



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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2011**

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

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

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the financial period ended 30 September 2011 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of FRS134: Interim Financial Reporting and the Circular on the Application of FRS and Revised Financial Reporting Requirements for Islamic Banks issued by Bank Negara Malaysia in 2010.



SAW SAY PIN  
Chief Financial Officer

Date : 19 October 2011

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

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

	<i>Note</i>	<b>30 Sep 2011</b> <b>RM'000</b>	31 Dec 2010 RM'000
<b>Assets</b>			
Cash and short-term funds	10	<b>1,515,591</b>	1,508,998
Financial Assets Held-for-Trading	11	<b>78,418</b>	148,006
Financial Investments Available-for-Sale	12	<b>321,196</b>	330,665
Financing and advances	13	<b>6,290,147</b>	4,636,276
Other assets	15	<b>398,314</b>	59,035
Statutory deposits with Bank Negara Malaysia		<b>202,562</b>	34,729
Equipment		<b>14,200</b>	16,425
Intangible assets		<b>601</b>	1,499
Deferred tax assets		<b>10,867</b>	18,002
Total Assets		<b>8,831,896</b>	6,753,635
<b>Liabilities</b>			
Deposits from customers	16	<b>4,771,928</b>	3,782,536
Deposits and placements of banks and other financial institutions	17	<b>3,083,075</b>	2,084,599
Bills and acceptances payable		<b>5,608</b>	5,531
Other liabilities	18	<b>121,344</b>	91,670
Provision for taxation and zakat	19	<b>2,156</b>	4,448
Total Liabilities		<b>7,984,111</b>	5,968,784
<b>Shareholder's Equity</b>			
Share capital		<b>50,000</b>	50,000
Reserves		<b>797,785</b>	734,851
Total Shareholder's Equity		<b>847,785</b>	784,851
Total Liabilities and Shareholder's Equity		<b>8,831,896</b>	6,753,635
Commitments and Contingencies	27	<b>4,544,136</b>	1,823,148

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 22 attached to the unaudited condensed interim financial statements.*

*The financial statements were approved by the Board of Directors on 19 October 2011.*

**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	<i>Note</i>	<b>Third Quarter Ended</b>		<b>Year-To-Date Ended</b>	
		<b>30 Sep 2011</b>	30 Sep 2010	<b>30 Sep 2011</b>	30 Sep 2010
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	20	<b>117,094</b>	78,953	<b>318,250</b>	212,384
Income derived from investment of shareholders' funds	21	<b>24,703</b>	23,956	<b>70,648</b>	65,871
Impairment losses on financing	22	<b>(32,411)</b>	(23,342)	<b>(80,365)</b>	(58,750)
<b>Total distributable income</b>		<b>109,386</b>	79,567	<b>308,533</b>	219,505
Income attributable to depositors	23	<b>(41,897)</b>	(29,054)	<b>(110,700)</b>	(67,330)
<b>Total net income</b>		<b>67,489</b>	50,513	<b>197,833</b>	152,175
Personnel expenses	24	<b>(6,372)</b>	(5,495)	<b>(19,723)</b>	(18,174)
Other overheads and expenditures	25	<b>(35,565)</b>	(31,679)	<b>(100,157)</b>	(103,301)
<b>Profit before income tax expense</b>		<b>25,552</b>	13,339	<b>77,953</b>	30,700
Income tax expense		<b>(5,444)</b>	(5,403)	<b>(15,454)</b>	(11,175)
<b>Profit for the period</b>		<b>20,108</b>	7,936	<b>62,499</b>	19,525
<b>Other comprehensive income</b>					
Fair value reserve					
Change in fair value		<b>402</b>	3	<b>216</b>	(830)
Income tax relating to components of other comprehensive income		<b>(100)</b>	134	<b>(54)</b>	(15)
Other comprehensive income for the period, net of tax		<b>302</b>	137	<b>162</b>	(845)
<b>Total comprehensive income for the period</b>		<b>20,410</b>	8,073	<b>62,661</b>	18,680
Basic earnings per RM0.50 ordinary share		<b>20.1 sen</b>	7.9 sen	<b>62.5 sen</b>	19.5 sen

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

	← Non-distributable			→ Distributable		Total	
	Share capital	Share premium	Statutory reserve	Available-for-sale reserve	Capital Contribution reserve		Retained profits
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2010</b>							
Balance as at 1 January 2010, as previously stated	50,000	610,000	40,104	437	143 *	40,103	740,787
- effect of adopting FRS 139	-	-	-	-	-	33	33
Balance as at 1 January 2010, restated	50,000	610,000	40,104	437	143	40,136	740,820
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	-	-	-	19,525	19,525
<b>Other comprehensive income, net of income tax</b>							
Fair value reserve:							
Net change in fair value	-	-	-	(845)	-	-	(845)
Total other comprehensive income	-	-	-	(845)	-	-	(845)
Total comprehensive income for the period	-	-	-	(845)	-	19,525	18,680
<b>Transactions with ultimate holding company, recorded directly in equity</b>							
Share based payment transactions	-	-	-	-	127	-	127
Balance as at 30 September 2010	50,000	610,000	40,104	(408)	270	59,661	759,627
<b>2011</b>							
Balance as at 1 January 2011	50,000	610,000	50,000	(136)	335 *	74,652	784,851
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	-	-	-	62,499	62,499
<b>Other comprehensive income, net of income tax</b>							
Fair value reserve:							
Net change in fair value	-	-	-	162	-	-	162
Total other comprehensive income	-	-	-	162	-	-	162
Total comprehensive income for the period	-	-	-	162	-	62,499	62,661
<b>Transactions with ultimate holding company, recorded directly in equity</b>							
Share based payment transactions	-	-	-	-	273	-	273
Balance as at 30 September 2011	50,000	610,000	50,000	26	608	137,151	847,785

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying explanatory notes on pages 5 to 22 attached to the unaudited condensed interim financial statements.*

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**HSBC AMANAH MALAYSIA BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	<b>30 Sep 2011</b>	<b>30 Sep 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before income tax expense	77,953	30,700
Adjustments for non-operating and non-cash items	4,651	3,214
Operating profit before working capital changes	<b>82,604</b>	33,914
Changes in working capital:		
Net changes in operating assets	(2,091,395)	(897,266)
Net changes in operating liabilities	2,017,619	1,397,103
Income tax paid	(10,666)	(18,141)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,838)</b>	515,610
<b>Net cash generated from investing activities</b>	<b>8,431</b>	49,648
<b>Net changes in cash and cash equivalents</b>	<b>6,593</b>	565,258
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,508,998</b>	687,308
<b>Cash and cash equivalents at end of the period</b>	<b>1,515,591</b>	1,252,566
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	<b>1,515,591</b>	1,252,566

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

**1 General Information**

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

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

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

**2 Basis of Preparation**

The unaudited condensed interim financial statements for the financial period ended 30 September 2011 have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's ("BNM") guidelines and the principles of Shariah.

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

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

<b>FRSs / Interpretations</b>	<b>Effective Date</b>
- FRS 1, First time Adoption of Financial Reporting Standards	1 Jul 2010
- FRS 3, Business Combinations	1 Jul 2010
- FRS 127, Consolidated and Separate Financial Statements	1 Jul 2010
- IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 Jan 2011
- IC Interpretation 12, Service Concession Arrangements	1 Jul 2010
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 Jul 2010
- IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 Jul 2010
- IC Interpretation 18, Transfer of Assets from Customers	1 Jan 2011
- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters	1 Jan 2011
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues	1 Mar 2010
- Amendments to FRS 2, Share-based Payment	1 Jul 2010
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 Jan 2011
- Amendments to FRS 5, Non-current Assets held for Sale and Discontinued Operations	1 Jul 2010
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 Jan 2011
- Amendments to FRS 138, Intangible Assets	1 Jul 2010
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 Jul 2010
- Improvements to FRSs (2010)	1 Jan 2011
- TR-i 4: Shariah Compliant Sale Contracts	1 Jan 2011

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

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IC Interpretations 12, 16 and 17 are not expected to have any impact on the financial statements of the Bank as they are not relevant to the operations of the Bank. The adoption of the remaining FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial results of the Bank.

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

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

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

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

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

## **4 Seasonality or Cyclical Factors**

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

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

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There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 30 September 2011.

## **6 Changes in Estimates**

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The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to impairment of financing and advances, the valuation of financial instruments and the impairment of available-for-sale financial investments

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the financial period ended 30 September 2011.

## **7 Debt and Equity Securities**

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There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 September 2011.

## **8 Dividend**

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No dividend was declared nor paid during the financial period ended 30 September 2011.

## **9 Significant Events**

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



**10 Cash and Short-Term Funds**

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>83,711</b>	28,217
Money at call and interbank placements maturing within one month	<b>1,431,880</b>	1,480,781
	<b><u>1,515,591</u></b>	<u>1,508,998</u>

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

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government treasury bills	<b>77,797</b>	<b>64,360</b>
Malaysian Government Islamic bonds	<b>621</b>	<b>58,552</b>
Unquoted securities:		
Private debt securities	<b>-</b>	<b>25,094</b>
	<b><u>78,418</u></b>	<u>148,006</u>

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

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Islamic bonds	<b>296,194</b>	296,161
Negotiable instruments of deposit	<b>25,002</b>	30,002
Bankers' acceptance and Islamic accepted bills	<b>-</b>	4,502
	<b><u>321,196</u></b>	<u>330,665</u>
The maturity structure of money market instruments held as financial investments available-for-sale is as follows:		
Maturing within one year	<b>206,044</b>	34,504
More than one year to three years	<b>115,152</b>	296,161
	<b><u>321,196</u></b>	<u>330,665</u>

### 13 Financing And Advances

#### (i) By type

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Cash line	42,515	14,502
Term financing		
House financing	847,555	460,173
Hire purchase receivables	227,380	176,381
Lease receivables	144	187
Other term financing	3,874,804	3,134,643
Trust receipts	12,700	704
Claims on customers under acceptance credits	1,054,290	758,077
Staff financing	16,732	9,332
Credit/ charge cards	319,095	261,517
Revolving credit	136,788	-
	<u>6,532,003</u>	<u>4,815,516</u>
Less: Unearned income	(88,264)	(66,727)
	<u>6,443,739</u>	<u>4,748,789</u>
Less: Allowance for impaired financing:		
- Collective allowances for impairment	(95,798)	(70,655)
- Individual allowances for impairment	(57,794)	(41,858)
Total net financing and advances	<u>6,290,147</u>	<u>4,636,276</u>

#### (ii) By contract

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	588,838	762,967
Ijarah ( <i>lease</i> )	136	173
Ijarah Thumma Al-Bai (AITAB) ( <i>hire purchase</i> )	207,481	161,735
Murabahah ( <i>cost-plus</i> )	2,019,423	1,410,169
Musharakah ( <i>profit and loss sharing</i> )	1,175,515	552,958
Bai Al-Inah ( <i>sell and buy back</i> )	1,425,040	1,234,198
Bai Al-Dayn ( <i>sale of debt</i> )	704,234	267,797
Ujrah ( <i>fee-based</i> )	323,068	358,786
Qard ( <i>benevolent financing</i> )	4	6
	<u>6,443,739</u>	<u>4,748,789</u>

#### (iii) By type of customer

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Domestic non-bank financial institutions	-	78
Domestic business enterprises		
- Small medium enterprises	1,514,115	942,457
- Others	1,930,495	1,562,294
Government and statutory bodies	24,908	25,443
Individuals	2,629,642	1,969,341
Other domestic entities	3,101	3,614
Foreign entities	341,478	245,562
	<u>6,443,739</u>	<u>4,748,789</u>

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

<b>(iv) By profit rate sensitivity</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
House financing	16,772	21,518
Hire purchase receivables	207,481	161,735
Other financing	3,014,759	2,717,503
Variable rate		
House financing	867,992	448,763
Other financing	2,336,735	1,399,270
	<u>6,443,739</u>	<u>4,748,789</u>
<b>(v) By maturity structure</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	3,364,808	2,483,534
More than one year to three years	611,492	639,036
More than three years to five years	1,052,067	935,955
Over five years	1,415,372	690,264
	<u>6,443,739</u>	<u>4,748,789</u>
<b>(vi) By sector</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry & fishing	158,785	97,788
Mining and quarrying	148,680	138,104
Manufacturing	1,573,517	1,090,858
Electricity, gas and water	12,496	12,273
Construction	187,600	80,790
Real estate	389,205	323,738
Wholesale & retail trade, restaurants & hotels	296,948	231,219
Transport, storage and communication	400,094	233,059
Finance, insurance and business services	162,254	233,414
Household - Retail	2,692,785	2,000,719
Others	421,375	306,827
	<u>6,443,739</u>	<u>4,748,789</u>
<b>(vii) By purpose</b>	<b>30 Sep 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of landed property:		
Residential	833,926	455,611
Non-residential	40,026	25,469
Purchase of securities	884	1,019
Purchase of transport vehicles	1,732	1,464
Purchase of fixed assets excluding land & building	62,788	76,779
Consumption Credit	1,855,663	1,541,544
Construction	187,600	80,790
Working Capital	3,154,874	2,323,025
Other Purpose	306,246	243,088
	<u>6,443,739</u>	<u>4,748,789</u>

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

#### (viii) By geographical distribution

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Northern Region	1,351,600	954,542
Southern Region	704,161	516,849
Central Region	3,725,217	2,861,233
Eastern Region	662,761	416,165
	<u>6,443,739</u>	<u>4,748,789</u>

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

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

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

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

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

### 14 Impaired Financing And Advances

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

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
At beginning of period/year	70,810	55,453
Classified as impaired during the period/year	111,276	96,333
Reclassified as performing	(472)	(1,456)
Amount recovered	(21,149)	(18,785)
Amount written off	(61,707)	(66,250)
Other movements	6,205	5,515
At end of period/year	<u>104,963</u>	<u>70,810</u>
Less: Individual allowances for impairment	<u>(57,794)</u>	<u>(41,858)</u>
Net impaired financing and advances	<u>47,169</u>	<u>28,952</u>

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

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
<b>Collective allowance for impairment</b>		
At beginning of period/year	70,655	52,597
Made during the period/year	26,309	18,988
Amount written back	(1,166)	(930)
At end of period/year	<u>95,798</u>	<u>70,655</u>
<b>Individual allowance for impairment</b>		
At beginning of period/year	41,858	35,383
- effect of adopting FRS 139	-	(43)
At beginning of period/year, restated	<u>41,858</u>	<u>35,340</u>
Made during the period/year	66,861	68,769
Amount recovered	(2,216)	(5,668)
Amount written off	(55,295)	(61,545)
Other movement	6,586	4,962
At end of period/year	<u>57,794</u>	<u>41,858</u>

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

##### (iii) By contract

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	1,556	2,149
Ijarah Thumma Al-Bai (AITAB) ( <i>hire purchase</i> )	4,051	2,545
Murabahah ( <i>cost-plus</i> )	7,771	4,521
Musharakah ( <i>profit and loss sharing</i> )	9,611	1,859
Bai Al-Inah ( <i>sell and buy back</i> )	72,679	51,608
Ujrah ( <i>fee-based</i> )	9,295	8,128
	<u>104,963</u>	<u>70,810</u>

##### (iv) By sector

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Manufacturing	8,348	2,929
Wholesale & retail trade, restaurants & hotels	4,860	5,246
Transport, storage and communication	178	80
Finance, insurance and business services	344	685
Household - Retail	91,233	61,870
	<u>104,963</u>	<u>70,810</u>

##### (v) By purpose

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Purchase of landed property:		
Residential	9,613	2,218
Non-residential	111	111
Consumption credit	81,620	59,652
Working Capital	13,283	8,829
Other purpose	336	-
	<u>104,963</u>	<u>70,810</u>

##### (vi) By geographical distribution

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Northern Region	28,294	19,219
Southern Region	19,794	12,865
Central Region	49,795	31,681
Eastern Region	7,080	7,045
	<u>104,963</u>	<u>70,810</u>

#### 15 Other Assets

	30 Sep 2011 RM'000	31 Dec 2010 RM'000
Derivative financial assets (Note 27)	33,963	11,155
Income receivable	4,312	4,128
Amount due from holding company	346,404	30,604
Other receivables, deposits and prepayments	13,635	13,148
	<u>398,314</u>	<u>59,035</u>

## 16 Deposits From Customers

### (i) By type of deposit

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Non-Mudharabah Fund		
Demand deposits	<b>441,817</b>	513,731
Savings deposits	<b>753,869</b>	655,350
Fixed return investment deposits	<b>2,463,269</b>	705,179
	<b>3,658,955</b>	1,874,260
Mudharabah Fund		
General investment deposits	<b>902,748</b>	1,778,568
Others	<b>210,225</b>	129,708
	<b>4,771,928</b>	3,782,536

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

	<b>RM'000</b>	RM'000
Due within six months	<b>2,947,312</b>	2,165,113
More than six months to one year	<b>396,581</b>	295,281
More than one year to three years	<b>21,220</b>	18,736
More than three years to five years	<b>904</b>	4,617
	<b>3,366,017</b>	2,483,747

### (ii) By type of customer

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>106,924</b>	134,519
Business enterprises	<b>1,465,177</b>	1,571,992
Individuals	<b>2,650,763</b>	1,699,995
Others	<b>549,064</b>	376,030
	<b>4,771,928</b>	3,782,536

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

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Mudharabah Fund		
1 Licensed banks	<b>1,980,650</b>	1,493,087
Bank Negara Malaysia	<b>56,694</b>	-
Other financial institutions	<b>1,045,731</b>	591,512
	<b>3,083,075</b>	2,084,599

**18 Other Liabilities**

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Derivative financial liabilities	<b>15,749</b>	11,155
Profit payable	<b>21,714</b>	15,182
Amounts due to holding company/ related companies	<b>30,974</b>	22,626
Profit equalisation reserve	<b>6,700</b>	6,700
Other creditors and accruals	<b>46,207</b>	36,007
	<b>121,344</b>	91,670

**19 Provision for taxation and zakat**

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Taxation	<b>2,056</b>	4,348
Zakat	<b>100</b>	100
	<b>2,156</b>	4,448

**20 Income Derived from Investment of Depositors' Funds and Others**

	<b>Third Quarter Ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sep 2011</b>	30 Sep 2010	<b>30 Sep 2011</b>	30 Sep 2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of:				
(i) general investment deposits	<b>82,712</b>	50,298	<b>222,647</b>	153,146
(ii) specific investment deposits	<b>15,765</b>	9,323	<b>42,349</b>	15,442
(iii) other deposits	<b>18,617</b>	19,332	<b>53,254</b>	43,796
	<b>117,094</b>	78,953	<b>318,250</b>	212,384

(i) Income derived from investment of general investment deposits

Finance income and hibah:

Financing and advances

- Profit earned other than recoveries from impaired financing	<b>73,063</b>	45,316	<b>196,237</b>	138,684
- Recoveries from impaired financing	<b>1,691</b>	1,168	<b>4,482</b>	2,953
Money at call and deposit with financial institutions	<b>7,849</b>	3,814	<b>21,819</b>	11,509
Financial investments	<b>62</b>	-	<b>62</b>	-
	<b>82,665</b>	50,298	<b>222,600</b>	153,146

Other operating income

Net unrealised gains from revaluation of

financial assets held-for-trading	<b>28</b>	-	<b>28</b>	-
Net profit earned from financial assets held-for-trading	<b>19</b>	-	<b>19</b>	-
	<b>47</b>	-	<b>47</b>	-
	<b>82,712</b>	50,298	<b>222,647</b>	153,146

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

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011 RM'000	30 Sep 2010 RM'000	30 Sep 2011 RM'000	30 Sep 2010 RM'000
(ii) Income derived from investment of specific investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	6,350	3,901	15,488	7,652
Financial investments	2,555	2,575	7,709	7,651
Accretion of discount less amortisation of premium	(14)	(61)	(69)	203
	<b>8,891</b>	<b>6,415</b>	<b>23,128</b>	<b>15,506</b>
<u>Other operating income</u>				
Fees and commission *	824	752	1,211	2,264
Net gains from dealing in foreign currency	2,117	1,681	5,236	3,480
Net gains/(losses) from sale of financial assets held-for-trading and other financial instruments	615	(1,766)	2,995	(9,342)
Net gains from trading in derivatives	3,016	-	7,526	-
Net unrealised (losses)/gains from revaluation of financial assets held-for-trading	(9)	(69)	(174)	108
Net profit earned from financial assets held-for-trading	311	2,310	2,427	3,426
	<b>6,874</b>	<b>2,908</b>	<b>19,221</b>	<b>(64)</b>
	<b>15,765</b>	<b>9,323</b>	<b>42,349</b>	<b>15,442</b>
* The above fees and commission were derived from the following major contributors:				
Service charges and fees	238	98	625	862
Credit facilities	83	654	458	654
	<b>321</b>	<b>752</b>	<b>1,083</b>	<b>1,516</b>
(iii) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	16,449	17,451	46,937	39,660
- Recoveries from impaired financing	381	420	1,072	845
Money at call and deposit with financial institutions	1,761	1,461	5,219	3,291
Financial investments	15	-	15	-
	<b>18,606</b>	<b>19,332</b>	<b>53,243</b>	<b>43,796</b>
<u>Other operating income</u>				
Net unrealised gains from revaluation of financial assets held-for-trading	7	-	7	-
Net profit earned from financial assets held-for-trading	4	-	4	-
	<b>11</b>	<b>-</b>	<b>11</b>	<b>-</b>
	<b>18,617</b>	<b>19,332</b>	<b>53,254</b>	<b>43,796</b>



## 21 Income Derived from Investment of Shareholders' Funds

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	10,573	13,402	31,716	34,371
- Recoveries from impaired financing	245	331	724	732
Money at call and deposit with financial institutions	1,128	1,124	3,526	2,852
Financial investments available-for-sale	10	-	10	-
	<b>11,956</b>	<b>14,857</b>	<b>35,976</b>	<b>37,955</b>
<u>Other operating income</u>				
Fees and commission *	12,169	7,839	32,950	24,782
Net unrealised gains from revaluation of financial assets held-for-trading	4	-	4	-
Net profit earned from financial assets held-for-trading	3	-	3	-
Shared-service fees from holding company	529	1,222	1,567	3,008
Net gain on disposal of equipment	-	-	2	-
Other income	42	38	146	126
	<b>12,747</b>	<b>9,099</b>	<b>34,672</b>	<b>27,916</b>
	<b>24,703</b>	<b>23,956</b>	<b>70,648</b>	<b>65,871</b>

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

Service charges and fees	4,793	2,598	12,535	10,383
Cards	3,398	2,894	9,991	8,904
Agency fees	1,707	1,413	5,328	3,569

## 22 Impairment Losses on Financing

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
Impairment charges on financing:				
(a) Individual impairment				
- Provided	25,007	25,716	66,861	63,627
- Written back	(942)	(5,204)	(2,216)	(7,659)
(b) Collective impairment				
- Provided	12,871	12,100	26,309	17,042
- Written back	(309)	(6,965)	(1,166)	(6,965)
Impaired financing				
- Recovered	(5,737)	(3,700)	(15,835)	(10,311)
- Written off	1,521	1,395	6,412	3,016
	<b>32,411</b>	<b>23,342</b>	<b>80,365</b>	<b>58,750</b>

## 23 Income Attributable to Depositors

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah Fund	9,551	13,850	33,467	34,494
- Non-Mudharabah Fund	16,525	5,008	37,010	7,033
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	14,511	9,783	37,332	25,260
Others	1,310	413	2,891	543
	<b>41,897</b>	<b>29,054</b>	<b>110,700</b>	<b>67,330</b>

## 24 Personnel Expenses

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	4,915	4,281	15,727	14,346
Employees Provident Fund contributions	838	775	2,550	2,433
Other staff related costs	619	439	1,446	1,395
	<b>6,372</b>	<b>5,495</b>	<b>19,723</b>	<b>18,174</b>

## 25 Other Overheads and Expenditures

	Third Quarter Ended		Year-To-Date ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	RM'000	RM'000	RM'000	RM'000
Promotion and marketing related expenses				
Advertising and promotion	3,710	3,086	5,613	7,469
Marketing	1,578	208	1,820	1,347
	<b>5,288</b>	<b>3,294</b>	<b>7,433</b>	<b>8,816</b>
Establishment related expenses				
Depreciation of equipment	1,367	997	4,000	2,497
Amortisation of intangible assets	139	179	418	556
Information technology costs	126	94	360	268
Hire of Equipment	18	10	50	167
Rental of premises	1,252	1,418	3,753	3,416
Equipment written off	-	-	-	1
Others	521	368	728	1,350
	<b>3,423</b>	<b>3,066</b>	<b>9,309</b>	<b>8,255</b>
General administrative expenses				
Shared-service fees to immediate holding company	22,707	25,221	72,343	73,074
Auditors' fees				
- Statutory audit	25	20	75	60
- Non-audit services	27	51	87	134
Professional fees	279	375	802	574
Others	3,816	2,946	10,108	12,388
	<b>26,854</b>	<b>28,613</b>	<b>83,415</b>	<b>86,230</b>
	<b>35,565</b>	<b>31,679</b>	<b>100,157</b>	<b>103,301</b>

## 26 Capital Adequacy

	<b>30 Sep 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	<b>50,000</b>	50,000
Share premium	<b>610,000</b>	610,000
Retained profits	<b>117,043</b>	74,652
Statutory reserve	<b>50,000</b>	50,000
	<b>827,043</b>	784,652
Deferred tax adjustments	<b>(5,267)</b>	(2,047)
Total Tier 1 capital	<b>821,776</b>	782,605
<b>Tier 2 capital</b>		
Collective impairment allowance	<b>95,798</b>	69,592
Total Tier 2 capital	<b>95,798</b>	69,592
<b>Capital base</b>	<b>917,574</b>	852,197
<b>Core capital ratio</b>	<b>11.9%</b>	16.1%
<b>Risk-weighted capital ratio</b>	<b>13.3%</b>	17.5%

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

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

	<b>30 Sep 2011</b>		31 Dec 2010	
	<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>10,226,655</b>	<b>6,307,382</b>	7,076,392	4,443,562
Total RWA for market risk	-	<b>64,361</b>	-	29,276
Total RWA for operational risk	-	<b>551,519</b>	-	394,028
	<b>10,226,655</b>	<b>6,923,262</b>	7,076,392	4,866,866

## 27 Commitments and Contingencies

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

	Principal amount RM'000	Positive fair value of derivative contracts ^ RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
<b>30 Sep 2011</b>				
Direct credit substitutes	426,287	-	426,287	365,680
Transaction-related contingent items	483,335	-	241,668	207,263
Short-term self-liquidating trade-related contingencies	36,075	-	7,215	3,870
Irrevocable commitments to extend credit:				
- Maturity not exceeding one year	1,017,443	-	203,489	192,194
- Maturity exceeding one year	40,619	-	8,124	7,828
Unutilised credit card lines	823,247	-	164,649	123,487
Sell and buy back agreement	166,476	-	166,476	166,476
Equity related contracts				
- Less than one year	11,398	3,943	4,682	936
- One year to less than five years	193,612	5,011	20,444	4,089
Profit rate related contracts				
- One year to less than five years	1,196,710	24,209	59,498	35,216
Foreign exchange related contracts				
- Less than one year	98,455	170	392	392
- One year to less than five years	50,479	630	3,154	1,577
	<b>4,544,136</b>	<b>33,963</b>	<b>1,306,078</b>	<b>1,109,008</b>

### Note 15

^ The foreign exchange related contracts, profit 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, profit 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 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" including a refined temporary (until 31 December 2011) measure relating to credit conversion factor for undrawn facilities.

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

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

Note 15

^ The foreign exchange related contracts, profit 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, profit 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 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" including a temporary (until 31 December 2010) measure relating to credit conversion factor for undrawn facilities.

## 28 Comparative Figures

### Restatement of Comparative Figures

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

- (i) Reclassification/restatement to conform to current year's presentation due to a change in the internal classification of states making up the geographical regions.

### Statement of Financial Position as at 31 December 2010

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

### **(b) Impaired Financing And Advances**

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

### Statement of Financial Position as at 1 January 2010

	As restated RM'000	As previously stated RM'000
<b>(a) <u>Financing and Advances</u></b>		
<b>By geographical distribution</b>		
Northern Region	418,968	321,943
Southern Region	329,577	402,186
Central Region	2,136,275	2,160,691
Eastern Region	368,133	368,133
	<u>3,252,953</u>	<u>3,252,953</u>

### **(b) Impaired Financing And Advances**

<b>By geographical distribution</b>		
Northern Region	13,176	10,975
Southern Region	7,335	8,534
Central Region	26,646	27,648
Eastern Region	8,296	8,296
	<u>55,453</u>	<u>55,453</u>

## 28 Comparative Figures (Cont'd)

### Restatement of Comparative Figures

- (ii) Reclassification to conform to current year's presentation upon adoption of Amendment to FRS 2, Share Based Payment.

### Statement of Financial Position as at 31 December 2010

	As restated RM'000	As previously stated RM'000
(a) <u>Other Liabilities</u>		
Derivative financial liabilities	11,155	11,155
Profit payable	15,182	15,182
Amounts due to holding company/ related companies *	22,626	22,961
Profit equalisation reserve	6,700	6,700
Other creditors and accruals	36,007	36,007
	<u>91,670</u>	<u>92,005</u>
(b) Reserves [see unaudited condensed statement of changes in equity]		
Capital contribution reserve	<u>335</u>	<u>-</u>

\* Reclassification of capital contribution on share options of RM335k to capital contribution reserves

### Statement of Financial Position as at 1 January 2010

	As restated RM'000	As previously stated RM'000
(a) <u>Other Liabilities</u>		
Derivative financial liabilities	10,237	10,237
Profit payable	8,043	8,043
Amounts due to holding company/ related companies *	6,142	6,285
Profit equalisation reserve	6,700	6,700
Other creditors and accruals	30,364	30,364
	<u>61,486</u>	<u>61,629</u>
(b) Reserves [see unaudited condensed statement of changes in equity]		
Capital contribution reserve	<u>143</u>	<u>-</u>

\* Reclassification of capital contribution on share options of RM143k to capital contribution reserves

## 29 Performance Review

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The Bank recorded a profit before income tax expense of RM78.0 million for the financial period ended 30 September 2011, an increase of RM47.3m or more than 100% against history. Total income derived from the investment of depositors and shareholders funds increased by RM110.6 million or 39.8%, offset by higher income attributable to depositors (RM43.4 million or 64.4%) and impairment losses on financing (RM21.6 million or 36.8%).

The growth in financing and advances (RM2.2 billion or 53.0% from September 2010) and customer deposits (RM1.7 billion or 53.9% from September 2010), coupled with a 75 basis point increase in the Overnight Policy Rate contributed to higher income from investment of depositors and shareholders fund and income attributable to depositors respectively. Impairment losses on financing increased in tandem with the growth in financing and advances.

Balance sheet size increased by RM2.1 billion or 30.8% against 31 December 2010, mainly on higher financing and advances and deposits. The introduction of new and improved products and services coupled with an expanded branch network contributed to this growth.

## 30 Business Prospect

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The Malaysian economy registered a GDP growth of 4.5% in the first half of 2011. However, with the expected moderation in external demand over concerns of the Euro zone debt crisis and slowing US economy, growth in the remaining months of the year is expected to be moderate.

Nevertheless, the Malaysian economy is likely to find support from public sector expenditure and domestic private consumption. Growth in the local financial and insurance sectors are expected to remain strong from financing activities on government infrastructure development projects and resilient consumer spending. Fund raising activities by companies are expected to pick up as some key projects under the Tenth Malaysia Plan (10MP) have commenced during the year and funding for such projects may need to be sourced from the market, either via business financing or fund raising in the capital market.

In 2011, the focus on corporate banking has been in the funding activities of the various projects under the Economic Transformation Programme and 10MP. In the retail sector, emphasis has been on growing the Premier proposition, with wealth management services being a target growth segment. The Bank intends to increase its current share of high quality assets via the relationship-based approach, and build on cross referrals and cross selling of various banking products to the Bank's existing customers by leveraging on the HSBC brand name, global reach and connectivity.

The Bank's branch network increased to 10 with the opening of its latest branch in Wangsa Maju, Kuala Lumpur on 8 August 2011. The Bank will continue to expand its geographical reach and market share over the next few years.

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