in view of the significant presence of global funds in Asian markets currently. The bank will continue to focus on the opportunities in the equity markets and corporate finance activities. For the former, the Bank will continue with its efforts to build-up on the equity dealing capabilities and infrastructure in order to strengthen its relationships with its core clients.

In corporate finance, opportunities can be found in advisory activities for corporate actions, such as capital management and corporate restructuring, as well as in underwriting, with fund raising activities through initial public offerings slowly picking up.

The Overnight Policy Rate was raised further to 2.75% on 8 July 2010; with the long-term uptrend in interest rates expected to remain intact. Consequently the prospects for fund-based activities, especially in the debt capital market and treasury-related activities will remain weak.

In the mean time, while the worst of the deterioration in credit quality may have been in the past, the Bank will continue to emphasize on remedial efforts to achieve an optimal rate of recovery.

6. Cash and short-term funds

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Cash and balances with banks and other financial institutions	7,243	9,120	6,943	7,180
Money at call and deposit placements maturing within one month	591,259	443,136	591,259	443,136
	<u>598,502</u>	<u>452,256</u>	<u>598,202</u>	<u>450,316</u>

7. Securities held-for-trading

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia Notes	449,801	449,783
Malaysian Treasury Bills	49,996	-
Other Acceptances Discounted	360,837	226,532
Negotiable Instruments of Deposit	99,668	200,000
	<u>960,302</u>	<u>876,315</u>
Unquoted securities in Malaysia:		
Private Debt Securities	57,321	62,329
	<u>57,321</u>	<u>62,329</u>
Total securities held-for-trading	<u>1,017,623</u>	<u>938,644</u>

8. Securities available-for-sale

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	39,042	114,675
Malaysian Treasury Bills	9,895	26,904
Government Investment Issues	267,960	149,065
Khazanah Nasional Berhad Bonds	-	14,986
Other Acceptances Discounted	102,804	193,004
Negotiable Instruments of Deposits	258,842	229,642
Bank Negara Malaysia Notes	-	99,595
	<u>678,543</u>	<u>827,871</u>
Quoted securities in Malaysia:		
Shares and Warrants	4,800	5,428
Loan Stocks	8,010	8,010
	<u>12,810</u>	<u>13,438</u>
Unquoted securities in Malaysia:		
Private Debt Securities	1,400,499	1,685,889
Shares	757	-
Loan Stocks	32,930	32,390
	<u>1,434,186</u>	<u>1,718,279</u>
Total securities available-for-sale	<u>2,125,539</u>	<u>2,559,588</u>

9. Securities held-to-maturity

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At amortised cost, or at cost for certain unquoted equity instruments		
Money market instruments: Khazanah Nasional Berhad Bonds	-	19,966
Unquoted securities in Malaysia: Private Debt Securities Shares	85,353 -	85,647 906
	<u>85,353</u>	<u>86,553</u>
Less: Individual impairment provisions	(76,221)	(76,722)
Total securities held-to-maturity	<u>9,132</u>	<u>29,797</u>

10. Loans, advances and financing

i) By type

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Term loans		
- Syndicated term loans	21,193	23,352
- Other term loans	119,821	96,840
Staff loans*	1,594	1,827
Revolving credits	14,050	18,972
Share margin financing	72,755	60,669
Gross loans, advances and financing	<u>229,413</u>	<u>201,660</u>
Less: Impairment provisions		
- Collective impairment provisions	(4,172)	(3,597)
- Individual impairment provisions	(20,848)	(21,837)
Net loans, advances and financing	<u>204,393</u>	<u>176,226</u>

* Included in staff loans is a loan to a Director amounting to RM nil (2009:RM43,000).

ii) By type of customer

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Domestic business enterprises		
- Small medium enterprises	194,151	164,894
Individuals	35,262	36,766
Gross loans, advances and financing	<u>229,413</u>	<u>201,660</u>

iii) By interest/profit rate sensitivity

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Fixed rate:		
- Staff loans	1,594	1,827
- Other fixed rate loans	72,755	60,669
Variable rate:		
- Cost plus	155,064	139,164
Gross loans, advances and financing	<u>229,413</u>	<u>201,660</u>

10. Loans, advances and financing (continued)

iv) By economic sector

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Primary agriculture	1,537	2,222
Mining and quarrying	27,064	28,874
Manufacturing	62,476	36,897
Construction	19,289	21,176
Wholesale & retail trade and restaurants & hotels	21,373	21,950
Transport, storage and communication	6,403	10,786
Finance, insurance and business services	56,009	42,989
Others	35,262	36,766
Gross loans, advances and financing	229,413	201,660

11. Impaired Loans ("IL")

i) Movements in impaired loans, advances and financing

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At beginning of period/year	44,686	37,352
Classified as impaired during the period/year	33	14,247
Reclassified as unimpaired during the period/year	-	-
Amount written-back	(2,379)	(997)
Amount written off	-	(5,916)
At end of period/year	42,340	44,686
Individual impairment provisions	(20,848)	(21,837)
Net impaired loan, advances and financing	21,492	22,849
 Net IL as % of gross loans, advances and financing less individual impairment provisions	 10.30%	 12.71%

ii) Movements in impairment provisions

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Collective impairment provisions		
At beginning of period/year, as previously stated	3,597	2,588
Effects of adopting FRS 139	(15)	-
At beginning of period/year, as restated	3,582	2,588
Impairment made during the period/year	590	1,009
At end of period/year	4,172	3,597
 As % of gross loans, advances and financing less individual impairment provisions	 2.00%	 2.00%
Individual impairment provisions	RM'000	RM'000
At beginning of period/year, as previously stated	21,837	27,335
Effects of adopting FRS 139	766	-
At beginning of period/year, as restated	22,603	27,335
Impairment made during the period/year	347	1,415
Discount unwind	(124)	-
Amount written-back	(1,978)	(997)
Amount written off	-	(5,916)
At end of period/year	20,848	21,837

11. Impaired Loans ("IL") (continued)

iii) IL by economic sector

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Manufacturing	9,925	10,380
Construction	19,289	21,176
Finance, insurance and business services	12,372	12,409
Others	754	721
	<u>42,340</u>	<u>44,686</u>

12. Other Assets

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Other debtors, deposits and prepayment	29,337	28,404	29,337	28,404
Less: Allowance for bad and doubtful debts (a)	<u>(25,310)</u>	<u>(25,154)</u>	<u>(25,310)</u>	<u>(25,154)</u>
	4,027	3,250	4,027	3,250
Tax recoverable	173	117	173	117
Interest/Profit receivables	22,893	20,754	22,893	20,754
Amount due from brokers and clients (b)	61,697	260,163	61,697	260,163
Amount due from related companies	181	385	468	2,315
	<u>88,971</u>	<u>284,669</u>	<u>89,258</u>	<u>286,599</u>

(a) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Specific allowance:		
At beginning of year	(25,154)	(24,311)
Allowance made during the period / year	(190)	(2,703)
Amount written-back	34	397
Amount written-off	-	1,463
At end of period/year	<u>(25,310)</u>	<u>(25,154)</u>

(b) Amount due from brokers and clients:

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Brokers	44,876	25,172
Clients	19,283	237,524
	64,159	262,696
Less: Specific allowance for bad and doubtful debts	(2,459)	(2,532)
General allowance	(3)	(1)
	<u>61,697</u>	<u>260,163</u>

13. Deposits from customers

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
i) By type of deposits:		
Call deposits	149,470	277,626
Fixed deposits	1,675,475	1,789,010
	<u>1,824,945</u>	<u>2,066,636</u>
ii) By type of customers:		
Business enterprises	1,799,903	2,041,136
Government and statutory bodies	24,500	25,500
Individuals	542	-
	<u>1,824,945</u>	<u>2,066,636</u>

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
i) Call deposits		
- other financial institutions	114,373	185,836
ii) Fixed deposits		
- licensed Islamic bank	180,450	77,690
- licensed investment banks	10,000	-
- other financial institutions	1,235,477	1,363,075
	<u>1,425,927</u>	<u>1,440,765</u>
	<u>1,540,300</u>	<u>1,626,601</u>

15. Other liabilities

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Interest/profit payable	3,538	3,423	3,538	3,423
Accrued liabilities and other payables*	41,703	13,178	41,702	13,178
Amount due to brokers and clients (a)	63,811	263,353	63,811	263,353
Profit Equalisation Reserve	13,564	12,523	13,564	12,523
Employee benefits	880	817	880	817
Amount due to holding company	1,042	-	1,042	-
Amount due to related companies	-	438	-	443
	<u>124,538</u>	<u>293,732</u>	<u>124,537</u>	<u>293,737</u>

* Included in the above is a proposed interim dividend by the Board of 900% on 1,500,000 non-cumulative perpetual preference shares of RM1.00 each less 25% taxation amounting to RM10,125,000 and 20% on 155,000,000 ordinary shares of RM1.00 each less 25% taxation amounting to RM23,250,000 subject to the approval of Bank Negara Malaysia.

(a) Amount due to brokers and clients

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Brokers	6,121	228,505
Clients	54,750	31,413
Margin clients	841	275
Trust monies	1,326	2,314
Collateralised clients deposits	773	846
	<u>63,811</u>	<u>263,353</u>

16. Interest income

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Loans, advances and financing		
- Interest income other than recoveries from IL	6,403	5,009
- Recoveries from IL	1,087	10
- Discount unwind on IL	124	-
Money at call and deposit placement with financial institutions	9,103	17,034
Securities held-for-trading	640	36
Securities available-for-sale ("AFS")		
- Interest income on AFS	25,234	23,115
- Discount unwind on AFS	4,835	-
Recoveries from impaired securities	-	3,725
Securities held-to-maturity	657	1,499
	48,083	50,428
Accretion of discount less amortisation of premium	17,756	28,229
Interest suspended on securities	-	(540)
Total interest income	65,839	78,117

17. Interest expense

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Deposits and placements of banks and other financial institutions	11,583	15,057
Deposits from customers	17,428	22,984
	29,011	38,041

18. Other operating income

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
i) Fees and Commission:				
Arrangement / Management fees	133	326	133	326
Agency fees	700	931	700	931
Commitment fees	35	35	35	35
Corporate advisory fees	688	781	688	781
Brokerage commission	10,004	4,759	10,004	4,759
Guarantee fees	-	32	-	32
Participation fees	100	100	100	100
Underwriting fees	1,769	5,258	1,769	5,258
Other fee income	336	268	336	268
	13,765	12,490	13,765	12,490

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
ii) Gain/(Loss) arising from sale of securities:				
Net gain from sale of securities held-for-trading	89	1,172	89	1,172
Net gain from sale of securities available-for-sale	1,070	7,332	1,070	7,332
Net unrealised revaluation loss on securities held-for-trading	(6)	(126)	(6)	(126)
Net unrealised revaluation loss on derivative assets	(1,489)	-	(1,489)	-
	(336)	8,378	(336)	8,378

18. Other operating income (continued)

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
iii) Gross dividend income from:				
Securities available-for-sale	489	-	489	-
Securities held-to-maturity	-	88	-	88
Subsidiary company	-	-	-	85
	<u>489</u>	<u>88</u>	<u>489</u>	<u>173</u>
iv) Other income:				
Others	496	457	489	447
Gain on disposal of property, plant and equipment	1	33	1	33
	<u>497</u>	<u>490</u>	<u>490</u>	<u>480</u>
Total other operating income	<u>14,415</u>	<u>21,446</u>	<u>14,408</u>	<u>21,521</u>

19. Operating expenses

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
i) Personnel expenses:				
- Salaries and wages	6,662	7,279	6,662	7,279
- Allowance and bonuses	2,044	2,856	2,044	2,856
- Staff training	143	168	143	168
- Others	1,704	636	1,704	636
	<u>10,553</u>	<u>10,939</u>	<u>10,553</u>	<u>10,939</u>
ii) Establishment related expenses:				
- Depreciation	815	961	815	961
- Rental	1,185	864	1,185	864
- Hire of equipment	56	92	56	92
- Others	1,199	967	1,199	967
	<u>3,255</u>	<u>2,884</u>	<u>3,255</u>	<u>2,884</u>
iii) Promotion and marketing related expenses:				
- Advertisement & publicity	7	54	7	54
- Others	444	465	444	465
	<u>451</u>	<u>519</u>	<u>451</u>	<u>519</u>
iv) General administrative expenses:				
- Communication expenses	144	171	144	171
- Audit fees	88	88	88	88
- Directors meeting allowances	154	46	154	46
- Management fees	3,261	2,799	3,261	2,799
- Corporate Dealers and Remisers' Commissions	285	244	285	244
- Securities Commission's Levy	393	182	393	182
- Others	934	793	934	788
	<u>5,259</u>	<u>4,323</u>	<u>5,259</u>	<u>4,318</u>
Total operating expenses	<u>19,518</u>	<u>18,665</u>	<u>19,518</u>	<u>18,660</u>

20. Impairment loss on loans, advances and financing

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Impairment loss on loans, advances and financing:		
i) Individual impairment provisions		
- Made in the financial period	(347)	(30)
- Written back	1,978	446
ii) Bad debts on loans, advances and financing		
- Recovered	-	40
iii) Collective impairment provisions		
- Made in the financial period	(818)	(557)
- Written back	228	78
	<u>1,041</u>	<u>(23)</u>

21. Allowance for bad and doubtful debts

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
Allowance for bad and doubtful debts on other assets		
i) Specific allowance		
- Made in the financial period	(177)	(534)
- Written back	94	158
ii) General allowance		
- Made in the financial period	(2)	(3)
- Written back	-	-
iii) Bad debts written off	(19)	-
	<u>(104)</u>	<u>(379)</u>

22. Impairment loss on securities

	Group and Bank	
	30 June 2010 RM'000	30 June 2009 RM'000
i) Securities available-for-sale		
- Charged for the period	(23,498)	(42,116)
- Written back	581	441
ii) Securities held-to-maturity		
- Written back	353	16,547
	<u>(22,564)</u>	<u>(25,128)</u>

23. Tax expense

The effective rate of taxation of the Group and the Bank for the six months period ended 30 June 2010 was mainly due to utilisation of deferred tax assets.

24. Credit exposures arising from credit transactions with connected parties.

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
i) Outstanding credit exposures with connected parties	260,000	260,000
ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	11.80%	10.75%
iii) Percentage of outstanding credit exposures to connected parties which is non-performing or in default	Nil	Nil

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

25. Risk weighted capital adequacy

The capital adequacy of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II): Standardised Approach for Credit Risk, Market Risk and Basic Indicator Approach for Operational Risk.

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

	Group		Bank	
	30.6.2010 RM'000	31.12.2009 RM'000	30.6.2010 RM'000	31.12.2009 RM'000
Tier-I capital				
Paid-up share capital	155,000	155,000	155,000	155,000
Paid-up non-cumulative perpetual preference share	1,500	1,500	1,500	1,500
Share premium	362,611	362,611	362,611	362,611
Statutory reserve	115,520	112,265	115,520	112,265
Retained earnings	68,085	97,279	68,073	97,274
	<u>702,716</u>	<u>728,655</u>	<u>702,704</u>	<u>728,650</u>
Less: Deferred tax assets	(37,904)	(40,313)	(37,904)	(40,313)
Total Tier-I capital	<u>664,812</u>	<u>688,342</u>	<u>664,800</u>	<u>688,337</u>
Tier-II capital				
Collective impairment provisions on loans, advances and financing	4,172	3,597	4,172	3,597
Total Tier-II capital	<u>4,172</u>	<u>3,597</u>	<u>4,172</u>	<u>3,597</u>
Total capital	668,984	691,939	668,972	691,934
Less:				
Investment in subsidiary companies	-	-	-	(10)
Capital Base	<u>668,984</u>	<u>691,939</u>	<u>668,972</u>	<u>691,924</u>
Before deducting proposed dividends				
Core capital ratio	42.92%	37.45%	42.91%	37.46%
Risk-weighted capital ratio	43.17%	37.64%	43.17%	37.65%
After deducting proposed dividends				
Core capital ratio	40.86%	37.45%	40.86%	37.46%
Risk-weighted capital ratio	41.12%	37.64%	41.11%	37.65%

25. Risk weighted capital adequacy (continued)

ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	Group		Group	
	30 June 2010		31 December 2009	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
0%	459,458	-	778,515	-
20%	1,874,101	374,820	1,819,542	363,908
35%	873	306	993	348
50%	312,650	156,325	499,445	249,723
75%	151	113	183	137
100%	310,173	310,173	580,196	580,196
150%	326,003	489,005	227,238	340,857
Total Risk Weighted Assets for Credit Risk	3,283,409	1,330,742	3,906,112	1,535,169
Risk Weighted Assets Equivalent for Market Risk	-	88,733	-	93,860
Risk Weighted Assets Equivalent for Operational Risk	-	207,399	-	209,107
	<u>3,283,409</u>	<u>1,626,874</u>	<u>3,906,112</u>	<u>1,838,136</u>

	Bank		Bank	
	30 June 2010		31 December 2009	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
0%	459,458	-	778,515	-
20%	1,873,802	374,760	1,817,602	363,520
35%	873	306	993	348
50%	312,650	156,325	499,445	249,723
75%	151	113	183	137
100%	310,462	310,462	580,201	580,201
150%	326,003	489,005	227,238	340,857
Total Risk Weighted Assets for Credit Risk	3,283,399	1,330,971	3,904,177	1,534,786
Risk Weighted Assets Equivalent for Market Risk	-	88,733	-	93,860
Risk Weighted Assets Equivalent for Operational Risk	-	207,399	-	209,107
	<u>3,283,399</u>	<u>1,627,103</u>	<u>3,904,177</u>	<u>1,837,753</u>

25. Risk weighted capital adequacy (continued)

iii) Group - Risk Weighted Assets ('RWA') and Capital Requirement for Credit Risk, Market Risk and Operational Risk as at 30 June 2010

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
1 Credit Risk				
On-Balance Sheet Exposures				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	459,458	459,458	-	-
Banks, Development Financial Institutions & MDBs	904,998	904,998	181,000	14,480
Corporates	1,274,630	1,274,630	475,370	38,029
Regulatory Retail	27	27	20	2
Residential Mortgages	1,317	1,317	546	44
Other Assets	92,704	92,704	92,704	7,416
Equity Exposure	5,557	5,557	5,557	444
<u>Defaulted Exposures</u>				
Corporates	382,825	382,825	525,893	42,071
Regulatory Retail	69	69	34	3
Total for On-Balance Sheet Exposures	3,121,585	3,121,585	1,281,124	102,489
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	161,824	161,824	49,618	3,969
Total for Off-Balance Sheet Exposures	161,824	161,824	49,618	3,969
Total for On and Off-Balance Sheet Exposures	3,283,409	3,283,409	1,330,742	106,458
2 Large Exposure Risk Requirement				
	Long Positions	Short Positions		
3 Market Risk				
Interest rate risk	1,017,831	-	19,904	1,593
Equity risk	25,029	-	68,829	5,506
	1,042,860	-	88,733	7,099
4 Operational Risk			207,399	16,592
5 Total RWA and Capital Requirements			1,626,874	130,149

25. Risk weighted capital adequacy (continued)

iii) Bank - Risk Weighted Assets ('RWA') and Capital Requirement for Credit Risk, Market Risk and Operational Risk as at 30 June 2010

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
1 Credit Risk				
On-Balance Sheet Exposures				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	459,458	459,458	-	-
Banks, Development Financial Institutions & MDBs	904,998	904,698	180,940	14,475
Corporates	1,274,631	1,274,631	475,370	38,030
Regulatory Retail	27	27	20	2
Residential Mortgages	1,317	1,317	546	44
Other Assets	92,993	92,993	92,993	7,439
Equity Exposure	5,557	5,557	5,557	444
<u>Defaulted Exposures</u>				
Corporates	382,825	382,825	525,893	42,071
Regulatory Retail	69	69	34	3
Total for On-Balance Sheet Exposures	3,121,575	3,121,575	1,281,353	102,508
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	161,824	161,824	49,618	3,969
Total for Off-Balance Sheet Exposures	161,824	161,824	49,618	3,969
Total for On and Off-Balance Sheet Exposures	3,283,399	3,283,399	1,330,971	106,477
2 Large Exposure Risk Requirement				
3 Market Risk	Long Positions	Short Positions		Long Positions
Interest rate risk	1,017,831	-	19,904	1,593
Equity risk	25,029	-	68,829	5,506
	1,042,860	-	88,733	7,099
4 Operational Risk			207,399	16,592
5 Total RWA and Capital Requirements			1,627,103	130,168

25. Risk weighted capital adequacy (continued)

iii) Group - Risk Weighted Assets ("RWA") and Capital Requirement for Credit Risk, Market Risk and Operational Risk as at 31 December 2009				
Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
1 Credit Risk				
On-Balance Sheet Exposures				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	778,515	778,515	-	-
Banks, Development Financial Institutions & MDBs	732,776	732,776	146,555	11,724
Corporates	1,610,529	1,610,529	616,998	49,360
Regulatory Retail	43	43	32	3
Residential Mortgages	1,527	1,527	634	51
Other Assets	289,848	289,848	289,848	23,188
Equity Exposure	6,185	6,185	6,185	495
<u>Defaulted Exposures</u>				
Corporates	302,726	302,726	409,523	32,762
Regulatory Retail	69	69	34	3
Total for On-Balance Sheet Exposures	3,722,218	3,722,218	1,469,809	117,586
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	183,894	183,894	65,360	5,229
Total for off-Balance Sheet Exposures	183,894	183,894	65,360	5,229
Total for On and Off-Balance Sheet Exposures	3,906,112	3,906,112	1,535,169	122,815
2 Large Exposure Risk Requirement	-	-	-	-
3 Market Risk	Long Positions	Short Positions		
Interest rate risk	938,644	-	20,625	1,650
Equity risk	26,631	-	73,235	5,859
	965,275	-	93,860	7,509
4 Operational Risk			209,107	16,729
5 Total RWA and Capital Requirements			1,838,136	147,053

25. Risk weighted capital adequacy (continued)

iii) Bank - Risk Weighted Assets ("RWA") and Capital Requirement for Credit Risk, Market Risk and Operational Risk as at 31 December 2009

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
1 Credit Risk				
On-Balance Sheet Exposures				
<u>Performing Exposures</u>				
Sovereigns/Central Banks	778,515	778,515	-	-
Banks, Development Financial Institutions & MDBs	730,836	730,836	146,167	11,693
Corporates	1,610,529	1,610,529	616,998	49,360
Regulatory Retail	43	43	32	3
Residential Mortgages	1,527	1,527	634	51
Other Assets	289,853	289,853	289,853	23,188
Equity Exposure	6,185	6,185	6,185	495
<u>Defaulted Exposures</u>				
Corporates	302,726	302,726	409,523	32,762
Regulatory Retail	69	69	34	3
Total for On-Balance Sheet Exposures	3,720,283	3,720,283	1,469,426	117,555
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	183,894	183,894	65,360	5,229
Total for Off-Balance Sheet Exposures	183,894	183,894	65,360	5,229
Total for On and Off-Balance Sheet Exposures	3,904,177	3,904,177	1,534,786	122,784
2 Large Exposure Risk Requirement	-	-	-	-
3 Market Risk	Long Positions	Short Positions		
Interest rate risk	938,644	-	20,625	1,650
Equity risk	26,631	-	73,235	5,859
	965,275	-	93,860	7,509
4 Operational Risk			209,107	16,729
5 Total RWA and Capital Requirements			1,837,753	147,022

25. Risk weighted capital adequacy (continued)

iv) Group - Credit Risk Disclosure on Risk Weights as at 30 June 2010

Risk Weights	Banks, MDBs and FDIIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets	Equity Exposures	Total Risk Weighted Assets
RM'000							
Performing Exposures							
0%	-	-	-	-	-	-	-
10%	-	-	-	-	-	-	-
20%	181,344	193,476	-	-	-	-	374,820
35%	-	-	-	305	-	-	305
50%	-	136,169	-	188	-	-	136,357
75%	-	-	54	59	-	-	113
90%	-	-	-	-	-	-	-
100%	-	194,959	-	-	92,704	5,557	293,220
150%	-	-	-	-	-	-	-
Total	181,344	524,604	54	552	92,704	5,557	804,815
Defaulted Exposures							
50%	-	19,934	34	-	-	-	19,968
100%	-	16,954	-	-	-	-	16,954
150%	-	489,005	-	-	-	-	489,005
Total	-	525,893	34	-	-	-	525,927
Grand Total	181,344	1,050,497	88	552	92,704	5,557	1,330,742

25. Risk weighted capital adequacy (continued)

iv) Bank - Credit Risk Disclosure on Risk Weights as at 30 June 2010

Risk Weights	Banks, MDBs and FDI's	Corporates	Regulatory Retail	Residential Mortgages	Other Assets	Equity Exposures	Total Risk Weighted Assets
Performing Exposures	RM'000						
0%	-	-	-	-	-	-	-
10%	-	-	-	-	-	-	-
20%	181,284	193,476	-	-	-	-	374,760
35%	-	-	-	305	-	-	305
50%	-	136,169	-	188	-	-	136,357
75%	-	-	54	59	-	-	113
90%	-	-	-	-	-	-	-
100%	-	194,959	-	-	92,993	5,557	293,509
150%	-	-	-	-	-	-	-
Total	181,284	524,604	54	552	92,993	5,557	805,044
Defaulted Exposures							
50%	-	19,934	34	-	-	-	19,968
100%	-	16,954	-	-	-	-	16,954
150%	-	489,005	-	-	-	-	489,005
Total	-	525,893	34	-	-	-	525,927
Grand Total	181,284	1,050,497	88	552	92,993	5,557	1,330,971

25. Risk weighted capital adequacy (continued)

iv) Group - Credit Risk Disclosure on Risk Weights as at 31 December 2009

Risk Weights	Banks, MDBs and FDI's	Corporates	Regulatory Retail	Residential Mortgages	Other Assets	Equity Exposures	Total Risk Weighted Assets
Performing Exposures	RM'000						
0%	-	-	-	-	-	-	-
10%	-	-	-	-	-	-	-
20%	147,191	216,718	-	-	-	-	363,909
35%	-	-	-	348	-	-	348
50%	-	238,576	-	233	-	-	238,809
75%	-	-	79	59	-	-	138
90%	-	-	-	-	-	-	-
100%	-	163,573	-	-	289,848	6,185	459,606
150%	-	-	-	-	-	-	-
Total	147,191	618,867	79	640	289,848	6,185	1,062,810
Defaulted Exposures							
50%	-	10,879	34	-	-	-	10,913
100%	-	120,589	-	-	-	-	120,589
150%	-	340,857	-	-	-	-	340,857
Total	-	472,325	34	-	-	-	472,359
Grand Total	147,191	1,091,192	113	640	289,848	6,185	1,535,169

25. Risk weighted capital adequacy (continued)

iv) Bank - Credit Risk Disclosure on Risk Weights as at 31 December 2009

Risk Weights	Banks, MDBs and FDI's	Corporates	Regulatory Retail	Residential Mortgages	Other Assets	Equity Exposures	Total Risk Weighted Assets
Performing Exposures	RM'000						
0%	-	-	-	-	-	-	-
10%	-	-	-	-	-	-	-
20%	146,803	216,718	-	-	-	-	363,521
35%	-	-	-	348	-	-	348
50%	-	238,576	-	233	-	-	238,809
75%	-	-	79	59	-	-	138
90%	-	-	-	-	-	-	-
100%	-	163,573	-	-	289,853	6,185	459,611
150%	-	-	-	-	-	-	-
Total	146,803	618,867	79	640	289,853	6,185	1,062,427
Defaulted Exposures							
50%	-	10,879	34	-	-	-	10,913
100%	-	120,589	-	-	-	-	120,589
150%	-	340,857	-	-	-	-	340,857
Total	-	472,325	34	-	-	-	472,359
Grand Total	146,803	1,091,192	113	640	289,853	6,185	1,534,786

25. Risk weighted capital adequacy (continued)

v) Group and Bank - Off Balance Sheet and Counterparty Credit Risk as at 30 June 2010

Nature	Principal Amount RM'000	Credit Conversion Factor %	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	-	100%	-	-
Obligations under an on-going underwriting agreement	301,117	50%	150,559	39,746
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22	50%	11	7
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	56,276	20%	11,255	9,865
Total	357,415		161,825	49,618

Group and Bank - Off Balance Sheet and Counterparty Credit Risk as at 31 December 2009

Nature	Principal Amount RM'000	Credit Conversion Factor %	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	-	100%	-	-
Obligations under an on-going underwriting agreement	344,390	50%	172,195	56,223
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	22	50%	11	7
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	58,443	20%	11,688	9,130
Total	402,855		183,894	65,360

26. Interest rate risk

Group	Non-Trading Book						Trading Book	Total	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive			
30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	591,260	-	-	-	-	7,242	-	598,502	2.48
Deposits and placements with licensed banks and financial institutions	-	-	70,000	-	-	-	-	70,000	2.74
Securities held-for-trading	-	-	-	-	-	-	1,017,623	1,017,623	2.76
Securities available-for-sale	256,025	351,222	501,775	571,383	167,488	277,646	-	2,125,539	4.63
Securities held-to-maturity	-	-	-	8,587	-	545	-	9,132	5.43
Loans, advances and financing									
- performing	20,778	51,931	8,017	35,767	70,580	(4,172)*	-	182,901	8.06
- non-performing	-	-	-	-	-	21,492	-	21,492	-
Derivative assets	-	-	-	-	-	-	25,029	25,029	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	17,412	-	17,412	-
Other assets	-	-	-	-	-	130,341	-	130,341	-
TOTAL ASSETS	868,063	403,153	579,792	615,737	238,068	450,506	1,042,652	4,197,971	-
LIABILITIES									
Deposits from customers	1,594,760	86,842	143,343	-	-	-	-	1,824,945	2.43
Deposits and placements of banks and other financial institutions	1,410,602	17,552	112,146	-	-	-	-	1,540,300	2.41
Other liabilities	-	-	-	-	-	124,853	-	124,853	-
TOTAL LIABILITIES	3,005,362	104,394	255,489	-	-	124,853	-	3,490,098	-
SHAREHOLDER'S EQUITY	-	-	-	-	-	707,873	-	707,873	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,005,362	104,394	255,489	-	-	832,726	-	4,197,971	-
On-balance sheet interest sensitivity gap	(2,137,299)	298,759	324,303	615,737	238,068	(382,220)	1,042,652	-	-

* Collective impairment provisions on loans, advances and financing

26. Interest rate risk (continued)

Bank	Non-Trading Book						Trading Book	Total	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive			
30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short-term funds	591,260	-	-	-	-	6,942	-	598,202	2.48
Deposits and placements with licensed banks and financial institutions	-	-	70,000	-	-	-	-	70,000	2.74
Securities held-for-trading	-	-	-	-	-	-	1,017,623	1,017,623	2.76
Securities available-for-sale	256,025	351,222	501,775	571,383	167,488	277,646	-	2,125,539	4.63
Securities held-to-maturity	-	-	-	8,587	-	545	-	9,132	5.43
Loans, advances and financing									
- performing	20,778	51,931	8,017	35,767	70,580	(4,172)*	-	182,901	8.06
- non-performing	-	-	-	-	-	21,492	-	21,492	-
Derivative assets	-	-	-	-	-	-	25,029	25,029	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	17,412	-	17,412	-
Other assets	-	-	-	-	-	130,628	-	130,628	-
TOTAL ASSETS	868,063	403,153	579,792	615,737	238,068	450,493	1,042,652	4,197,958	-
LIABILITIES									
Deposits from customers	1,594,760	86,842	143,343	-	-	-	-	1,824,945	2.43
Deposits and placements of banks and other financial institutions	1,410,602	17,552	112,146	-	-	-	-	1,540,300	2.41
Other liabilities	-	-	-	-	-	124,852	-	124,852	-
TOTAL LIABILITIES	3,005,362	104,394	255,489	-	-	124,852	-	3,490,097	-
SHAREHOLDER'S EQUITY	-	-	-	-	-	707,861	-	707,861	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,005,362	104,394	255,489	-	-	832,713	-	4,197,958	-
On-balance sheet interest sensitivity gap	(2,137,299)	298,759	324,303	615,737	238,068	(382,220)	1,042,652	-	-

* Collective impairment provisions on loans, advances and financing

26. Interest rate risk (continued)

Group	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
31 December 2009									
ASSETS									
Cash and short-term funds	443,136	-	-	-	-	9,120	-	452,256	1.99
Deposits and placements with licensed banks and financial institutions	-	190,000	-	-	-	-	-	190,000	2.20
Securities held-for-trading	-	-	-	-	-	-	938,644	938,644	2.27
Securities available-for-sale	545,983	413,956	603,390	610,154	187,126	198,979	-	2,559,588	4.41
Securities held-to-maturity	19,966	-	-	8,497	-	1,334	-	29,797	1.99
Loans, advances and financing									
- performing	51,534	8,814	141	56,412	40,073	(3,597)*	-	153,377	7.79
- non-performing	-	-	-	-	-	22,849	-	22,849	-
Derivative assets	-	-	-	-	-	-	26,631	26,631	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	21,197	-	21,197	-
Other assets	-	-	-	-	-	327,946	-	327,946	-
TOTAL ASSETS	1,060,619	612,770	603,531	675,063	227,199	577,828	965,275	4,722,285	
LIABILITIES									
Deposits from customers	1,660,934	143,088	262,614	-	-	-	-	2,066,636	1.98
Deposits and placements of banks and other financial institutions	1,358,998	82,255	185,348	-	-	-	-	1,626,601	1.96
Other liabilities	-	-	-	-	-	294,906	-	294,906	-
TOTAL LIABILITIES	3,019,932	225,343	447,962	-	-	294,906	-	3,988,143	
SHAREHOLDER'S EQUITY	-	-	-	-	-	734,142	-	734,142	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,019,932	225,343	447,962	-	-	1,029,048	-	4,722,285	
On-balance sheet interest sensitivity gap	(1,959,313)	387,427	155,569	675,063	227,199	(451,220)	965,275	-	

* Collective impairment provisions on loans, advances and financing

26. Interest rate risk (continued)

Bank	Non-Trading Book						Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
31 December 2009									
ASSETS									
Cash and short-term funds	443,136	-	-	-	-	7,180	-	450,316	1.99
Deposits and placements with licensed banks and financial institutions	-	190,000	-	-	-	-	-	190,000	2.20
Securities held-for-trading	-	-	-	-	-	-	938,644	938,644	2.27
Securities available-for-sale	545,983	413,956	603,390	610,154	187,126	198,979	-	2,559,588	4.41
Securities held-to-maturity	19,966	-	-	8,497	-	1,334	-	29,797	1.99
Loans, advances and financing									
- performing	51,534	8,814	141	56,412	40,073	(3,597)*	-	153,377	7.79
- non-performing	-	-	-	-	-	22,849	-	22,849	-
Derivative assets	-	-	-	-	-	-	26,631	26,631	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	21,197	-	21,197	-
Other assets	-	-	-	-	-	329,886	-	329,886	-
TOTAL ASSETS	1,060,619	612,770	603,531	675,063	227,199	577,828	965,275	4,722,285	
LIABILITIES									
Deposits from customers	1,660,934	143,088	262,614	-	-	-	-	2,066,636	1.98
Deposits and placements of banks and other financial institutions	1,358,998	82,255	185,348	-	-	-	-	1,626,601	1.96
Other liabilities	-	-	-	-	-	294,911	-	294,911	-
TOTAL LIABILITIES	3,019,932	225,343	447,962	-	-	294,911	-	3,988,148	
SHAREHOLDER'S EQUITY	-	-	-	-	-	734,137	-	734,137	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,019,932	225,343	447,962	-	-	1,029,048	-	4,722,285	
On-balance sheet interest sensitivity gap	(1,959,313)	387,427	155,569	675,063	227,199	(451,220)	965,275	-	

* Collective impairment provisions on loans, advances and financing

27. Summary of effects on adopting FRS 139

In accordance with the transitional provisions of FRS 139, the changes which arising from the adoption of FRS 139 are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Group and Bank As at 1 January 2010 RM'000
Increase / (decrease) in Securities available-for-sale	(9,208)
Increase / (decrease) in Securities available-for-sale reserve	(1,882)
Increase / (decrease) in Retained earnings	(5,584)
Increase / (decrease) in Deferred tax assets	2,494
Increase / (decrease) in Loans, advances and financing	<u>(751)</u>

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Securities held-for-trading

Prior to the adoption of FRS 139, the fair value of quoted securities is derived from marked-to-market price. With the adoption of FRS 139, the fair value of the quoted securities is derived from market bid prices.

Securities available-for-sale

Prior to the adoption of FRS 139, the fair value of quoted securities is derived from marked-to-market price. With the adoption of FRS 139, the fair value of the quoted securities is derived from market bid prices.

28. Operations of Islamic Banking Scheme (SPI)

**SKIM PERBANKAN ISLAM
 CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2010**

		Group and Bank	
	Note	30 June 2010 RM'000	31 December 2009 RM'000
ASSETS			
Cash and short-term funds	a	175	162
Securities available-for-sale	b	714,204	719,315
Securities held-to-maturity	c	-	19,966
Other assets		12,860	10,041
Deferred tax asset		2,862	2,862
TOTAL ASSETS		<u>730,101</u>	<u>752,346</u>
LIABILITIES			
Deposits from customers	d	229,648	326,582
Deposits and placements of banks and other financial institutions	e	354,021	286,349
Provision for Profit Equalisation Reserve		13,564	12,523
Other liabilities		3,366	1,555
Provision for zakat		315	1,174
TOTAL LIABILITIES		<u>600,914</u>	<u>628,183</u>
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		80,000	80,000
Reserves		49,187	44,163
TOTAL ISLAMIC BANKING CAPITAL FUNDS		<u>129,187</u>	<u>124,163</u>
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		<u>730,101</u>	<u>752,346</u>

**SKIM PERBANKAN ISLAM
 CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED INCOME STATEMENTS
 FOR THE PERIOD ENDED 30 JUNE 2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Group and Bank	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	7,191	7,789	15,151	17,402
Transfer to profit equalisation reserve	(1,001)	226	(1,041)	(3,872)
Dividend attributable to depositors	(3,429)	(3,718)	(6,777)	(8,935)
	2,761	4,297	7,333	4,595
Other operating income	36	328	124	4,272
	2,797	4,625	7,457	8,867
Staff costs	(172)	(328)	(468)	(611)
Other operating expenses	(176)	(246)	(337)	(473)
	2,449	4,051	6,652	7,783
Impairment loss made on securities	-	-	(755)	-
Profit before zakat	2,449	4,051	5,897	7,783
Zakat	(38)	(101)	(148)	(195)
Net profit for the period	2,411	3,950	5,749	7,588

a. Cash and short-term funds

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
Cash and balances with banks and other financial institutions	175	162
Money at call and deposit placements maturing within one month	-	-
	<u>175</u>	<u>162</u>

b. Securities available-for-sale

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At fair value		
Money market instruments:		
Government Investment Issues	267,960	149,065
Khazanah Nasional Berhad Bonds	-	14,986
Islamic Negotiable Certificate of Deposits	189,181	229,643
	<u>457,141</u>	<u>393,694</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	257,063	325,621
	<u>257,063</u>	<u>325,621</u>
Total securities available-for-sale	<u>714,204</u>	<u>719,315</u>

c. Securities held-to-maturity

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
At amortised cost		
Money market instruments:		
Khazanah Nasional Berhad Bonds	-	19,966
	<u>-</u>	<u>19,966</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	4,998	4,998
	<u>4,998</u>	<u>4,998</u>
Less: Individual impairment provisions	(4,998)	(4,998)
Total securities held-to-maturity	<u>-</u>	<u>19,966</u>

d. Deposits from customers

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	227,459	320,895
Others	2,189	5,687
	<u>229,648</u>	<u>326,582</u>
ii) By type of customers:		
Business enterprises	<u>229,648</u>	<u>326,582</u>
	<u>229,648</u>	<u>326,582</u>

e. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2010 RM'000	31 December 2009 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	349,938	284,103
Others	4,083	2,246
	<u>354,021</u>	<u>286,349</u>
ii) By type of customers:		
Licensed Islamic Banks	180,450	77,690
Licensed Investment Banks	10,000	-
Other financial institutions	163,571	208,659
	<u>354,021</u>	<u>286,349</u>

I, Dato' Megat Hisham bin Megat Mahmud, the Chief Executive Officer/Director primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the six months ended 30 June 2010, as set out on pages 1 to 38 have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 June 2010. The results and cash flows of the Group and the Bank for the period ended on that date are in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board as modified by Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

DATO' MEGAT HISHAM BIN MEGAT MAHMUD
CHIEF EXECUTIVE OFFICER/DIRECTOR

Date: 16 November 2010