

THE ROYAL BANK OF SCOTLAND BERHAD

(Company No. 301932 - A)

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

31 March 2011

Domiciled in Malaysia
Registered office
Level 1 and 9,
Menara Maxis,
Kuala Lumpur City Centre,
50088 Kuala Lumpur

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2011

	Note	Group		Bank	
		31-Mar 2011 RM'000	31-Dec 2010 RM'000	31-Mar 2011 RM'000	31-Dec 2010 RM'000
ASSETS					
Cash and short-term funds	2	2,959,535	2,895,306	2,959,535	2,895,306
Deposits and placements with other financial institutions		544,770	-	544,770	-
Securities purchased under resale agreements	3	11,945	9,910	11,945	9,910
Securities held-for-trading	4	436,295	337,881	436,295	337,881
Securities available-for-sale	5	785,341	786,343	785,341	786,343
Loans, advances and financing	6	369,854	333,627	369,854	333,627
Derivatives financial assets		1,104,608	1,244,402	1,104,608	1,244,402
Other assets	7	227,198	78,783	227,198	78,783
Statutory deposits with Bank Negara Malaysia	8	-	-	-	-
Investments in subsidiary companies			-	20	20
Investment in associated company		11,474	8,328	8,503	8,503
Property, plant and equipment	9	19,782	21,067	19,782	21,067
Intangible asset	10	439	459	439	459
Deferred tax assets		25,846	25,688	25,846	25,688
TOTAL ASSETS		6,497,087	5,741,794	6,494,136	5,741,989
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	11	1,674,418	1,966,025	1,674,438	1,966,045
Deposits and placements of banks and other financial institutions	12	2,493,917	1,534,985	2,493,917	1,534,985
Derivatives financial liabilities		1,237,810	1,227,391	1,237,810	1,227,391
Other liabilities	13	300,065	242,921	300,065	242,921
Provision for taxation		-	-	-	-
Tax liability					
Subordinated debt capital		205,097	205,069	205,097	205,069
TOTAL LIABILITIES		5,911,307	5,176,391	5,911,327	5,176,411

THE ROYAL BANK OF SCOTLAND BERHAD
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UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2011 (CONTD.)

	Note	Group		Bank	
		31-Mar	31-Dec	31-Mar	31-Dec
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Share capital	14	203,000	203,000	203,000	203,000
Reserves	15	382,780	362,403	379,809	362,578
SHAREHOLDER'S FUNDS		<u>585,780</u>	<u>565,403</u>	<u>582,809</u>	<u>565,578</u>
TOTAL LIABILITIES					
AND SHAREHOLDER'S					
FUNDS		<u>6,497,087</u>	<u>5,741,794</u>	<u>6,494,136</u>	<u>5,741,989</u>
COMMITMENTS AND					
CONTINGENCIES	22	<u>77,839,586</u>	<u>74,213,184</u>	<u>77,839,586</u>	<u>74,213,184</u>

The accompanying notes form an integral part of the condensed interim financial statements.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	Note	Group		Bank	
		31-Mar	31-Mar	31-Mar	31-Mar
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Revenue		56,861	68,631	56,861	68,631
Interest income	16	18,100	27,412	18,100	27,412
Interest expense	17	(18,086)	(24,482)	(18,086)	(24,482)
Other operating income	18	38,761	41,219	38,761	41,219
Other operating expenses	19	(13,369)	(21,012)	(13,369)	(21,012)
Allowance for impairment on loans, advances and financing	20	(51)	438	(51)	438
Share of profit of associate		3,146	2,175	-	-
Profit before taxation		28,500	25,750	25,354	23,575
Taxation		(7,218)	(6,066)	(7,218)	(6,066)
Profit for the period attributable to equity holder of the Bank		21,282	19,684	18,136	17,509
Earnings per share (sen)		10.48	9.70	8.93	8.63

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

	Note	Group		Bank	
		31-Mar	31-Mar	31-Mar	31-Mar
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Profit for the period		21,282	19,684	18,136	17,509
Other comprehensive loss:					
Unrealised net loss on revaluation securities available for sale		(905)	(671)	(905)	(671)
Total comprehensive income for for the period		20,377	19,013	17,231	16,838

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THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

Group	Share capital RM'000	Non-distributable			Distributable		Total RM'000
		Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Retained earnings RM'000		
At 1 January 2010	203,000	76,182	152,463	1,427	142,203	575,275	
Loss for the year	-	-	-	-	(10,263)	(10,263)	
Net gain on securities available-for-sale	-	-	-	533	-	533	
Deferred tax	-	-	-	(142)	-	(142)	
Other comprehensive income	-	-	-	391	-	391	
At 31 December 2010	203,000	76,182	152,463	1,818	131,940	565,403	
At 1 January 2011	203,000	76,182	152,463	1,818	131,940	565,403	
Profit for the period	-	-	-	-	21,282	21,282	
Net loss on securities available-for-sale	-	-	-	(1,206)	-	(1,206)	
Deferred tax	-	-	-	301	-	301	
Other comprehensive income	-	-	-	(905)	-	(905)	
At 31 March 2011	203,000	76,182	152,463	913	153,222	585,780	

The accompanying notes form an integral part of the condensed interim financial statements.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2011 (CONTD.)

Bank	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Retained earnings RM'000	RM'000	
At 1 January 2010	203,000	76,182	152,463	1,427	140,084	573,156	
Loss for the year	-	-	-	-	(7,969)	(7,969)	
Net gain on securities available-for-sale	-	-	-	533	-	533	
Deferred tax	-	-	-	(142)	-	(142)	
Other comprehensive income	-	-	-	391	-	391	
At 31 December 2010	203,000	76,182	152,463	1,818	132,115	565,578	
At 1 January 2011	203,000	76,182	152,463	1,818	132,115	565,578	
Profit for the period	-	-	-	-	18,136	18,136	
Unrealised net gain on revaluation of	-	-	-	(1,206)	-	(1,206)	
Deferred tax	-	-	-	301	-	301	
Other comprehensive income	-	-	-	(905)	-	(905)	
At 31 March 2011	203,000	76,182	152,463	913	150,251	582,809	

The accompanying notes form an integral part of the condensed interim financial statements.

THE ROYAL BANK OF SCOTLAND BERHAD
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CASH FLOW STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2011

	Group		Bank	
	31-Mar 2011 RM'000	31-Mar 2010 RM'000	31-Mar 2011 RM'000	31-Mar 2010 RM'000
Cash Flows from Operating Activities				
Profit before taxation	28,500	25,750	25,354	23,575
Adjustments for:				
Depreciation of property, plant and equipment	1,285	1,544	1,285	1,544
Amortisation of intangible asset	20	197	20	197
Net allowance for losses on loans and financing	51	(438)	51	(438)
Amortisation of premium less accretion of discount	365	(895)	365	(895)
(Gain)/loss from sale of securities held-for-trading	1,084	(1,360)	1,084	(1,360)
Unrealised gain on revaluation of securities held-for-trading	-	58	-	58
Unrealised foreign exchange (gain)/loss	1,784	(29,512)	1,784	(29,512)
Unrealised loss on derivatives trading	(169,645)	75,242	(169,645)	75,242
Share of profit of associate	(3,146)	(2,175)	-	-
Operating profit before working capital changes	(139,702)	68,411	(139,702)	68,411

THE ROYAL BANK OF SCOTLAND BERHAD
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CASH FLOW STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010 (CONTD.)

	Group		Bank	
	31-Mar 2011 RM'000	31-Mar 2010 RM'000	31-Mar 2011 RM'000	31-Mar 2010 RM'000
(Increase)/Decrease in:				
Securities purchased under resale	(2,035)	247,302	(2,035)	247,302
Securities held-for-trading	(99,863)	992,104	(99,863)	992,104
Loans, advances and financing	(36,278)	229,275	(36,278)	229,275
Other assets and derivatives assets	155,929	544,606	155,929	544,606
Statutory deposits with Bank Negara Malaysia	-	6,900	-	6,900
Increase/(Decrease) in:				
Deposits from customers	(291,607)	(369,382)	(291,607)	(369,382)
Deposits and placements of banks and other financial institutions	958,932	1,396,289	958,932	1,396,289
Other liabilities and derivatives liabilities	67,591	(764,070)	67,591	(764,070)
Cash generated from operations	612,967	2,351,435	612,967	2,351,435
Income taxes paid	(3,764)	(9,616)	(3,764)	(9,616)
Net cash generated from operating activities	609,203	2,341,819	609,203	2,341,819

Cash Flows from Investing Activities

Purchase of property, plant and equipment	-	(34)	-	(34)
(Purchase) / of securities available-for-sale	(204)	(458,988)	(204)	(458,988)
Net cash (used in)/generated from investing activities	(204)	(459,022)	(204)	(459,022)

**THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)**

**CASH FLOW STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010 (CONTD.)**

	Group		Bank	
	31-Mar 2011 RM'000	31-Mar 2010 RM'000	31-Mar 2011 RM'000	31-Mar 2010 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	608,999	1,882,797	608,999	1,882,797
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,895,306</u>	<u>2,062,004</u>	<u>2,895,306</u>	<u>2,062,004</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>3,504,305</u>	<u>3,944,801</u>	<u>3,504,305</u>	<u>3,944,801</u>

Cash and cash equivalents comprise
the following:

Cash and short-term funds	2,959,535	3,943,660	2,959,535	3,943,660
Deposits and placements with banks and other financial institutions	<u>544,770</u>	<u>1,141</u>	<u>544,770</u>	<u>1,141</u>
	<u>3,504,305</u>	<u>3,944,801</u>	<u>3,504,305</u>	<u>3,944,801</u>

The accompanying notes form an integral part of the condensed interim financial statements.

THE ROYAL BANK OF SCOTLAND BERHAD
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A. NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The unaudited interim financial statements of the Group and the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia Guidelines. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2010.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs, IC Interpretations and Technical Release ("TR"):

Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combinations

FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 7 Improving Disclosures about Financial Instruments

Amendments to FRS 138 Intangible Assets

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

IC Interpretation 4 Determining Whether an Arrangement contains a Lease

IC Interpretation 12 Service Concession Arrangements

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group and the Bank. The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and Technical Release above generally did not have any material impact on the financial results of the Group and the Bank, as they mainly deal with accounting policies affecting transactions which do not form part of the Group and the Bank's normal business operations or transactions where the Group or the Bank only has minimal exposure.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD)

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 July 2011:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for annual periods commencing on or after 1 January 2012:

FRS 124 Related Party Disclosures

IC Interpretation 15 Agreements for the Construction of Real Estate

Auditors' report on preceding annual financial statements

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

Seasonal or cyclical factors

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

Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the first financial quarter ended 31 March 2011.

Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the financial results and position of the Group and the Bank in the first financial quarter ended 31 March 2011.

Issuance and Repayment of Debt and Equity Securities

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities during the first financial quarter ended 31 March 2011.

Dividend

No dividend was paid during the first financial quarter ended 31 March 2011.

Material Events Subsequent to the Balance Sheet Date

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

Changes in the composition of the Group

There were no changes in the composition of the Group in the first financial quarter ended 31 March 2011.

I BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD)

PERFORMANCE REVIEW

The Bank's pre-tax profit for the first quarter ending 31 March 2011 of RM25.4m is a 8% increase from that of the same quarter in 2010.

Total revenues declined by 17% from last year reflecting mixed results from different business units. The Global Banking and Markets (GBM) had a healthy start of the year with several major transactions concluded in the area of debt capital markets and corporate risk hedging. Sales and trading activities have seen very robust volumes, contributing to a growth of income from securities-held-for-trading, foreign exchange and derivatives trading. Global Transaction Services (GTS), however, had a relatively slow start of the year. Given the exit of Retail and Commercial business across the region, GTS suffered from a reduced client franchise and margin squeeze due to intensified competition, resulting in a lower level of commission income and guarantee fees. The exit of Retail and Commercial business has also partially contributed to a reduction of net interest income.

However, the decline in revenues was more than offset by a rigorous cost reduction. Total non-interest operating expense declined by 36%, mainly due to the exit of Retail and Commercial business and a reduction of headoffice charges. Impairment allowances were kept at a minimal level.

CURRENT YEAR PROSPECT

The Bank is confident of a return to growth during 2011 and expects to generate increased revenues through its highly regarded GBM and GTS franchise. The Bank has been implementing a focused strategy since 2009, by exiting its Retail and Commercial business and aligning its teams to a focused set of clients and competitive products. The strategy has begun to pay dividends as shown by a number of high profiled transactions and awards won in 2010 and early 2011, in areas of debt capital markets, structured corporate finance and corporate risk solutions.

2. CASH AND SHORT-TERM FUNDS

	Group/Bank	
	2011	2010
	RM'000	RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	409,709	295,257
Money at call and deposit placements maturing within one month	2,549,826	2,600,049
	<u>2,959,535</u>	<u>2,895,306</u>

3. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Security purchased under resale agreements are as follows:-

	Group/Bank	
	2011	2010
	RM'000	RM'000
At Fair Value		
Reverse Repo	11,945	9,910
	<u>11,945</u>	<u>9,910</u>

4. SECURITIES - HELD FOR TRADING

	Group/Bank	
	2011	2010
	RM'000	RM'000
At Fair Value		
Money market instruments:		
Government Investment Issues	104,976	204,757
Malaysian Government Securities	331,319	123,178
Private debt securities outside Malaysia	-	9,946
	<u>436,295</u>	<u>337,881</u>

5. SECURITIES - AVAILABLE FOR SALE

	Group/Bank	
	2011	2010
	RM'000	RM'000
At Fair Value		
Quoted securities:		
Malaysian Government Securities	377,417	378,240
Government Investment Issues	277,913	278,862
BNM Bills	113,282	112,468
Private debt securities outside Malaysia	15,010	15,054
Unquoted shares in Malaysia	1,719	1,719
Total securities available-for-sale	785,341	786,343

Included in securities available-for-sale of the Bank are Malaysian Government Securities that are utilised to meet the Statutory Reserve Requirement set by Bank Negara Malaysia amounting to RM50,000,000 (2010: RM25,000,000).

6. LOANS, ADVANCES AND FINANCING

	Group/Bank	
	2011	2010
	RM'000	RM'000
At amortised cost		
(i) By type		
Overdrafts	54,760	47,230
Term loans/financing		
Housing loans/financing	28,922	28,942
Other term loans/financing	182,550	182,226
Bills receivable	74,088	46,513
Claims on customers under acceptance credits	39,320	34,011
Staff loans	6,624	7,454
Revolving credit	33,690	37,300
Less: Unearned interest and income		-
	419,954	383,676
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(5,783)	(5,783)
- Individual assessment allowance	(44,317)	(44,266)
Net loans, advances and financing	369,854	333,627

6. LOANS, ADVANCES AND FINANCING (CONTD.)

	Group/Bank	
	2011 RM'000	2010 RM'000
(ii) By type of customer		
Domestic business enterprises		
Small medium enterprises	201	4,940
Others	380,423	338,985
Domestic Non-bank Financial institutions		-
Individuals	39,330	39,751
Other domestic entities		-
Foreign entities		-
	419,954	383,676
(iii) By interest/profit rate sensitivity		
Fixed rate		
Housing loans/financing	4,774	4,778
Other fixed rate loan/financing	3,050	3,450
Variable rate		
BLR plus	87,466	79,767
Cost plus	324,664	295,681
	419,954	383,676
(iv) By residual contractual maturity		
Maturity within one year	387,246	350,925
More than one year to three years	4,009	3,913
More than three years to five years	216	160
More than five years	28,483	28,678
	419,954	383,676
(v) By geographical distribution		
Malaysia		
Kuala Lumpur	416,862	380,323
Penang	2,830	3,189
Johor	108	115
Perak	154	49
	419,954	383,676

6. LOANS, ADVANCES AND FINANCING (CONTD.)

	Group/Bank	
	2011	2010
	RM'000	RM'000
(vi) By Sector		
Electricity, Gas & Water	174,753	173,961
Manufacturing	96,493	99,107
Construction	52,719	48,209
Purchase of landed properties (Residential)	35,790	36,082
Wholesale and retail	10,760	12,849
Finance, insurance and business services	37,006	4,849
Mining and quarrying	8,865	3,164
Consumption credit	2,261	2,512
Transport, storage and communication	-	1,601
Purchase of transport vehicles	1,307	1,342
	<u>419,954</u>	<u>383,676</u>
(vii) Movements in impaired loans, advances and financing are as follows:		
Balance as at 1 January	48,603	43,540
Impaired during the period	1,169	13,408
Reclassified as non-impaired	(841)	(8,087)
Amount written off	(9)	(258)
Balance as at 31 March/ 31 December	<u>48,922</u>	<u>48,603</u>
Individual Assessment allowance	(44,317)	(44,266)
Net impaired loans, advances and financing	<u>4,605</u>	<u>4,337</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>11.65%</u>	<u>12.67%</u>
(viii) Movements in allowance for impaired loans, advances and financing are as follows:		
Collective Assessment Allowance		
Balance as at 1 January	5,783	5,783
Amount written back	-	-
Balance as at 31 March/ 31 December	<u>5,783</u>	<u>5,783</u>
As % of gross loans, advances and financing less collective assessment allowance	<u>1.54%</u>	<u>1.70%</u>

6. LOANS, ADVANCES AND FINANCING (CONTD.)

	Group/Bank	
	2011	2010
	RM'000	RM'000
Individual Assessment allowance		
Balance as at 1 January	44,266	42,334
Allowance made during the period	200	3,333
Amount written back	(149)	(1,143)
Amount written off	-	(258)
Balance as at 31 March/ 31 December	44,317	44,266

(ix) Impaired loans ,advances and financing by sector

Purchase of landed properties (Residential)	2,740	2,423
Manufacturing	5,130	5,128
Construction	39,575	39,575
Wholesale and retail	1,477	1,477
	48,922	48,603

7. OTHER ASSETS

Tax recoverable	26,588	30,042
Other debtors, deposits and prepayments	71,436	48,741
Unsettled securities	129,174	-
	227,198	78,783

8. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.

8. PROPERTY, PLANT AND EQUIPMENT

Group and Bank	Freehold Land and Buildings RM'000	Motor Vehicles RM'000	Office Equipment and Machinery RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 March 2011						
Cost						
At 1 January / 31 March 2011	388	616	6,212	21,619	16,042	44,877
Accumulated Depreciation						
At 1 January 2011	-	21	3,428	8,266	12,095	23,810
Depreciation charge for the period	-	30	229	562	464	1,285
Write-off	-	-	-	-	-	-
At 31 March 2011	-	51	3,657	8,828	12,559	25,095
Net Book Value	388	565	2,555	12,791	3,483	19,782

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group and Bank	Freehold Land and Buildings RM'000	Motor Vehicles RM'000	Office Equipment and Machinery RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 December 2010						
Cost						
At 1 January 2010	388	563	6,767	28,647	15,787	52,152
Additions	-	616	46	14	493	1,169
Disposals	-	(563)	-	(2,127)	-	(2,690)
Write-off	-	-	(601)	(4,915)	(238)	(5,754)
At 31 December 2010	388	616	6,212	21,619	16,042	44,877
Accumulated Depreciation						
At 1 January 2010	-	498	2,737	7,273	10,426	20,934
Depreciation charge for the period	-	86	971	3,289	1,824	6,170
Disposals	-	(563)	-	(656)	-	(1,219)
Write-off	-	-	(280)	(1,640)	(155)	(2,075)
At 31 December 2010	-	21	3,428	8,266	12,095	23,810
Net Book Value	388	595	2,784	13,353	3,947	21,067

10. INTANGIBLE ASSET

	Group/Bank	
	2011	2010
	RM'000	RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	2,972	2,611
Additions	-	361
Write Off	-	-
At 31 March	2,972	2,972
Accumulated Amortisation		
At 1 January	2,513	1,770
Amortisation for the period	20	743
Write-off	-	-
At 31 December	2,533	2,513
Net	439	459

11 DEPOSITS FROM CUSTOMERS

Type	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Demand deposits	743,360	1,171,781	743,380	1,171,801
Saving deposits	1,945	1,690	1,945	1,690
Fixed deposits	896,723	792,554	896,723	792,554
Other deposits	-	-	-	-
Negotiable instruments of deposit	32,390	-	32,390	-
	<u>1,674,418</u>	<u>1,966,025</u>	<u>1,674,438</u>	<u>1,966,045</u>

- (i) Maturity structure of fixed deposits and negotiable instruments of deposits is as follows:

	Group/Bank	
	2011	2010
	RM'000	RM'000
Due within six months	892,283	709,229
Six months to one year	25,239	71,700
One year to three years	580	11,625
More than three years	6,375	-
	<u>924,477</u>	<u>792,554</u>

- (ii) The deposits are sourced from the following types of customers:

	Group		Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	18,991	92,996	18,991	92,996
Business enterprises	1,374,629	1,496,139	1,374,629	1,496,139
Individuals	84,423	89,136	84,423	89,136
Others	196,375	287,754	196,395	287,774
	<u>1,674,418</u>	<u>1,966,025</u>	<u>1,674,438</u>	<u>1,966,045</u>

12 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group/Bank	
	2011	2010
	RM'000	RM'000
Licensed banks	22,000	23,000
Other financial institutions	2,471,917	1,511,985
	<u>2,493,917</u>	<u>1,534,985</u>

13 OTHER LIABILITIES

	Group/Bank	
	2011	2010
	RM'000	RM'000
Retirement benefits	22	22
Other liabilities	86,639	132,405
Internal settlement cost	114,491	110,494
Unsettled securities	98,913	-
	<u>300,065</u>	<u>242,921</u>

14 SHARE CAPITAL

	Group/Bank	
	2011 RM'000	2010 RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000	500,000
Issued and fully paid:		
Balance as at 1 January/31 December	203,000	203,000

15 RESERVES

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable:				
Share premium	76,182	76,182	76,182	76,182
Statutory reserves	152,463	152,463	152,463	152,463
Unrealised reserves	913	1,818	913	1,818
Distributable:				
Retained earnings	153,222	131,940	150,251	132,115
	382,780	362,403	379,809	362,578

16 INTEREST INCOME

	Group/Bank	
	2011	2010
	RM'000	RM'000
Loans, advances and financing	3,558	3,633
Money at call and deposit placements with financial institutions	5,012	16,757
Securities - Available-for-sale	6,510	6,127
Securities - Held-for-trading	3,385	-
	<u>18,465</u>	<u>26,517</u>
Amortisation of premium less accretion of discount	(365)	895
Total Interest Income	<u>18,100</u>	<u>27,412</u>
Of which:		
Interest income earned on impaired loans, advances and financing	-	870
	<u>-</u>	<u>870</u>

17 INTEREST EXPENSE

	Group/Bank	
	2011	2010
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	11,170	13,776
Deposits from other customers	6,410	10,706
Others	507	-
	<u>18,086</u>	<u>24,482</u>

18 OTHER OPERATING INCOME

	Group/Bank	
	2011	2010
	RM'000	RM'000
Fee income:		
Commission	4,154	1,092
Service charges and fees	308	76
Guarantee fees	1,206	1,504
Advisory fees	-	-
Other fee income	183	603
	<u>5,851</u>	<u>3,275</u>
Net Gain arising from sale of securities:		
Securities held-for-trading	(1,084)	1,360
	<u>(1,084)</u>	<u>1,360</u>
Unrealised gain/ (loss) on revaluation of securities:		
Securities held-for-trading	-	(58)
	<u>-</u>	<u>(58)</u>
Gross dividend income from:		
Securities available-for-sale	-	11
	<u>-</u>	<u>11</u>
Other income:		
Foreign exchange gain/(loss)		
Unrealised	(1,784)	29,512
Realised	22,631	(24,900)
(Loss)/gain on derivatives trading		
Unrealised	169,645	(75,242)
Realised	(156,498)	106,143
Others	-	1,118
	<u>33,994</u>	<u>36,631</u>
Total	<u>38,761</u>	<u>41,219</u>

19 OTHER OPERATING EXPENSES

	Group/Bank	
	2011	2010
	RM'000	RM'000
Personnel costs (Note a)	7,899	9,235
Establishment costs (Note b)	2,708	9,728
Marketing expenses (Note c)	302	352
Administration and general expenses (Note d)	2,461	1,697
	<u>13,369</u>	<u>21,012</u>
(a) Personnel costs		
Salaries, bonuses and allowances	6,673	7,251
Social security costs	17	31
EPF - defined contribution plan	671	1,000
Rental of accomodation	2	63
Other staff related expenses	535	890
	<u>7,899</u>	<u>9,235</u>
(b) Establishment costs		
Share of Group costs	(516)	4,726
Share of information technology costs	370	2,058
Depreciation of property, plant and equipment	1,285	1,544
Amortization of intangible asset	20	197
Rental of premises	944	918
Others	605	285
	<u>2,708</u>	<u>9,728</u>
(c) Marketing Expenses		
Advertising	214	225
Others	87	127
	<u>302</u>	<u>352</u>
(d) Administration and general expenses		
Legal and professional fees	103	36
Communication	676	630
Transportation	230	-
Property maintenance	446	-
Others	1,006	1,031
	<u>2,461</u>	<u>1,697</u>

20 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group/Bank	
	2011	2010
	RM'000	RM'000
Allowance for impaired loans, advances and financing:		
Individual assessment allowance		
- Made in the financial period	200	223
- Written back	(149)	(661)
Collective Assessment allowance		
- Written back in the financial period	-	-
	51	(438)

21 CAPITAL ADEQUACY

The components of Tier I and Tier II capital are as follows:

	Bank	
	2011	2010
	RM'000	RM'000
Tier-I capital		
Paid-up share capital	203,000	203,000
Share premium	76,182	76,182
Statutory reserves	152,463	152,463
Retained earnings	132,115	132,115
	563,760	563,760
Less :		
- Deferred tax assets	(25,846)	(25,688)
Total Tier-I capital	537,914	538,072

21 CAPITAL ADEQUACY (CONTD.)

	Bank	
	2011	2010
	RM'000	RM'000
Tier-II Capital		
General provision for bad and and doubtful debts and financing	5,783	5,783
Subordinated debt capital	200,000	200,000
Total Tier-II capital	<u>205,783</u>	<u>205,783</u>
Total capital funds	743,697	743,855
Less: Investment in subsidiary companies	(20)	(20)
Capital base	<u>743,677</u>	<u>743,835</u>
Capital Ratios		
Core capital ratio	9.85%	11.18%
Risk-weighted capital ratio	<u>13.62%</u>	<u>15.46%</u>

The breakdown of risk-weighted assets by each major risk category is as follows:

	2011	2010
	RM'000	RM'000
Credit Risk	2,368,433	1,856,540
Market Risk	2,753,160	2,635,582
Operational Risk	338,529	320,302
Total risk-weighted assets	<u>5,460,122</u>	<u>4,812,424</u>

The capital adequacy ratios of the bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

22 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and their related counterparty credit risk of the group and the Bank are as follows:

	2011		2010			
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>						
Direct credit substitutes	4,753	4,753	4,753	4,809	4,809	4,809
Transaction-related contingent items	599,231	299,616	261,619	596,852	298,416	258,480
Short-term self-liquidating trade-related contingencies	2,499	500	499	8,201	1,640	1,640
Other assets sold with recourse and commitments with certain drawdown	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity less than one year	461,461	92,292	92,292	487,951	97,590	97,590
- maturity more than one year	420	210	158	451	226	169
<u>Derivative Financial Contracts</u>						
Foreign exchange related contracts:						
- less than one year	16,639,350	387,662	96,358	12,505,852	373,882	91,348
- one year to less than five years	5,199,239	371,735	79,088	5,380,494	369,336	78,886
- five years and above	2,203,533	237,822	87,344	2,289,447	283,786	98,281
Interest rate related contracts:						
- less than one year	12,754,924	193,291	45,804	14,156,868	150,796	38,149
- one year to less than five years	30,313,192	839,048	172,399	28,672,741	979,551	200,951
- five years and above	9,660,984	1,127,107	331,939	10,059,538	1,194,486	367,677
Credit Derivative Contracts						
- less than one year	-	-	-	50,000	50	10
- one year to less than five years	-	-	-	-	-	-
	<u>77,839,586</u>	<u>3,554,036</u>	<u>1,172,253</u>	<u>74,213,184</u>	<u>3,754,568</u>	<u>1,237,970</u>

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