

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2009**

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

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

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the financial period ended 30 September 2009 have been prepared from the Group and the Bank's accounting and other records and that they are in accordance with the requirements of FRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") issued by Bank Negara Malaysia on 5 October 2004.

BALDEV SINGH  
Chief Financial Officer

Date : 26 October 2009

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

**UNAUDITED CONDENSED BALANCE SHEETS**  
**AS AT 30 SEPTEMBER 2009**

	<i>Note</i>	<i>Group</i>		<i>Bank</i>	
		<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Assets</b>					
Cash and short term funds		<b>9,252,410</b>	8,428,554	<b>8,240,757</b>	7,445,455
Securities purchased under resale agreements		<b>6,384,308</b>	3,778,793	<b>6,384,308</b>	3,778,793
Deposits and placements with banks and other financial institutions		<b>603,454</b>	997,814	<b>1,546,752</b>	1,941,125
Securities held-for-trading	<i>11</i>	<b>1,454,352</b>	3,491,259	<b>1,342,026</b>	3,223,521
Securities available-for-sale	<i>12</i>	<b>4,524,128</b>	3,914,911	<b>4,155,595</b>	3,349,350
Loans, advances and financing	<i>13</i>	<b>27,974,086</b>	29,719,270	<b>25,213,254</b>	26,792,239
Other assets	<i>15</i>	<b>1,260,818</b>	1,417,121	<b>1,239,783</b>	1,424,328
Statutory deposits with Bank Negara Malaysia		<b>179,827</b>	653,026	<b>154,898</b>	580,497
Investment in subsidiaries		-	-	<b>660,021</b>	660,021
Prepaid land lease payments		<b>19,212</b>	19,551	<b>19,212</b>	19,551
Property and equipment		<b>254,942</b>	258,092	<b>249,924</b>	255,609
Intangible assets		<b>56,161</b>	51,153	<b>53,990</b>	49,789
Deferred tax assets		<b>83,385</b>	86,769	<b>69,520</b>	71,566
<b>Total Assets</b>		<b>52,047,083</b>	52,816,313	<b>49,330,040</b>	49,591,844
<b>Liabilities</b>					
Deposits from customers	<i>16</i>	<b>42,465,471</b>	40,953,472	<b>39,788,127</b>	37,709,152
Deposits and placements of banks and other financial institutions	<i>17</i>	<b>2,145,773</b>	3,531,472	<b>2,145,773</b>	3,531,472
Bills and acceptances payable		<b>287,807</b>	414,233	<b>281,939</b>	413,180
Other liabilities	<i>18</i>	<b>1,846,322</b>	2,569,719	<b>1,875,064</b>	2,614,505
Recourse obligation on loans sold to Cagamas Berhad		<b>586,738</b>	701,370	<b>586,738</b>	701,370
Provision for taxation and zakat		<b>18,186</b>	41,160	<b>16,100</b>	41,090
Subordinated bonds	<i>19</i>	<b>1,004,525</b>	1,027,338	<b>1,004,525</b>	1,027,338
<b>Total Liabilities</b>		<b>48,354,822</b>	49,238,764	<b>45,698,266</b>	46,038,107
<b>Shareholders' Funds</b>					
Share capital		<b>114,500</b>	114,500	<b>114,500</b>	114,500
Reserves		<b>3,577,761</b>	3,313,049	<b>3,517,274</b>	3,289,237
Proposed dividend		-	150,000	-	150,000
<b>Shareholders' funds</b>		<b>3,692,261</b>	3,577,549	<b>3,631,774</b>	3,553,737
<b>Total Liabilities and Shareholders' Funds</b>		<b>52,047,083</b>	52,816,313	<b>49,330,040</b>	49,591,844
Commitments and Contingencies	<i>27</i>	<b>76,351,069</b>	85,309,889	<b>74,910,158</b>	83,633,914

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*

*The financial statements were approved by the Board of Directors on 26 October 2009.*

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

**UNAUDITED CONDENSED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	<i>Note</i>	<i>Group</i>			
		<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
		<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Revenue		<b>736,605</b>	880,767	<b>2,262,379</b>	2,658,365
Interest income	20	<b>421,201</b>	558,233	<b>1,329,095</b>	1,610,165
Interest expense	21	<b>(175,070)</b>	(265,565)	<b>(570,754)</b>	(747,180)
Net interest income		<b>246,131</b>	292,668	<b>758,341</b>	862,985
Other operating income	22	<b>239,945</b>	216,847	<b>694,593</b>	763,162
Income from Islamic Banking	23	<b>64,842</b>	67,096	<b>199,009</b>	187,688
Operating income		<b>550,918</b>	576,611	<b>1,651,943</b>	1,813,835
Other operating expenses	24	<b>(292,575)</b>	(265,281)	<b>(807,406)</b>	(747,957)
Profit before allowance		<b>258,343</b>	311,330	<b>844,537</b>	1,065,878
Allowance for losses on loans and financing	25	<b>(69,492)</b>	(78,014)	<b>(204,255)</b>	(186,726)
Impairment losses on available for sale securities		-	-	<b>(9,637)</b>	-
Profit before taxation and zakat		<b>188,851</b>	233,316	<b>630,645</b>	879,152
Taxation and zakat		<b>(49,506)</b>	(62,612)	<b>(161,412)</b>	(227,045)
Profit attributable to shareholders		<b>139,345</b>	170,704	<b>469,233</b>	652,107
Earnings per RM0.50 ordinary share - basic/diluted		<b>60.8 sen</b>	74.5 sen	<b>204.9 sen</b>	284.7 sen
Dividends per RM0.50 ordinary share (net)					
- paid in respect of prior year		-	-	<b>65.5 sen</b>	109.2 sen
- interim dividend paid		<b>87.3 sen</b>	65.5 sen	<b>87.3 sen</b>	65.5 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*

**HSBC BANK MALAYSIA BERHAD**  
**(Company No. 127776-V)**  
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**UNAUDITED CONDENSED INCOME STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	<i>Note</i>	<i>Bank</i>			
		<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
		<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Revenue		<b>686,743</b>	846,267	<b>2,100,390</b>	2,623,865
Interest income	20	<b>427,106</b>	561,710	<b>1,346,858</b>	1,613,642
Interest expense	21	<b>(175,070)</b>	(265,565)	<b>(570,754)</b>	(747,180)
Net interest income		<b>252,036</b>	296,145	<b>776,104</b>	866,462
Other operating income	22	<b>259,637</b>	223,103	<b>753,532</b>	769,418
Income from Islamic Banking	23	-	37,407	-	157,999
Operating income		<b>511,673</b>	556,655	<b>1,529,636</b>	1,793,879
Other operating expenses	24	<b>(282,491)</b>	(261,100)	<b>(773,210)</b>	(743,776)
Profit before allowance		<b>229,182</b>	295,555	<b>756,426</b>	1,050,103
Allowance for losses on loans and financing	25	<b>(58,231)</b>	(75,455)	<b>(166,459)</b>	(184,167)
Impairment losses on available-for-sale securities		-	-	<b>(9,637)</b>	-
Profit before taxation and zakat		<b>170,951</b>	220,100	<b>580,330</b>	865,936
Taxation and zakat		<b>(44,580)</b>	(58,968)	<b>(147,715)</b>	(223,401)
Profit attributable to shareholders		<b>126,371</b>	161,132	<b>432,615</b>	642,535
Earnings per RM0.50 ordinary share - basic/diluted		<b>55.2 sen</b>	70.4 sen	<b>188.9 sen</b>	280.6 sen
Dividends per RM0.50 ordinary share (net)					
- paid in respect of prior year		-	-	<b>65.5 sen</b>	109.2 sen
- interim dividend paid		<b>87.3 sen</b>	65.5 sen	<b>87.3 sen</b>	65.5 sen

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*

**HSBC BANK MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	<i>Group</i>									
	← <i>Non-distributable</i>				→ <i>Distributable</i>				<i>Total Shareholders' funds</i>	
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Capital redemption reserve</i>	<i>Available-for-sale reserve</i>	<i>Retained profit</i>	<i>Total reserves</i>		<i>Proposed dividend</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>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
Balance as at 1 January 2008	114,500	741,375	114,500	122,769	190,000	41,347	1,546,760	2,756,751	250,000	3,121,251
Deferred tax adjustment on revaluation reserve	-	-	-	816	-	-	-	816	-	816
Net unrealised losses on revaluation	-	-	-	-	-	(26,345)	-	(26,345)	-	(26,345)
Transfer to retained profit on realisation of assets	-	-	-	(752)	-	-	752	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(36,892)	-	(36,892)	-	(36,892)
Net gains/(losses) recognised directly in equity	-	-	-	64	-	(63,237)	752	(62,421)	-	(62,421)
Net profit for the period	-	-	-	-	-	-	652,107	652,107	-	652,107
Total recognised income and expense for the period	-	-	-	64	-	(63,237)	652,859	589,686	-	589,686
Dividend paid - 2007 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividend paid - 2008 interim	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Balance as at 30 September 2008	114,500	741,375	114,500	122,833	190,000	(21,890)	2,049,619	3,196,437	-	3,310,937
Balance as at 1 October 2008	114,500	741,375	114,500	122,833	190,000	(21,890)	2,049,619	3,196,437	-	3,310,937
Deferred tax adjustment on revaluation reserve	-	-	-	-	-	-	-	-	-	-
Net unrealised gains on revaluation	-	-	-	-	-	19,733	-	19,733	-	19,733
Transfer to retained profit on realisation of assets	-	-	-	(110)	-	-	110	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(371)	-	(371)	-	(371)
Net (losses)/gains recognised directly in equity	-	-	-	(110)	-	19,362	110	19,362	-	19,362
Net profit for the period	-	-	-	-	-	-	247,250	247,250	-	247,250
Transfer to statutory reserve	-	-	11,361	-	-	-	(11,361)	-	-	-
Total recognised income and expense for the period	-	-	11,361	(110)	-	19,362	235,999	266,612	-	266,612
Proposed dividend - 2008 final	-	-	-	-	-	-	(150,000)	(150,000)	150,000	-
Balance as at 31 December 2008	114,500	741,375	125,861	122,723	190,000	(2,528)	2,135,618	3,313,049	150,000	3,577,549
Balance as at 1 January 2009	114,500	741,375	125,861	122,723	190,000	(2,528)	2,135,618	3,313,049	150,000	3,577,549
Deferred tax adjustment on revaluation reserve	-	-	-	804	-	-	-	804	-	804
Net unrealised gains on revaluation	-	-	-	-	-	4,547	-	4,547	-	4,547
Impairment charges reclassified to income statement	-	-	-	-	-	7,228	-	7,228	-	7,228
Net gains transferred to income statement	-	-	-	-	-	(17,100)	-	(17,100)	-	(17,100)
Net gains/(losses) recognised directly in equity	-	-	-	804	-	(5,325)	-	(4,521)	-	(4,521)
Net profit for the period	-	-	-	-	-	-	469,233	469,233	-	469,233
Total recognised income and expense for the period	-	-	-	804	-	(5,325)	469,233	464,712	-	464,712
Dividend paid - 2008 final	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Dividend paid - 2009 interim	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2009	114,500	741,375	125,861	123,527	190,000	(7,853)	2,404,851	3,577,761	-	3,692,261

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*

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

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	<i>Bank</i>									
	← <i>Non-distributable</i>				→ <i>Distributable</i>					
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Capital redemption reserve</i>	<i>Available-for-sale reserve</i>	<i>Retained profit</i>	<i>Total reserves</i>	<i>Proposed dividend</i>	<i>Total Shareholders' funds</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>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2008	114,500	741,375	114,500	122,769	190,000	41,347	1,546,760	2,756,751	250,000	3,121,251
Deferred tax adjustment on revaluation reserve	-	-	-	816	-	-	-	816	-	816
Net unrealised losses on revaluation	-	-	-	-	-	(26,500)	-	(26,500)	-	(26,500)
Transfer to retained profit on realisation of assets	-	-	-	(752)	-	-	752	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(36,892)	-	(36,892)	-	(36,892)
Net gains/(losses) recognised directly in equity	-	-	-	64	-	(63,392)	752	(62,576)	-	(62,576)
Net profit for the period	-	-	-	-	-	-	642,535	642,535	-	642,535
Total recognised income and expense for the period	-	-	-	64	-	(63,392)	643,287	579,959	-	579,959
Dividend paid - 2007 final	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Dividend paid - 2008 interim	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Balance as at 30 September 2008	114,500	741,375	114,500	122,833	190,000	(22,045)	2,040,047	3,186,710	-	3,301,210
Balance as at 1 October 2008	114,500	741,375	114,500	122,833	190,000	(22,045)	2,040,047	3,186,710	-	3,301,210
Deferred tax adjustment on revaluation reserve	-	-	-	-	-	-	-	-	-	-
Net unrealised gains on revaluation	-	-	-	-	-	18,797	-	18,797	-	18,797
Transfer to retained profit on realisation of assets	-	-	-	(110)	-	-	110	-	-	-
Net gains transferred to income statement	-	-	-	-	-	(371)	-	(371)	-	(371)
Net (losses)/gains recognised directly in equity	-	-	-	(110)	-	18,426	110	18,426	-	18,426
Net profit for the period	-	-	-	-	-	-	234,101	234,101	-	234,101
Total recognised income and expense for the period	-	-	-	(110)	-	18,426	234,211	252,527	-	252,527
Proposed dividend - 2008 final	-	-	-	-	-	-	(150,000)	(150,000)	150,000	-
Balance as at 31 December 2008	114,500	741,375	114,500	122,723	190,000	(3,619)	2,124,258	3,289,237	150,000	3,553,737
Balance as at 1 January 2009	114,500	741,375	114,500	122,723	190,000	(3,619)	2,124,258	3,289,237	150,000	3,553,737
Deferred tax adjustment on revaluation reserve	-	-	-	804	-	-	-	804	-	804
Net unrealised gains on revaluation	-	-	-	-	-	4,490	-	4,490	-	4,490
Impairment charges reclassified to income statement	-	-	-	-	-	7,228	-	7,228	-	7,228
Net gains transferred to income statement	-	-	-	-	-	(17,100)	-	(17,100)	-	(17,100)
Net gains/(losses) recognised directly in equity	-	-	-	804	-	(5,382)	-	(4,578)	-	(4,578)
Net profit for the period	-	-	-	-	-	-	432,615	432,615	-	432,615
Total recognised income and expense for the period	-	-	-	804	-	(5,382)	432,615	428,037	-	428,037
Dividend paid - 2008 final	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Dividend paid - 2009 interim	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance as at 30 September 2009	114,500	741,375	114,500	123,527	190,000	(9,001)	2,356,873	3,517,274	-	3,631,774

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*

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

**UNAUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation and zakat	<b>630,645</b>	879,152	<b>580,330</b>	865,936
Adjustments for non-operating and non-cash items	<b>43,209</b>	33,806	<b>38,971</b>	33,762
Operating profit before working capital changes	<b>673,854</b>	912,958	<b>619,301</b>	899,698
Changes in working capital:				
Net changes in operating assets	<b>2,178,949</b>	(5,727,611)	<b>1,836,669</b>	(6,882,529)
Net changes in operating liabilities	<b>(838,155)</b>	6,361,051	<b>(292,038)</b>	8,406,006
Taxation and zakat paid	<b>(179,794)</b>	(235,679)	<b>(168,127)</b>	(235,679)
<b>Net cash generated from operations</b>	<b>1,834,854</b>	1,310,719	<b>1,995,805</b>	2,187,496
<b>Net cash (used in)/generated from investing activities</b>	<b>(660,998)</b>	1,832,528	<b>(850,503)</b>	(1,125,856)
<b>Net cash used in financing activities</b>	<b>(350,000)</b>	(400,000)	<b>(350,000)</b>	(400,000)
	<b>(1,010,998)</b>	1,432,528	<b>(1,200,503)</b>	(1,525,856)
<b>Net changes in cash and cash equivalents</b>	<b>823,856</b>	2,743,247	<b>795,302</b>	661,640
<b>Cash and cash equivalents at beginning of the period</b>	<b>8,428,554</b>	11,321,351	<b>7,445,455</b>	11,321,351
<b>Cash and cash equivalents at end of the period</b>	<b>9,252,410</b>	14,064,598	<b>8,240,757</b>	11,982,991
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>9,252,410</b>	14,064,598	<b>8,240,757</b>	11,982,991

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2008 and the accompanying explanatory notes on page 7 to 31 attached to the unaudited condensed interim financial statements.*



**HSBC BANK MALAYSIA BERHAD**  
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**(Incorporated in Malaysia)**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2009**

**1 General Information**

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HSBC Bank Malaysia Berhad ("the Bank") is principally engaged in the provision of banking and other related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

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

**2 Basis of Preparation**

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The unaudited condensed interim financial statements for the financial period ended 30 September 2009 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 Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

The Group's unaudited interim financial statements include the financial statements of the Bank and its subsidiary companies. The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

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

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The audit report on the audited annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

**4 Seasonality or Cyclical Factors**

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

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

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and Bank for the financial period ended 30 September 2009.

**6 Changes in Estimates**

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There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and Bank for the financial period ended 30 September 2009.

**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 30 September 2009.

## **8 Dividend**

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The Group paid the following dividends during the financial period ended 30 September 2009.

- a) A final dividend of RM0.873 per ordinary share less tax at 25% totalling RM150 million in respect of the financial year ended 31 December 2008 was paid on 14 April 2009.
- b) An interim dividend of RM1.164 per ordinary share less tax at 25% totalling RM200 million in respect of the current financial year was paid on 21 August 2009.

## **9 Carrying Amount of Revalued Assets**

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Property and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses except for freehold land which is stated at cost and professional valuation. There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the financial period ended 30 September 2009.

## **10 Significant Events**

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As part of an internal re-organisation exercise, the Bank has become a direct wholly owned subsidiary of the Hongkong Shanghai Banking Corporation Limited, Hong Kong with effect from 1 January 2009. Prior to this, the Bank was a direct wholly owned subsidiary of HSBC Holdings BV.

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

## 11 Securities Held-for-Trading

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Money market instruments:				
Malaysian Government treasury bills	<b>163,482</b>	320,838	<b>143,651</b>	320,838
Bank Negara Malaysia bills and notes	<b>341,958</b>	1,675,565	<b>341,958</b>	1,675,565
Bank Negara Malaysia Islamic bills	<b>129,536</b>	751,625	<b>129,536</b>	590,274
Malaysian Government securities	<b>592,356</b>	617,346	<b>592,356</b>	617,346
Malaysian Government Islamic bonds	<b>110,942</b>	119,681	<b>18,447</b>	13,294
Cagamas bonds and notes	<b>9,634</b>	4,457	<b>9,634</b>	4,457
	<b>1,347,908</b>	3,489,512	<b>1,235,582</b>	3,221,774
Unquoted securities:				
Private debt securities (including commercial paper)	<b>106,444</b>	1,747	<b>106,444</b>	1,747
	<b>1,454,352</b>	3,491,259	<b>1,342,026</b>	3,223,521

## 12 Securities Available-for-Sale

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Money market instruments:				
Malaysian Government treasury bills	<b>280,648</b>	26,671	<b>181,733</b>	17,353
Bank Negara Malaysia Islamic bills	-	99,702	-	99,702
Malaysian Government securities	<b>2,282,402</b>	1,712,984	<b>2,282,402</b>	1,712,984
Malaysian Government Islamic bonds	<b>477,202</b>	648,681	<b>345,657</b>	293,543
Khazanah bonds	<b>47,671</b>	51,096	-	-
Cagamas bonds and notes	<b>45,860</b>	130,500	<b>45,860</b>	130,500
Negotiable instruments of deposit	<b>610,050</b>	320,233	<b>590,052</b>	290,242
Bankers' acceptance and Islamic accepted bills	<b>631,221</b>	697,485	<b>631,221</b>	697,485
	<b>4,375,054</b>	3,687,352	<b>4,076,925</b>	3,241,809
Quoted securities:				
Shares	<b>25,444</b>	18,338	<b>25,444</b>	18,338
Loan stock	<b>7,651</b>	8,534	<b>7,651</b>	8,534
	<b>33,095</b>	26,872	<b>33,095</b>	26,872
Unquoted securities:				
Shares	<b>16,392</b>	36,857	<b>16,392</b>	36,857
Private debt securities	<b>116,876</b>	175,446	<b>46,472</b>	55,428
	<b>133,268</b>	212,303	<b>62,864</b>	92,285
Impairment loss:				
Quoted securities:				
Shares	<b>(9,638)</b>	(3,082)	<b>(9,638)</b>	(3,082)
Loan stock	<b>(7,651)</b>	(8,534)	<b>(7,651)</b>	(8,534)
	<b>(17,289)</b>	(11,616)	<b>(17,289)</b>	(11,616)
	<b>4,524,128</b>	3,914,911	<b>4,155,595</b>	3,349,350

### 13 Loans, Advances and Financing

#### (i) By type

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Overdrafts	<b>1,391,553</b>	1,641,796	<b>1,388,372</b>	1,640,983
Term loans/ financing				
Housing loans/ financing	<b>9,346,635</b>	9,062,726	<b>9,288,380</b>	9,002,227
Syndicated term loans/ financing	<b>137,779</b>	148,234	<b>137,779</b>	148,234
Hire purchase receivables	<b>246,354</b>	281,575	<b>1,645</b>	1,501
Lease receivables	<b>7,000</b>	13,025	<b>6,741</b>	12,723
Other term loans/ financing	<b>8,521,744</b>	9,087,935	<b>6,594,324</b>	7,130,053
Bills receivable	<b>1,437,590</b>	2,394,848	<b>1,437,590</b>	2,394,848
Trust receipts	<b>397,903</b>	596,460	<b>397,903</b>	596,460
Claims on customers under acceptance credits	<b>2,613,215</b>	2,681,973	<b>2,034,695</b>	1,860,563
Staff loans/ financing	<b>398,023</b>	364,836	<b>395,316</b>	363,538
Credit/ charge cards	<b>2,584,777</b>	2,508,260	<b>2,453,263</b>	2,496,769
Revolving credit	<b>1,810,351</b>	1,805,217	<b>1,810,351</b>	1,805,217
Other loans/ financing	<b>8,150</b>	7,108	<b>8,150</b>	7,108
Less: Unearned interest and income	<b>(99,829)</b>	(135,026)	<b>(1,223)</b>	(2,024)
	<b>28,801,245</b>	30,458,967	<b>25,953,286</b>	27,458,200
Less: Allowance for bad and doubtful debts and financing:				
- General	<b>(436,597)</b>	(462,597)	<b>(384,000)</b>	(410,000)
- Specific	<b>(390,562)</b>	(277,100)	<b>(356,032)</b>	(255,961)
Total net loans, advances and financing	<b>27,974,086</b>	29,719,270	<b>25,213,254</b>	26,792,239

#### (ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic banking institutions	<b>52,151</b>	25,992	-	-
Domestic non-bank financial institutions				
Stockbroking companies	<b>151,267</b>	153,735	<b>151,267</b>	153,735
Others	<b>5,515</b>	100,232	<b>5,515</b>	100,232
Domestic business enterprises				
Small medium enterprises	<b>3,886,231</b>	3,972,736	<b>3,593,400</b>	3,658,030
Others	<b>8,828,910</b>	10,558,844	<b>7,497,938</b>	8,894,580
Individuals	<b>15,258,573</b>	14,569,770	<b>14,095,033</b>	13,581,205
Other domestic entities	<b>7,019</b>	3,025	<b>7,019</b>	3,025
Foreign entities	<b>611,579</b>	1,074,633	<b>603,114</b>	1,067,393
	<b>28,801,245</b>	30,458,967	<b>25,953,286</b>	27,458,200

**13 Loans, Advances and Financing (Cont'd)**

**(iii) By interest/ profit rate sensitivity**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fixed rate				
Housing loans/ financing	<b>250,448</b>	255,221	<b>213,697</b>	205,207
Hire purchase receivables	<b>222,812</b>	252,461	<b>1,622</b>	1,454
Other fixed rate loans/ financing	<b>4,572,703</b>	4,818,473	<b>2,206,944</b>	2,179,834
Variable rate				
BLR plus	<b>19,281,876</b>	20,769,719	<b>19,267,410</b>	20,769,719
Cost-plus	<b>1,810,350</b>	1,805,217	<b>1,810,350</b>	1,805,217
Other variable rates	<b>2,663,056</b>	2,557,876	<b>2,453,263</b>	2,496,769
	<b>28,801,245</b>	30,458,967	<b>25,953,286</b>	27,458,200

**(iv) By sector**

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Agricultural, hunting, forestry and fishing	<b>800,715</b>	984,605	<b>697,902</b>	860,284
Mining and quarrying	<b>539,556</b>	351,003	<b>523,155</b>	332,473
Manufacturing	<b>5,018,524</b>	5,929,001	<b>4,377,925</b>	5,214,821
Electricity, gas and water	<b>53,998</b>	77,945	<b>34,659</b>	60,585
Construction	<b>797,699</b>	806,572	<b>732,523</b>	741,333
Real estate	<b>757,518</b>	705,290	<b>698,668</b>	699,428
Purchase of landed property:				
Residential	<b>9,749,221</b>	9,484,962	<b>9,698,001</b>	9,434,932
Non-residential	<b>1,076,455</b>	1,263,006	<b>1,068,180</b>	1,255,367
Wholesale & retail trade and restaurants & hotels	<b>1,912,116</b>	2,647,329	<b>1,662,147</b>	2,143,651
Transport, storage and communication	<b>395,525</b>	473,358	<b>239,384</b>	262,328
Finance, insurance and business services	<b>1,480,158</b>	2,252,730	<b>1,169,419</b>	1,977,605
Purchase of securities	<b>47,924</b>	39,231	<b>46,487</b>	37,555
Purchase of transport vehicles	<b>50,787</b>	46,826	<b>50,787</b>	46,826
Consumption credit	<b>5,330,019</b>	4,963,151	<b>4,214,218</b>	4,020,871
Others	<b>791,030</b>	433,958	<b>739,831</b>	370,141
	<b>28,801,245</b>	30,458,967	<b>25,953,286</b>	27,458,200

#### 14 Non-Performing Loans/ Financing (NPL/ NPF)

##### (i) Movements in non-performing loans, advances and financing

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of period/ year	<b>485,804</b>	438,025	<b>457,328</b>	438,025
Classified as non-performing during the period/ year	<b>536,869</b>	477,390	<b>479,328</b>	455,252
Reclassified as performing	<b>(62,908)</b>	(80,984)	<b>(62,725)</b>	(80,790)
Amount recovered	<b>(130,173)</b>	(177,187)	<b>(124,012)</b>	(173,759)
Amount written off	<b>(186,170)</b>	(187,288)	<b>(150,199)</b>	(174,332)
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(22,681)
Other movements	<b>23,152</b>	15,848	<b>16,871</b>	15,613
At end of period/ year	<b>666,574</b>	485,804	<b>616,591</b>	457,328
Specific allowance	<b>(390,562)</b>	(277,100)	<b>(356,032)</b>	(255,961)
Net non-performing loans, advances and financing	<b>276,012</b>	208,704	<b>260,559</b>	201,367
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<b>1.0%</b>	0.7%	<b>1.0%</b>	0.8%

##### (ii) Movements in allowance for bad and doubtful debts

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>General allowance</b>				
At beginning of period/ year	<b>462,597</b>	401,700	<b>410,000</b>	401,700
Made during the period/ year	<b>7,100</b>	67,497	<b>7,100</b>	67,497
Amount written back	<b>(33,100)</b>	(6,600)	<b>(33,100)</b>	(6,600)
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(52,597)
At end of period/ year	<b>436,597</b>	462,597	<b>384,000</b>	410,000
As % of gross loans, advances and financing less specific allowance	<b>1.5%</b>	1.5%	<b>1.5%</b>	1.5%
<b>Specific allowance</b>				
At beginning of period/ year	<b>277,100</b>	218,334	<b>255,961</b>	218,334
Made during the period/ year	<b>297,207</b>	258,569	<b>245,978</b>	240,116
Amount recovered	<b>(34,265)</b>	(37,999)	<b>(25,297)</b>	(36,441)
Amount written off	<b>(172,462)</b>	(177,668)	<b>(137,311)</b>	(164,793)
Other movements	<b>22,982</b>	15,864	<b>16,701</b>	15,629
Disposal of Islamic banking operations to HSBC Amanah	-	-	-	(16,884)
At end of period/ year	<b>390,562</b>	277,100	<b>356,032</b>	255,961

#### 14 Non-Performing Loans/ Financing (NPL/ NPF) (Cont'd)

##### (iii) By sector

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Agricultural, hunting, forestry and fishing	<b>1,254</b>	1,196	<b>1,254</b>	1,196
Manufacturing	<b>121,457</b>	52,690	<b>115,898</b>	52,292
Construction	<b>4,759</b>	4,986	<b>4,759</b>	4,986
Real estate	<b>14,360</b>	14,171	<b>14,177</b>	13,939
Purchase of landed property:				
Residential	<b>196,654</b>	155,347	<b>196,022</b>	154,237
Non-residential	<b>24,665</b>	25,163	<b>24,665</b>	25,163
Wholesale & retail trade and restaurants & hotels	<b>70,591</b>	66,533	<b>66,448</b>	62,913
Transport, storage and communication	<b>2,650</b>	3,507	<b>2,650</b>	3,507
Finance, insurance and business services	<b>10,248</b>	6,566	<b>10,248</b>	6,566
Purchase of securities	<b>381</b>	369	<b>381</b>	369
Purchase of transport vehicles	<b>92</b>	270	<b>92</b>	270
Consumption credit	<b>217,736</b>	151,561	<b>178,512</b>	130,228
Others	<b>1,727</b>	3,445	<b>1,485</b>	1,662
	<b>666,574</b>	485,804	<b>616,591</b>	457,328

#### 15 Other Assets

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Derivative financial assets (Note 27)	<b>808,365</b>	1,202,998	<b>800,575</b>	1,196,195
Interest/ income receivable	<b>59,395</b>	55,432	<b>57,642</b>	49,698
Other receivables, deposits and prepayments	<b>393,058</b>	158,691	<b>381,566</b>	178,435
	<b>1,260,818</b>	1,417,121	<b>1,239,783</b>	1,424,328

#### 16 Deposits from Customers

##### (i) By type of deposit

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Demand deposits	<b>9,145,000</b>	8,344,255	<b>9,038,945</b>	8,277,081
Savings deposits	<b>6,784,683</b>	5,730,478	<b>6,292,484</b>	5,288,679
Fixed/ investment deposits	<b>21,401,310</b>	22,039,043	<b>19,497,689</b>	19,530,225
Negotiable instruments of deposits	<b>435,860</b>	670,896	<b>435,860</b>	670,896
Wholesale money market deposits	<b>2,093,926</b>	2,243,972	<b>2,093,926</b>	2,243,972
Others	<b>2,604,692</b>	1,924,828	<b>2,429,223</b>	1,698,299
	<b>42,465,471</b>	40,953,472	<b>39,788,127</b>	37,709,152

## 16 Deposits from Customers (Cont'd)

### (ii) By type of customer

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>168,902</b>	151,249	<b>33,833</b>	36,974
Business enterprises	<b>14,326,165</b>	15,108,552	<b>13,446,478</b>	13,776,791
Individuals	<b>21,682,394</b>	20,550,413	<b>20,415,778</b>	19,121,629
Others	<b>6,288,010</b>	5,143,258	<b>5,892,038</b>	4,773,758
	<b>42,465,471</b>	40,953,472	<b>39,788,127</b>	37,709,152

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

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Bank Negara Malaysia	<b>63,292</b>	66,797	<b>63,292</b>	66,797
Other financial institutions	<b>2,082,481</b>	3,464,675	<b>2,082,481</b>	3,464,675
	<b>2,145,773</b>	3,531,472	<b>2,145,773</b>	3,531,472

## 18 Other Liabilities

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Derivative financial liabilities	<b>690,537</b>	1,037,442	<b>682,747</b>	1,030,639
Interest/ profit payable	<b>183,554</b>	207,900	<b>173,630</b>	193,789
Allowance for commitments and contingencies	<b>2,423</b>	2,014	<b>2,423</b>	2,014
Profit equalisation reserve	<b>6,700</b>	6,700	-	-
Other creditors and accruals	<b>963,108</b>	1,315,663	<b>1,016,264</b>	1,388,063
	<b>1,846,322</b>	2,569,719	<b>1,875,064</b>	2,614,505

## 19 Subordinated Bonds

	<i>Group</i>		<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Subordinated bonds, at par	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Fair value changes arising from fair value hedge	<b>4,525</b>	27,338	<b>4,525</b>	27,338
	<b>1,004,525</b>	1,027,338	<b>1,004,525</b>	1,027,338

The outstanding Subordinated bonds relate to the RM 1 billion Subordinated bonds issued in 2007 via 2 tranches:

- (a) 4.35% coupon rate for RM 500 million due 2022 callable with a 100 bp step up coupon in 2017
- (b) 5.05% coupon rate for RM 500 million due 2027 callable with a 100 bp step up coupon in 2022

The Bank has undertaken a fair value hedge on the interest rate risk on a portion of each of the above two tranches of Subordinated bonds using interest rate swaps. Total amount of Subordinated bonds hedged is RM 420 million.



## 20 Interest Income

	<i>Group</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	<b>321,543</b>	400,251	<b>1,027,610</b>	1,150,193
- Recoveries from NPLs	<b>8,038</b>	4,452	<b>23,782</b>	21,877
Money at call and deposit placements with financial institutions	<b>69,182</b>	142,717	<b>202,461</b>	388,961
Securities available-for-sale	<b>27,604</b>	13,112	<b>85,945</b>	46,879
Others	<b>5,575</b>	537	<b>19,300</b>	1,580
	<b>431,942</b>	561,069	<b>1,359,098</b>	1,609,490
Amortisation of premium less accretion of discounts	<b>(4,269)</b>	2,271	<b>(12,047)</b>	18,717
Interest suspended	<b>(6,472)</b>	(5,107)	<b>(17,956)</b>	(18,042)
Total interest income	<b>421,201</b>	558,233	<b>1,329,095</b>	1,610,165

	<i>Bank</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	<b>321,543</b>	400,251	<b>1,027,610</b>	1,150,193
- Recoveries from NPLs	<b>8,038</b>	4,452	<b>23,782</b>	21,877
Money at call and deposit placements with financial institutions	<b>70,199</b>	142,717	<b>204,201</b>	388,961
Securities available-for-sale	<b>27,604</b>	13,112	<b>85,945</b>	46,879
Others	<b>10,463</b>	4,014	<b>35,323</b>	5,057
	<b>437,847</b>	564,546	<b>1,376,861</b>	1,612,967
Amortisation of premium less accretion of discounts	<b>(4,269)</b>	2,271	<b>(12,047)</b>	18,717
Interest suspended	<b>(6,472)</b>	(5,107)	<b>(17,956)</b>	(18,042)
Total interest income	<b>427,106</b>	561,710	<b>1,346,858</b>	1,613,642

## 21 Interest Expense

	<i>Group</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits and placements of banks and other financial institutions	<b>5,541</b>	22,851	<b>23,223</b>	65,108
Deposits from customers	<b>145,655</b>	221,437	<b>482,578</b>	617,129
Loans sold to Cagamas	<b>7,691</b>	8,257	<b>23,836</b>	26,024
Subordinated bonds	<b>11,846</b>	11,847	<b>35,153</b>	35,282
Others	<b>4,337</b>	1,173	<b>5,964</b>	3,637
	<b>175,070</b>	265,565	<b>570,754</b>	747,180

	<i>Bank</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits and placements of banks and other financial institutions	<b>5,541</b>	22,851	<b>23,223</b>	65,108
Deposits from customers	<b>145,655</b>	221,437	<b>482,578</b>	617,129
Loans sold to Cagamas	<b>7,691</b>	8,257	<b>23,836</b>	26,024
Subordinated bonds	<b>11,846</b>	11,847	<b>35,153</b>	35,282
Others	<b>4,337</b>	1,173	<b>5,964</b>	3,637
	<b>175,070</b>	265,565	<b>570,754</b>	747,180

## 22 Other Operating Income

	<i>Group</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fees and commissions	<b>104,863</b>	95,783	<b>296,332</b>	288,320
Net gains arising from sale of securities				
- Securities held-for-trading and other financial instruments	<b>13,207</b>	2,089	<b>9,800</b>	18,442
- Securities available-for-sale	<b>157</b>	405	<b>27,559</b>	61,877
Net interest income from trading securities	<b>13,533</b>	8,910	<b>47,241</b>	39,466
Net unrealised gains on revaluation of trading securities	<b>3,695</b>	400	<b>4,833</b>	620
Net gains arising from dealing in foreign currency	<b>98,799</b>	30,730	<b>279,293</b>	135,698
Net unrealised (losses)/gains from dealing in foreign currency	<b>(25,112)</b>	66,191	<b>(41,795)</b>	157,279
Net (losses)/ gains arising from trading in derivatives	<b>(1,741)</b>	(114)	<b>18,106</b>	6,826
Net unrealised gains on revaluation of derivatives	<b>21,904</b>	7,343	<b>24,562</b>	32,016
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	<b>739</b>	1,876	<b>1,381</b>	2,038
Rental income	<b>1,819</b>	1,485	<b>5,148</b>	4,635
Net gains on disposal of property and equipment	<b>96</b>	121	<b>309</b>	418
Other operating income	<b>7,986</b>	1,628	<b>21,824</b>	15,527
	<b>239,945</b>	216,847	<b>694,593</b>	763,162

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

Cards	<b>47,957</b>	40,908	<b>139,616</b>	123,690
Service charges and fees	<b>28,277</b>	29,088	<b>80,001</b>	88,817
Agency fees	<b>7,531</b>	2,946	<b>22,140</b>	22,065
Credit facilities	<b>9,683</b>	7,422	<b>23,868</b>	21,430

	<i>Bank</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fees and commissions	<b>104,863</b>	95,783	<b>296,332</b>	288,320
Net gains arising from sale of securities				
- Securities held-for-trading and other financial instruments	<b>13,207</b>	2,089	<b>9,800</b>	18,442
- Securities available-for-sale	<b>157</b>	405	<b>27,559</b>	61,877
Net interest income from trading securities	<b>13,533</b>	8,910	<b>47,241</b>	39,466
Net unrealised gains on revaluation of trading securities	<b>3,695</b>	400	<b>4,833</b>	620
Net gains arising from dealing in foreign currency	<b>98,799</b>	30,730	<b>279,293</b>	135,698
Net unrealised (losses)/gains from dealing in foreign currency	<b>(25,112)</b>	66,191	<b>(41,795)</b>	157,279
Net (losses)/ gains arising from trading in derivatives	<b>(1,741)</b>	(114)	<b>18,106</b>	6,826
Net unrealised gains on revaluation of derivatives	<b>21,904</b>	7,343	<b>24,562</b>	32,016
Dividend income from securities available-for-sale				
- Unquoted in Malaysia	<b>739</b>	1,876	<b>1,381</b>	2,038
Rental income	<b>1,819</b>	1,485	<b>5,148</b>	4,635
Net gains on disposal of property and equipment	<b>96</b>	121	<b>309</b>	418
Other operating income	<b>27,678</b>	7,884	<b>80,763</b>	21,783
	<b>259,637</b>	223,103	<b>753,532</b>	769,418

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

Cards	<b>47,957</b>	40,908	<b>139,616</b>	123,690
Service charges and fees	<b>28,277</b>	29,088	<b>80,001</b>	88,817
Agency fees	<b>7,955</b>	2,946	<b>22,140</b>	22,065
Credit facilities	<b>9,259</b>	7,422	<b>23,868</b>	21,430

### 23 Income from Islamic Banking

For consolidation with the conventional operations, income from the Bank's Islamic subsidiary comprises the following items:

	<i>Group</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositor funds and others	<b>56,980</b>	90,840	<b>187,310</b>	242,120
Income derived from investment of shareholders' funds	<b>19,141</b>	-	<b>52,855</b>	-
Profit equalisation reserve	-	-	-	(1,000)
Income attributable to the depositors	<b>(11,279)</b>	(43,505)	<b>(41,156)</b>	(117,489)
Income attributable to special placement deposits by Head Office	-	4,914	-	21,139
	<b>64,842</b>	52,249	<b>199,009</b>	144,770
Income derived from investment of Islamic Banking capital funds	-	14,847	-	42,918
	<b>64,842</b>	67,096	<b>199,009</b>	187,688
	<i>Bank</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositor funds and others	-	53,745	-	205,025
Profit equalisation reserve	-	-	-	(1,000)
Income attributable to the depositors	-	(28,961)	-	(102,945)
Income attributable to special placement deposits by Head Office	-	4,914	-	21,139
	-	29,698	-	122,219
Income derived from investment of Islamic Banking capital funds	-	7,709	-	35,780
	-	37,407	-	157,999

## 24 Other Operating Expenses

	<i>Group</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel expenses	<b>154,753</b>	136,905	<b>424,199</b>	393,368
Promotion and marketing related expenses	<b>24,206</b>	17,753	<b>53,092</b>	44,025
Establishment related expenses	<b>31,539</b>	28,957	<b>91,229</b>	83,886
General administrative expenses	<b>82,077</b>	81,666	<b>238,886</b>	226,678
	<b>292,575</b>	265,281	<b>807,406</b>	747,957

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	<b>108,523</b>	108,120	<b>318,595</b>	301,537
Employees Provident Fund contributions	<b>18,706</b>	18,323	<b>53,205</b>	53,495
Promotion and marketing related expenses				
Advertising and promotion	<b>19,921</b>	10,402	<b>42,320</b>	27,170
Establishment related expenses				
Depreciation of property and equipment	<b>8,761</b>	7,836	<b>25,903</b>	22,517
Amortisation of prepaid lease payments	<b>113</b>	114	<b>339</b>	351
Amortisation of intangible assets	<b>5,698</b>	5,102	<b>15,873</b>	13,210
Information technology costs	<b>3,393</b>	4,336	<b>10,333</b>	11,970
Hire of equipment	<b>1,984</b>	406	<b>5,273</b>	5,772
Rental of premises	<b>6,519</b>	4,403	<b>17,168</b>	12,969
Property and equipment written off	<b>22</b>	13	<b>79</b>	185
General administrative expenses				
Intercompany expenses	<b>60,653</b>	54,484	<b>175,722</b>	144,591
Auditors' remuneration				
-Statutory audit	<b>128</b>	88	<b>303</b>	263
-Other services	<b>84</b>	-	<b>151</b>	51

**24 Other Operating Expenses (Cont'd)**

	<i>Bank</i>			
	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2009</b>	30 Sep 2008	<b>30 Sep 2009</b>	30 Sep 2008
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel expenses	<b>151,293</b>	135,697	<b>412,863</b>	392,160
Promotion and marketing related expenses	<b>21,488</b>	16,677	<b>42,513</b>	42,949
Establishment related expenses	<b>29,814</b>	28,620	<b>86,263</b>	83,549
General administrative expenses	<b>79,896</b>	80,106	<b>231,571</b>	225,118
	<b>282,491</b>	261,100	<b>773,210</b>	743,776

The above expenditure includes the following major items :

Personnel expenses				
Salaries, allowances and bonuses	<b>103,945</b>	107,165	<b>305,787</b>	300,582
Employees Provident Fund contributions	<b>17,951</b>	18,165	<b>51,081</b>	53,337
Promotion and marketing related expenses				
Advertising and promotion	<b>17,203</b>	9,326	<b>31,741</b>	26,094
Establishment related expenses				
Depreciation of property and equipment	<b>8,373</b>	7,814	<b>24,825</b>	22,495
Amortisation of prepaid lease payments	<b>113</b>	114	<b>339</b>	351
Amortisation of intangible assets	<b>5,515</b>	5,080	<b>15,419</b>	13,188
Information technology costs	<b>3,456</b>	4,171	<b>10,001</b>	11,805
Hire of equipment	<b>1,892</b>	406	<b>5,166</b>	5,772
Rental of premises	<b>5,521</b>	4,316	<b>14,726</b>	12,882
Property and equipment written off	<b>22</b>	13	<b>79</b>	185
General administrative expenses				
Intercompany expenses	<b>60,255</b>	54,484	<b>174,043</b>	144,591
Auditors' remuneration				
-Statutory audit	<b>88</b>	88	<b>263</b>	263
-Other services	<b>84</b>	-	<b>151</b>	51



## 26 Capital Adequacy

	<i>Group</i>	
	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	<b>114,500</b>	114,500
Share premium	<b>741,375</b>	741,375
Capital redemption reserve	<b>190,000</b>	190,000
Retained profits	<b>2,241,862</b>	2,285,618
Statutory reserves	<b>125,861</b>	125,861
	<b>3,413,598</b>	3,457,354
Less: Deferred tax adjustments	<b>(99,350)</b>	(104,705)
Total Tier 1 capital	<b>3,314,248</b>	3,352,649
<b>Tier 2 capital</b>		
Subordinated bonds	<b>1,004,525</b>	1,027,338
Revaluation reserves	<b>71,952</b>	71,952
General allowance for bad and doubtful debts and financing	<b>436,597</b>	462,597
Total Tier 2 capital	<b>1,513,074</b>	1,561,887
Total capital	<b>4,827,322</b>	4,914,536
Less: Investment in subsidiaries	-	-
<b>Capital base</b>	<b>4,827,322</b>	4,914,536
Core capital ratio	<b>10.2%</b>	9.2%
Risk-weighted capital ratio	<b>14.8%</b>	13.4%
Core capital ratio (net of proposed dividend)	<b>10.2%</b>	8.8%
Risk-weighted capital ratio (net of proposed dividend)	<b>14.8%</b>	13.0%

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

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

	<i>Group</i>			
	<b>30 Sep 2009</b>		31 Dec 2008	
	<b>Principal</b>	<b>Risk-weighted</b>	Principal	Risk-weighted
	<b>RM'000</b>	<b>RM'000</b>	RM'000	RM'000
Total RWA for credit risk	<b>60,018,063</b>	<b>26,402,640</b>	59,410,520	30,607,350
Total RWA for market risk	-	<b>1,932,267</b>	-	1,912,233
Total RWA for operational risk	-	<b>4,245,881</b>	-	4,035,680
	<b>60,018,063</b>	<b>32,580,788</b>	59,410,520	36,555,263

## 26 Capital Adequacy (Cont'd)

	<i>Bank</i>	
	<b>30 Sep 2009</b>	31 Dec 2008
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	<b>114,500</b>	114,500
Share premium	<b>741,375</b>	741,375
Capital redemption reserve	<b>190,000</b>	190,000
Retained profits	<b>2,230,502</b>	2,274,258
Statutory reserves	<b>114,500</b>	114,500
	<b>3,390,877</b>	3,434,633
Less: Deferred tax adjustments	<b>(99,673)</b>	(105,028)
Total Tier 1 capital	<b>3,291,204</b>	3,329,605
<b>Tier 2 capital</b>		
Subordinated bonds	<b>1,004,525</b>	1,027,338
Revaluation reserves	<b>71,952</b>	71,952
General allowance for bad and doubtful debts and financing	<b>384,000</b>	410,000
Total Tier 2 capital	<b>1,460,477</b>	1,509,290
Total capital	<b>4,751,681</b>	4,838,895
Less: Investment in subsidiaries	<b>(660,021)</b>	(660,021)
<b>Capital base</b>	<b>4,091,660</b>	4,178,874
Core capital ratio	<b>10.8%</b>	9.8%
Risk-weighted capital ratio	<b>13.5%</b>	12.3%
Core capital ratio (net of proposed dividend)	<b>10.8%</b>	9.4%
Risk-weighted capital ratio (net of proposed dividend)	<b>13.5%</b>	11.9%

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

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

	<i>Bank</i>			
	<b>30 Sep 2009</b>		31 Dec 2008	
	<b>Principal</b>	<b>Risk-weighted</b>	Principal	Risk-weighted
	<b>RM'000</b>	<b>RM'000</b>	RM'000	RM'000
Total RWA for credit risk	<b>56,386,277</b>	<b>24,312,897</b>	55,262,515	27,974,288
Total RWA for market risk	-	<b>1,908,896</b>	-	1,871,762
Total RWA for operational risk	-	<b>4,131,766</b>	-	3,994,726
	<b>56,386,277</b>	<b>30,353,559</b>	55,262,515	33,840,776



## 27 Commitments and Contingencies

30 Sep 2009	Group			
	Credit Principal amount RM'000	Positive fair value of derivative contracts^ RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,364,941	-	1,364,941	1,151,651
Transaction-related contingent items	2,386,338	-	1,193,169	1,012,728
Short-term self-liquidating trade-related contingencies	425,486	-	85,097	67,846
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	10,097,131	-	-	-
- Maturity exceeding one year	871,549	-	435,774	403,941
Unutilised credit card lines	7,860,798	-	1,572,160	1,179,120
Foreign exchange related contracts				
- Less than one year	14,273,272	184,903	341,997	206,521
- One year to less than five years	5,827,329	203,088	669,062	337,222
- Five years and above	1,034,386	720	107,754	24,654
Interest rate related contracts:				
- Less than one year	9,004,833	40,147	48,139	17,339
- One year to less than five years	18,213,683	214,209	625,352	264,487
- Five years and above	3,831,976	83,764	310,897	118,783
Other commodity contracts:				
- One year to less than five years	104,682	3,695	17,513	3,503
Equity related contracts				
- Less than one year	173,962	2,864	16,537	3,307
- One year to less than five years	681,656	74,975	118,768	23,754
Sell buy back agreement	199,047	-	199,047	199,047
	<b>76,351,069</b>	<b>808,365</b>	<b>7,106,207</b>	<b>5,013,903</b>

Note 15

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Group's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

**27 Commitments and Contingencies (Cont'd)**

30 Sep 2009	Bank			
	Credit Principal amount RM'000	Positive fair value of derivative contracts^ RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,360,329	-	1,360,329	1,147,307
Transaction-related contingent items	2,377,010	-	1,188,505	1,008,070
Short-term self-liquidating trade-related contingencies	419,810	-	83,962	66,787
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	9,525,891	-	-	-
- Maturity exceeding one year	856,202	-	428,101	396,365
Unutilised credit card lines	7,338,894	-	1,467,779	1,100,834
Foreign exchange related contracts				
- Less than one year	14,273,272	184,903	341,997	206,521
- One year to less than five years	5,827,329	203,088	669,062	337,222
- Five years and above	1,034,386	720	107,754	24,654
Interest rate related contracts:				
- Less than one year	9,004,833	40,147	48,139	17,339
- One year to less than five years	18,213,683	214,209	625,352	264,487
- Five years and above	3,831,976	83,764	310,897	118,783
Other commodity contracts:				
- One year to less than five years	104,682	3,695	17,513	3,503
Equity related contracts				
- Less than one year	109,742	-	9,819	1,964
- One year to less than five years	632,119	70,049	110,892	22,178
Sell buy back agreement	-	-	-	-
	<b>74,910,158</b>	<b>800,575</b>	<b>6,770,101</b>	<b>4,716,014</b>

Note 15

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

**27 Commitments and Contingencies (Cont'd)**

31 Dec 2008	Group			
	Credit Principal amount RM'000	Positive fair value of derivative contracts^ RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,443,220	-	1,443,220	1,346,032
Transaction-related contingent items	2,369,435	-	1,184,718	1,028,600
Short-term self-liquidating trade-related contingencies	224,658	-	44,932	39,006
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	11,681,783	-	2,336,357	2,022,457
- Maturity exceeding one year	993,072	-	496,536	447,443
Unutilised credit card lines	7,346,896	-	1,469,379	1,102,034
Foreign exchange related contracts				
- Less than one year	18,372,259	376,129	579,199	392,529
- One year to less than five years	3,579,340	128,125	232,661	86,302
- Five years and above	1,943,361	95,080	156,218	17,712
Interest rate related contracts:				
- Less than one year	11,489,607	24,742	37,957	11,251
- One year to less than five years	18,680,994	310,112	706,558	285,029
- Five years and above	6,184,729	235,147	587,247	216,235
Other commodity contracts:				
- One year to less than five years	72,409	10,041	18,731	3,747
Equity related contracts				
- Less than one year	451,857	13,632	35,632	7,126
- One year to less than five years	257,963	9,990	30,627	6,126
Sell buy back agreement	218,306	-	218,305	218,306
	<b>85,309,889</b>	<b>1,202,998</b>	<b>9,578,277</b>	<b>7,229,935</b>

Note 15

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Group's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

**27 Commitments and Contingencies (Cont'd)**

31 Dec 2008	Bank			
	Credit Principal amount RM'000	Positive fair value of derivative contracts^ RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,441,426	-	1,441,426	1,344,281
Transaction-related contingent items	2,361,335	-	1,180,668	1,024,550
Short-term self-liquidating trade-related contingencies	211,749	-	42,350	36,473
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	10,511,626	-	2,102,325	1,794,509
- Maturity exceeding one year	992,561	-	496,281	447,250
Unutilised credit card lines	7,220,736	-	1,444,147	1,083,110
Foreign exchange related contracts				
- Less than one year	18,372,259	376,129	579,199	392,529
- One year to less than five years	3,579,340	128,125	232,661	86,302
- Five years and above	1,943,361	95,080	156,218	17,712
Interest rate related contracts:				
- Less than one year	11,489,607	24,742	37,957	11,251
- One year to less than five years	18,680,994	310,112	706,558	285,029
- Five years and above	6,184,729	235,147	587,247	216,235
Other commodity contracts:				
- One year to less than five years	72,409	10,041	18,731	3,747
Equity related contracts				
- Less than one year	420,745	12,546	32,680	6,536
- One year to less than five years	151,037	4,273	16,355	3,271
	<b>83,633,914</b>	<b>1,196,195</b>	<b>9,074,803</b>	<b>6,752,785</b>

Note 15

^ The foreign exchange related contracts, interest rate related contracts, equity related contracts and commodity related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security price) of the underlying instruments. The table above shows the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at balance sheet date are shown above.

\* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

## 28 Interest/ Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The following tables summarises the Group and the Bank's exposure to interest/profit rate risk. The assets and liabilities at carrying amount are allocated to time bands by reference to the earlier of the next contractual repricing dates and maturity dates.

Group 30 September 2009	Non-trading book					Non-interest sensitive RM'000	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				
<b>ASSETS</b>									
Cash and short term funds	8,675,073	27,495	3,055	-	-	546,787	-	9,252,410	1.92
Securities purchased under resale agreements	4,484,692	1,899,616	-	-	-	-	-	6,384,308	2.00
Deposits and placements with banks and other financial institutions	-	569,111	34,343	-	-	-	-	603,454	2.12
Securities held-for-trading	-	-	-	-	-	-	1,454,352	1,454,352	2.83
Securities available-for-sale	442,391	888,535	1,062,194	1,789,184	309,626	32,198	-	4,524,128	2.81
Loans, advances and financing									
- performing	21,877,491	2,308,402	793,499	1,482,270	465,914	770,498	-	27,698,074	5.40
- non-performing *	-	-	-	-	-	276,012	-	276,012	
Others	-	-	-	-	-	756,056	1,098,289	1,854,345	
<b>Total Assets</b>	<b>35,479,647</b>	<b>5,693,159</b>	<b>1,893,091</b>	<b>3,271,454</b>	<b>775,540</b>	<b>2,381,551</b>	<b>2,552,641</b>	<b>52,047,083</b>	
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>									
Deposits from customers	21,218,636	3,453,919	7,423,346	1,562,477	230,000	8,577,093	-	42,465,471	2.00
Deposits and placements of banks and other financial institutions	1,560,785	182,062	68,422	6,478	2,284	325,742	-	2,145,773	1.69
Bills and acceptances payable	3,516	4,616	-	-	-	279,675	-	287,807	1.66
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	586,738	-	-	-	586,738	4.70
Subordinated bonds	-	-	-	-	1,004,525	-	-	1,004,525	4.70
Others	-	-	-	-	-	977,714	886,794	1,864,508	
<b>Total Liabilities</b>	<b>22,782,937</b>	<b>3,640,597</b>	<b>7,491,768</b>	<b>2,155,693</b>	<b>1,236,809</b>	<b>10,160,224</b>	<b>886,794</b>	<b>48,354,822</b>	
Shareholders' funds	-	-	-	-	-	3,692,261	-	3,692,261	
<b>Total Liabilities and Shareholders' funds</b>	<b>22,782,937</b>	<b>3,640,597</b>	<b>7,491,768</b>	<b>2,155,693</b>	<b>1,236,809</b>	<b>13,852,485</b>	<b>886,794</b>	<b>52,047,083</b>	
On-balance sheet interest sensitivity gap	12,696,710	2,052,562	(5,598,677)	1,115,761	(461,269)	(11,470,934)	1,665,847	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	50,000	(40,000)	(10,000)	-	-	-	-	
- options	108,597	(390,000)	180,000	101,403	-	-	-	-	
- swaps	683,248	(950,162)	(94,511)	(1,553,702)	1,928,755	-	-	13,628	
<b>Total interest sensitivity gap</b>	<b>13,488,555</b>	<b>762,400</b>	<b>(5,553,188)</b>	<b>(346,538)</b>	<b>1,467,486</b>	<b>(11,470,934)</b>	<b>1,665,847</b>	<b>13,628</b>	

\* This is arrived at after deducting specific allowance from non-performing loans.

## 28 Interest/ Profit Rate Risk (Cont'd)

Bank 30 September 2009	Non-trading book					Non-interest sensitive RM'000	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				
<b>ASSETS</b>									
Cash and short term funds	7,423,414	277,495	3,055	-	-	536,793	-	8,240,757	1.85
Securities purchased under resale agreements	4,484,692	1,899,616	-	-	-	-	-	6,384,308	2.00
Deposits and placements with banks and other financial institutions	24,748	569,111	930,387	22,506	-	-	-	1,546,752	2.12
Securities held-for-trading	-	-	-	-	-	-	1,342,026	1,342,026	2.84
Securities available-for-sale	417,442	888,535	825,206	1,682,588	309,626	32,198	-	4,155,595	2.76
Loans, advances and financing									
- performing	21,469,177	1,766,505	561,630	159,403	272,735	723,245	-	24,952,695	5.13
- non-performing *	-	-	-	-	-	260,559	-	260,559	
Others	-	-	-	-	-	1,357,279	1,090,069	2,447,348	
<b>Total Assets</b>	<b>33,819,473</b>	<b>5,401,262</b>	<b>2,320,278</b>	<b>1,864,497</b>	<b>582,361</b>	<b>2,910,074</b>	<b>2,432,095</b>	<b>49,330,040</b>	
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>									
Deposits from customers	19,644,693	3,071,544	6,992,686	1,549,485	230,000	8,299,719	-	39,788,127	2.01
Deposits and placements of banks and other financial institutions	1,560,785	182,062	68,422	6,478	2,284	325,742	-	2,145,773	1.52
Bills and acceptances payable	3,516	4,616	-	-	-	273,807	-	281,939	1.66
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	586,738	-	-	-	586,738	4.70
Subordinated bonds	-	-	-	-	1,004,525	-	-	1,004,525	4.70
Others	-	-	-	-	-	1,012,160	879,004	1,891,164	
<b>Total Liabilities</b>	<b>21,208,994</b>	<b>3,258,222</b>	<b>7,061,108</b>	<b>2,142,701</b>	<b>1,236,809</b>	<b>9,911,428</b>	<b>879,004</b>	<b>45,698,266</b>	
Shareholders' funds	-	-	-	-	-	3,631,774	-	3,631,774	
<b>Total Liabilities and Shareholders' funds</b>	<b>21,208,994</b>	<b>3,258,222</b>	<b>7,061,108</b>	<b>2,142,701</b>	<b>1,236,809</b>	<b>13,543,202</b>	<b>879,004</b>	<b>49,330,040</b>	
On-balance sheet interest sensitivity gap	12,610,479	2,143,040	(4,740,830)	(278,204)	(654,448)	(10,633,128)	1,553,091	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	50,000	(40,000)	(10,000)	-	-	-	-	
- options	108,597	(390,000)	180,000	101,403	-	-	-	-	
- swaps	683,248	(950,162)	(94,511)	(1,553,702)	1,928,755	-	-	13,628	
<b>Total interest sensitivity gap</b>	<b>13,402,324</b>	<b>852,878</b>	<b>(4,695,341)</b>	<b>(1,740,503)</b>	<b>1,274,307</b>	<b>(10,633,128)</b>	<b>1,553,091</b>	<b>13,628</b>	

\* This is arrived at after deducting specific allowance from non-performing loans.

## 28 Interest/ Profit Rate Risk (Cont'd)

Group 31 Dec 2008	Non-trading book					Non-interest sensitive RM'000	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				
<b>ASSETS</b>									
Cash and short term funds	7,876,244	-	-	-	-	552,310	-	8,428,554	3.13
Securities purchased under resale agreements	3,678,816	99,977	-	-	-	-	-	3,778,793	2.98
Deposits and placements with banks and other financial institutions	-	902,684	95,130	-	-	-	-	997,814	3.43
Securities held-for-trading	-	-	-	-	-	-	3,491,259	3,491,259	3.06
Securities available-for-sale	299,301	867,429	1,250,900	1,214,066	231,101	52,114	-	3,914,911	3.72
Loans, advances and financing									
- performing	23,419,293	2,463,992	867,313	1,487,470	557,231	715,267	-	29,510,566	6.39
- non-performing *	-	-	-	-	-	208,704	-	208,704	
Others	-	-	-	-	-	1,256,603	1,229,109	2,485,712	
<b>Total Assets</b>	<b>35,273,654</b>	<b>4,334,082</b>	<b>2,213,343</b>	<b>2,701,536</b>	<b>788,332</b>	<b>2,784,998</b>	<b>4,720,368</b>	<b>52,816,313</b>	
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>									
Deposits from customers	20,624,290	3,638,901	7,824,006	1,212,822	180,000	7,473,453	-	40,953,472	2.80
Deposits and placements of banks and other financial institutions	2,120,477	487,761	303,414	6,423	2,413	610,984	-	3,531,472	2.43
Bills and acceptances payable	15,352	94,701	-	-	-	304,180	-	414,233	3.08
Recourse obligation on loans sold to Cagamas Berhad	-	-	74,210	627,160	-	-	-	701,370	4.71
Subordinated bonds	-	-	-	-	1,027,338	-	-	1,027,338	4.70
Others	-	-	-	-	-	1,185,034	1,425,845	2,610,879	
<b>Total Liabilities</b>	<b>22,760,119</b>	<b>4,221,363</b>	<b>8,201,630</b>	<b>1,846,405</b>	<b>1,209,751</b>	<b>9,573,651</b>	<b>1,425,845</b>	<b>49,238,764</b>	
Shareholders' funds	-	-	-	-	-	3,577,549	-	3,577,549	
<b>Total Liabilities and Shareholders' funds</b>	<b>22,760,119</b>	<b>4,221,363</b>	<b>8,201,630</b>	<b>1,846,405</b>	<b>1,209,751</b>	<b>13,151,200</b>	<b>1,425,845</b>	<b>52,816,313</b>	
On-balance sheet interest sensitivity gap	12,513,535	112,719	(5,988,287)	855,131	(421,419)	(10,366,202)	3,294,523	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	296,450	(246,450)	(50,000)	-	-	-	-	
- options	119,200	(230,000)	(50,000)	160,800	-	-	-	-	
- swaps	(876,624)	40,972	55,955	(806,317)	1,506,536	-	-	(79,478)	
<b>Total interest sensitivity gap</b>	<b>11,756,111</b>	<b>220,141</b>	<b>(6,228,782)</b>	<b>159,614</b>	<b>1,085,117</b>	<b>(10,366,202)</b>	<b>3,294,523</b>	<b>(79,478)</b>	

\* This is arrived at after deducting specific allowance from non-performing loans.

## 28 Interest/ Profit Rate Risk (Cont'd)

Bank 31 Dec 2008	Non-trading book					Non-interest sensitive RM'000	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				
<b>ASSETS</b>									
Cash and short term funds	6,930,255	-	-	-	-	515,200	-	7,445,455	3.11
Securities purchased under resale agreements	3,678,816	99,977	-	-	-	-	-	3,778,793	2.98
Deposits and placements with banks and other financial institutions	5,564	973,125	816,543	145,893	-	-	-	1,941,125	3.43
Securities held-for-trading	-	-	-	-	-	-	3,223,521	3,223,521	3.06
Securities available-for-sale	289,300	847,383	831,334	1,098,118	231,101	52,114	-	3,349,350	3.66
Loans, advances and financing									
- performing	23,079,409	1,905,752	441,082	151,424	307,483	705,722	-	26,590,872	6.23
- non-performing *	-	-	-	-	-	201,367	-	201,367	
Others	-	-	-	-	-	1,839,256	1,222,105	3,061,361	
<b>Total Assets</b>	<b>33,983,344</b>	<b>3,826,237</b>	<b>2,088,959</b>	<b>1,395,435</b>	<b>538,584</b>	<b>3,313,659</b>	<b>4,445,626</b>	<b>49,591,844</b>	
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>									
Deposits from customers	18,790,700	3,006,761	7,358,060	1,189,538	180,000	7,184,093	-	37,709,152	2.79
Deposits and placements of banks and other financial institutions	2,223,526	487,761	303,414	6,423	2,413	507,935	-	3,531,472	2.43
Bills and acceptances payable	15,352	94,701	-	-	-	303,127	-	413,180	3.08
Recourse obligation on loans sold to Cagamas Berhad	-	-	74,210	627,160	-	-	-	701,370	4.71
Subordinated bonds	-	-	-	-	1,027,338	-	-	1,027,338	4.70
Others	-	-	-	-	-	1,236,553	1,419,042	2,655,595	
<b>Total Liabilities</b>	<b>21,029,578</b>	<b>3,589,223</b>	<b>7,735,684</b>	<b>1,823,121</b>	<b>1,209,751</b>	<b>9,231,708</b>	<b>1,419,042</b>	<b>46,038,107</b>	
Shareholders' funds	-	-	-	-	-	3,553,737	-	3,553,737	
<b>Total Liabilities and Shareholders' funds</b>	<b>21,029,578</b>	<b>3,589,223</b>	<b>7,735,684</b>	<b>1,823,121</b>	<b>1,209,751</b>	<b>12,785,445</b>	<b>1,419,042</b>	<b>49,591,844</b>	
On-balance sheet interest sensitivity gap	12,953,766	237,014	(5,646,725)	(427,686)	(671,167)	(9,471,786)	3,026,584	-	
Off-balance sheet interest sensitivity gap									
Interest rate contracts									
- futures	-	296,450	(246,450)	(50,000)	-	-	-	-	
- options	119,200	(230,000)	(50,000)	160,800	-	-	-	-	
- swaps	(876,624)	40,972	55,955	(806,317)	1,506,536	-	-	(79,478)	
<b>Total interest sensitivity gap</b>	<b>12,196,342</b>	<b>344,436</b>	<b>(5,887,220)</b>	<b>(1,123,203)</b>	<b>835,369</b>	<b>(9,471,786)</b>	<b>3,026,584</b>	<b>(79,478)</b>	

\* This is arrived at after deducting specific allowance from non-performing loans.



## 29 **Review of Performance**

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The Group recorded profit before tax of RM631 million for the nine months ended 30 September 2009, a decrease of 28.3% or RM249 million compared against history. Operating income decreased by RM162 million or 8.9% against the corresponding period in 2008, mainly on lower net interest income due to the reduction in the Overnight Policy Rate, reduced trading profits due to lower transaction volume in the foreign exchange market, coupled with lower gains on sale of securities.

Net non-performing loans ("NPL") ratio increased from 0.7% at 30 September 2008 to 1.0% currently due to the economic slowdown in the current year.

Total assets at RM52.0 billion fell slightly from RM52.8b as at 31 December 2008. Net loans, advances and financing at RM28.0 billion declined by RM1.7 billion or 5.9% against 31 December 2008 due to lower trade financing activities. Meanwhile, securities purchased under resale agreements was up by RM2.6 billion or 69.0% to RM6.4 billion, partly due to the redeployment of funds from loans, advances and financing and securities held for trading. Deposits from customers showed a healthy increase of RM1.5 billion while the risk weighted capital ratio (net of proposed dividends) strengthened from 13.0% as at 31 December 2008 to 14.8% .

## 30 **Business Prospects**

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The global economic downturn that started last year has shown some signs of easing, with the stabilisation of the financial markets in a number of developed countries a positive indication that the early stages of a recovery are now underway. Certain measures to revive the economy have been taken by the Government, including the easing of investment rules as well as the liberalisation of the financial sector in order to attract more foreign investment. Coupled with the Government's RM67 billion stimulus package, this liberalisation is expected to make an impact in late 2009 and the first half of 2010. With these measures in place, the underlying fundamentals of the Malaysian economy are expected to improve over time. Furthermore, the local banking sector has remained stable, with ample liquidity and strong capital ratios during the year.

The financial liberalisation plan will bring increased competition in the Islamic financial services sector through the issuance of new Islamic banking licences to foreign players, while at the same time reinforcing Malaysia's position as an international Islamic finance hub. The Group is well positioned to capitalise on this through the expansion of its network via the establishment of offsite Self Service Banking terminals for HSBC Amanah by end 2009, while maintaining its focus on the bancassurance model whereby existing customers are the target market for HSBC's takaful products. Meanwhile, plans are also in place to launch more Shariah compliant products and services in the near future to tap the growing Islamic finance market.

During the year, the Group has embarked on several measures to improve existing business processes and operational efficiencies, most notable of which is the transfer of the Group's call centre to the Centre of Excellence in Cyberjaya as part of the Group's strategy to offer superior customer service experience in the most efficient manner.

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