

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31.3.2012 RM'000	As at 31.12.2011 (Restated) RM'000	As at 1.1.2011 (Restated) RM'000
<b>ASSETS</b>				
Cash and short term funds		1,780,479	2,399,121	1,552,881
Deposits and placements with a bank		50,000	50,000	-
Securities purchased under resale agreements		-	-	111,486
Securities held-for-trading	A7(a)	462,351	313,340	648,996
Securities held-to-maturity	A7(b)	602,291	639,896	662,427
Securities available-for-sale	A7(c)	3,747,237	3,230,790	2,795,866
Securities portfolio		4,811,879	4,184,026	4,107,289
Derivative financial assets		412,355	8,401	90,297
Loans, advances and financing	A8	1,777,715	1,655,358	1,360,557
Trade receivables	A9	2,682,597	1,523,443	2,042,222
Tax recoverable		29,773	10,805	6,930
Other assets	A10	146,778	121,462	96,236
Statutory and reserve deposits with Central Banks		233,889	213,334	69,678
Deferred tax assets		1,935	11,957	481
Investments in associated companies and a jointly controlled entity		24,223	23,394	21,146
Investment property		149,000	149,000	134,000
Property and equipment		198,778	199,754	184,441
Intangible assets		231,740	232,037	223,888
<b>TOTAL ASSETS</b>		<b>12,531,141</b>	<b>10,782,092</b>	<b>10,001,532</b>
<b>LIABILITIES</b>				
Deposits from customers	A11	4,913,458	4,710,153	3,872,805
Deposits and placements of banks and other financial institutions	A12	850,488	658,749	669,769
Obligations on securities sold under repurchase agreements		182,992	291,083	-
Derivative financial liabilities		459,705	108,867	149,749
Trade payables	A13	3,425,010	2,387,974	2,657,196
Other liabilities	A14	218,637	205,969	209,423
Tax payable		12,731	14,500	26,697
Deferred tax liabilities		13,801	4,106	1,812
Borrowings	B8	247,123	239,117	410,619
Subordinated notes	B8	400,000	400,000	300,000
<b>TOTAL LIABILITIES</b>		<b>10,723,945</b>	<b>9,020,518</b>	<b>8,298,070</b>
<b>EQUITY</b>				
Share capital		965,245	964,145	962,211
Treasury shares, at cost	A5(b)	(29,789)	(29,789)	(29,785)
		935,456	934,356	932,426
Reserves		578,646	526,030	526,295
Equity attributable to owners of the Company		1,514,102	1,460,386	1,458,721
Non-controlling interests		293,094	301,188	244,741
<b>TOTAL EQUITY</b>		<b>1,807,196</b>	<b>1,761,574</b>	<b>1,703,462</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,531,141</b>	<b>10,782,092</b>	<b>10,001,532</b>
Net Assets per share attributable to owners of the Company (RM)		1.61	1.55	1.56

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	Current quarter ended <b>31.3.2012</b> RM'000	Comparative quarter ended 31.3.2011 (Restated) RM'000	Current year to date ended <b>31.3.2012</b> RM'000	Preceding year to date ended 31.3.2011 (Restated) RM'000
Revenue		<b>287,869</b>	303,831	<b>287,869</b>	303,831
Interest income	A15	<b>82,887</b>	69,450	<b>82,887</b>	69,450
Interest expense	A16	<b>(52,105)</b>	(44,752)	<b>(52,105)</b>	(44,752)
Net interest income		<b>30,782</b>	24,698	<b>30,782</b>	24,698
Non-interest income	A17	<b>193,885</b>	226,104	<b>193,885</b>	226,104
Net income from Islamic banking operations	A27	<b>1,895</b>	1,637	<b>1,895</b>	1,637
Other operating expenses	A18	<b>(169,804)</b>	(181,950)	<b>(169,804)</b>	(181,950)
Write back of impairment losses on loans, advances and financing	A19	<b>390</b>	1,904	<b>390</b>	1,904
Allowance for impairment losses on trade and other receivables	A20	<b>(397)</b>	(765)	<b>(397)</b>	(765)
Share of results after tax of associated companies		<b>571</b>	379	<b>571</b>	379
<b>Profit before tax</b>		<b>57,322</b>	72,007	<b>57,322</b>	72,007
Income tax expense	B6	<b>(18,669)</b>	(19,729)	<b>(18,669)</b>	(19,729)
<b>Profit after tax for the period</b>		<b>38,653</b>	52,278	<b>38,653</b>	52,278
Profit attributable to:					
Owners of the Company		<b>33,728</b>	45,631	<b>33,728</b>	45,631
Non-controlling interests		<b>4,925</b>	6,647	<b>4,925</b>	6,647
		<b>38,653</b>	52,278	<b>38,653</b>	52,278
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic	B11	<b>3.59</b>	4.86	<b>3.59</b>	4.86
Diluted	B11	<b>3.58</b>	4.85	<b>3.58</b>	4.85

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.3.2012</b>	Comparative quarter ended 31.3.2011 (Restated)	<b>Current year to date ended 31.3.2012</b>	Preceding year to date ended 31.3.2011 (Restated)
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after tax for the period</b>	<b>38,653</b>	52,278	<b>38,653</b>	52,278
<b>Other comprehensive (loss)/income</b>				
Foreign currency translation loss	<b>(17,342)</b>	(2,907)	<b>(17,342)</b>	(2,907)
Reversal of available-for-sale gain upon disposal	<b>(3,338)</b>	(1,126)	<b>(3,338)</b>	(1,126)
Unrealised net gain on revaluation of securities available-for-sale	<b>45,038</b>	13,963	<b>45,038</b>	13,963
Share of other reserves in associated group	<b>(8)</b>	(227)	<b>(8)</b>	(227)
Income tax relating to components of other comprehensive income	<b>(10,033)</b>	(2,443)	<b>(10,033)</b>	(2,443)
<b>Other comprehensive income for the period, net of tax</b>	<b>14,317</b>	7,260	<b>14,317</b>	7,260
<b>Total comprehensive income for the period, net of tax</b>	<b>52,970</b>	59,538	<b>52,970</b>	59,538
Total comprehensive income attributable to:				
Owners of the Company	<b>52,075</b>	51,557	<b>52,075</b>	51,557
Non-controlling interests	<b>895</b>	7,981	<b>895</b>	7,981
	<b>52,970</b>	59,538	<b>52,970</b>	59,538

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Note	Distributable		Non-Distributable							Distributable		Non-controlling interests	Total equity
	Attributable to owners of the Company												
	Share capital	Treasury shares	Equity compensation reserve	Statutory reserves	Regulatory reserve	Profit equalisation reserve of Islamic banking institution	Foreign exchange reserves	Available -for-sale reserves	Other reserve	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1.1.2012</b>													
As previously reported	964,145	(29,789)	581	239,537	-	-	(12,991)	(10,269)	(846)	298,671	1,449,039	301,188	1,750,227
Adoption of Revised BNM/GP3 and MFRS 139	-	-	-	-	-	-	-	-	-	11,347	11,347	-	11,347
As restated	964,145	(29,789)	581	239,537	-	-	(12,991)	(10,269)	(846)	310,018	1,460,386	301,188	1,761,574
Total comprehensive (loss)/income	-	-	-	-	-	-	(13,314)	31,669	(8)	33,728	52,075	895	52,970
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,926)	(8,926)
Adoption of BNM's Revised Guidelines for Profit Equalisation Reserve ("PER")	-	-	-	-	-	-	-	-	-	272	272	-	272
Transfer to PER reserve	-	-	-	-	-	272	-	-	-	(272)	-	-	-
Transfer to regulatory reserve	-	-	-	-	9,955	-	-	-	-	(9,955)	-	-	-
Shares issued pursuant to exercise of ESOS	1,100	-	-	-	-	-	-	-	-	-	1,100	-	1,100
Reserve reversed upon exercise of ESOS	-	-	(178)	-	-	-	-	-	-	178	-	-	-
Accretion on deemed disposals of interest in associated group	-	-	-	-	-	-	-	-	-	266	266	-	266
Accretion on additional interest in a subsidiary company	-	-	-	-	-	-	-	-	-	3	3	(3)	-
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(60)	(60)
Total transactions with owners	1,100	-	(178)	-	9,955	272	-	-	-	(9,508)	1,641	(8,989)	(7,348)
<b>As at 31.3.2012</b>	<b>965,245</b>	<b>(29,789)</b>	<b>403</b>	<b>239,537</b>	<b>9,955</b>	<b>272</b>	<b>(26,305)</b>	<b>21,400</b>	<b>(854)</b>	<b>334,238</b>	<b>1,514,102</b>	<b>293,094</b>	<b>1,807,196</b>
<b>As at 1.1.2011</b>													
As previously reported	962,211	(29,785)	779	228,992	-	-	(20,652)	(1,439)	-	308,604	1,448,710	244,741	1,693,451
Adoption of Revised BNM/GP3 and MFRS 139	-	-	-	-	-	-	-	-	-	10,011	10,011	-	10,011
As restated	962,211	(29,785)	779	228,992	-	-	(20,652)	(1,439)	-	318,615	1,458,721	244,741	1,703,462
Total comprehensive (loss)/income	-	-	-	-	-	-	(4,238)	10,391	(227)	45,631	51,557	7,981	59,538
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,783)	(8,783)
Shares issued pursuant to exercise of ESOS	385	-	-	-	-	-	-	-	-	-	385	-	385
Reserve reversed upon exercise of ESOS	-	-	(41)	-	-	-	-	-	-	41	-	-	-
Accretion on deemed disposals of interest in associated group	-	-	-	-	-	-	-	-	-	1,392	1,392	-	1,392
Total transactions with owners	385	-	(41)	-	-	-	-	-	-	1,433	1,777	(8,783)	(7,006)
<b>As at 31.3.2011</b>	<b>962,596</b>	<b>(29,785)</b>	<b>738</b>	<b>228,992</b>	<b>-</b>	<b>-</b>	<b>(24,890)</b>	<b>8,952</b>	<b>(227)</b>	<b>365,679</b>	<b>1,512,055</b>	<b>243,939</b>	<b>1,755,994</b>

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Current year to date ended 31.3.2012</b>	Preceding year to date ended 31.3.2011 (Restated)
	<b>RM'000</b>	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	57,322	72,007
Adjustments for :-		
Interest income	-	(30)
Interest expense	2,205	1,817
Other non-cash and non-operating items	9,905	(7,488)
Share of results after tax of associated companies	(571)	(379)
Operating profit before working capital changes	<b>68,861</b>	65,927
<i>(Increase)/Decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	-	(155,000)
Securities purchased under resale agreement	-	111,856
Loans, advances and financing	(122,092)	48,575
Statutory and reserve deposits with Central Banks	(20,555)	(3,684)
Securities held-for-trading	(169,870)	210,188
Securities held-to-maturity	38,383	49,834
Securities available-for-sale	(503,038)	(419,978)
Trade and other receivables	(1,182,282)	(1,414,474)
Other operating assets	(461,876)	(135,518)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits from customers	203,305	346,598
Deposits and placements of banks and other financial institutions	191,739	21,018
Obligations on securities sold under repurchase agreements	(108,091)	16,580
Trade and other payables	1,047,053	1,463,319
Other operating liabilities	372,659	(19,371)
Cash (used in)/generated from operations	<b>(645,804)</b>	185,870
Income tax paid net of refund	(29,518)	(10,499)
Net cash (used in)/generated from operating activities	<b>(675,322)</b>	175,371
<b>Cash Flows From Investing Activities</b>		
Acquisition of additional shares from non-controlling interests	(60)	-
Dividends received	154	404
Interest received	-	30
Proceeds from disposals of property and equipment	1,108	261
Purchase of property and equipment	(5,643)	(5,023)
Purchase of software licences	(1,814)	(918)
Payment for trademarks	(43)	(10)
Net cash used in investing activities	<b>(6,298)</b>	(5,256)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	<b>Current year to date ended 31.3.2012 RM'000</b>	Preceding year to date ended 31.3.2011 RM'000
<b>Cash Flows From Financing Activities</b>		
Dividends paid to non-controlling interests	<b>(8,926)</b>	(8,783)
Repayment of revolving credit	<b>(5,779)</b>	(145,779)
Interest paid	<b>(2,205)</b>	(1,817)
Repayment of term loans	-	(4,435)
Proceeds from issuance of shares pursuant to exercise of ESOS	<b>1,100</b>	385
Net cash used in financing activities	<b>(15,810)</b>	(160,429)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(697,430)</b>	9,686
Effects of exchange rate changes	<b>(16,495)</b>	(1,929)
<b>Cash and cash equivalents at beginning of period</b>	<b>1,338,553</b>	664,479
<b>Cash and cash equivalents at end of period</b>	<b>624,628</b>	672,236
<b>Cash and cash equivalents at end of period comprised:</b>		
Cash, bank balances and deposits - General accounts	<b>299,725</b>	318,179
Money at call and deposits placements with maturity within one month	<b>338,810</b>	360,252
Bank overdraft	<b>(13,907)</b>	(6,195)
	<b>624,628</b>	672,236

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134") issued by the Malaysian Accounting Standards Board ("MASB") and Revised Guidelines on Financial Reporting for Banking Institutions (BNM/GP8) issued by Bank Negara Malaysia ("BNM")**

**A1. Basis of preparation**

The interim financial statements that are prepared on quarterly basis ("the quarterly report") have been prepared in accordance with the MFRS 134 issued by the MASB, Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad and revised Guidelines on Financial Reporting for Banking Institutions ("BNM/GP8"). This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 and the accompanying explanatory notes. These explanatory notes 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 since the year ended 31 December 2011.

With effect from 1 January 2012, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

This quarterly report is the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012 that MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. The objective of MFRS 1 is to ensure that an entity's first MFRS financial statements provide a starting point for accounting in accordance with MFRS and are comparable over all periods presented. This quarterly report also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The transition from FRS to MFRS has not had a material impact on the financial statements other than the change in accounting policy on allowance for collective assessment, as the accounting policies adopted under previous FRS framework were already in line with the MFRS framework requirements.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain optional exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRS.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A1. Basis of preparation (Cont'd)**

The Group adopted the following optional exemptions under MFRS 1 on transition date:

- (a) Maintain all past business combinations classification and measurement of the origination of fair values and goodwill before the date of transition.
- (b) Not to measure investment properties, properties, plant and equipment and intangible assets at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- (c) Not to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.
- (d) Not to designate a previously recognised financial asset and liability as a financial asset or financial liability as at fair value through profit or loss or designate a financial asset as available-for-sale at its transition date.

The following optional exemptions under MFRS 1 have not been applied:

- (a) MFRS 2 Share-based Payment to equity instruments that were granted after 7 November 2002 and vested before the later of (i) the date of transition to MFRSs and (ii) 1 January 2005 is not applicable as the ESOS have been vested at the grant date;
- (b) Transitional provisions in MFRS 4 Insurance Contracts, as it is not relevant to the Group's business operations;
- (c) Decommissioning liabilities included in the cost of property, plant and equipment exemption, only relevant when such liabilities have been identified;
- (d) Transitional provisions in IC Interpretation 18 Transfers of Assets from Customers, as there are no such transfers from customers;
- (e) Transitional provisions in IC Interpretation 4 Determining Whether an Arrangement Contains a Lease, whereby an entity determines whether an arrangement which exist at the date of transition contains a lease on the basis of facts and circumstances existing at that date, is not applicable to the Group as all lease arrangements have been accounted for accordingly;
- (f) Transitional provisions in MFRS 119 Employee Benefits, as it is not relevant to the Group's business operations;
- (g) Transitional provisions in MFRS 123 Borrowing Costs, as it is not applicable to the Group's business operations;
- (h) Measurement of assets and liabilities of subsidiary companies, associated companies and joint ventures exemption, only relevant when a subsidiary company, associated company or joint venture adopts MFRS at a later date than its parent;



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A1. Basis of preparation (Cont'd)**

The following optional exemptions under MFRS 1 have not been applied: (Cont'd)

- (i) Measurement of fair value of financial assets or liabilities where no active market exists at initial recognition, as the Group has already adopted FRS 139 Financial Instruments: Recognition and Measurement which in line with the principles in MFRS 139;
- (j) Bifurcation of a compound instrument exemption, as the Group does not have such compound instruments at the date of transition;
- (k) Transitional provisions in IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments, as it is not applicable to the Group;
- (l) Transitional provisions in IC Interpretation 12 Service Concession Arrangements, as it is not relevant to the Group's business operations;
- (m) Guidance for an entity which has a functional currency that was, or is, the currency of a hyperinflationary economy, as the Group does not operate in any hyperinflationary economy.

MFRS 1 also contains the following exceptions from retrospective application of other MFRSs:

- (a) Estimates, whereby the estimates at 1 January 2011 and 31 December 2011 are consistent with those made for the same dates in accordance with FRS (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011;
- (b) Derecognition of financial assets and financial liabilities, provides guidance as to the date from which the specific requirements within MFRS 139 apply and allowing the choice of applying such requirements from a retrospective date of the entity's choosing. This is not applicable to the Group;
- (c) Hedge accounting, allowing the designation of an individual item within a net position under previous FRS in Malaysia as a hedged item in accordance with MFRS. If the transaction had been designated as a hedge before the date of transition but the hedge does not meet the conditions for hedge accounting in MFRS 139, hedge accounting shall be discontinued in accordance with guidance under MFRS 139. The Group do not apply hedge accounting;
- (d) Non-controlling interests, in relation to the requirements that attribution of total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance; accounting for changes in the parent's ownership interest in a subsidiary company that does not result in a loss of control and accounting for loss of control over a subsidiary company. The Group complied with this requirement.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A1. Basis of preparation (Cont'd)**

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**(a) Adoption of Revised Guidelines for Profit Equalisation Reserve ("Revised PER") issued by BNM**

On 19 May 2011, Bank Negara Malaysia issued its revised Guidelines on Profit Equalisation Reserve ("Revised PER"), which was effective for annual periods beginning on or after 1 July 2011. The Revised PER addresses the management of displaced commercial risk by Islamic banking operations.

The PER establishes an obligation to manage distribution to the Investment Account Holders ("IAH") from a Shariah perspective, this is same requirement per the PER adopted prior to 1 January 2012 where the Group continue to allocate a portion of its profits into a PER. The PER of the IAH is classified as a liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH.

The creation of PER of the Islamic Banking Institution ("IBI") is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. Subsequent apportionments from and distributions to retained profits are treated as transfers between reserves.

The adoption of Revised PER resulted in changes in presentation of PER of the IBI as disclosed in the Statements of Changes in Equity. This change in accounting policy is accounted for prospectively, and thereby had no financial effect on comparative figures.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A1. Basis of preparation (Cont'd)**

**(b) Adoption of BNM's Revised Guidelines for Classification and Impairment Provisions for Loans/Financing ("Revised BNM/GP3") and MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139")**

The Group has adopted Revised BNM/GP3 which is effective for the financial year beginning on and after 1 January 2012. During the transitional provision from 1 January 2010 to 31 December 2011, the banking institutions shall maintain collective impairment assessment with the minimum rate of 1.5%. The Revised BNM/GP3 removes the transition provision on the minimum rate of 1.5% and requires the banking institutions shall ensure that the loan/financing impairment assessment and provisioning comply with the requirements specified under the financial reporting standard on financial instruments, i.e. MFRS 139. Under the Revised BNM/GP3 per MFRS 139 requirement, where a loan/financing that is individually assessed for impairment does not result in impairment provisions, the banking institution shall include the loan/financing in a group of loans/financing that has similar credit characteristics for collective assessment of impairment.

Under MFRS 139, an asset that has been individually assessed for impairment based on incurred loss approach and found not to be individually impaired should be included in a collective assessment of impairment. When performing a collective assessment of impairment, the Group pools assets by similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Contractual cash flows and historical loss experience provide the basis for estimating expected cash flows. Historical loss rates are adjusted on the basis of relevant observable data that reflect current economic conditions. Collective assessment of impairment is made on any shortfall where comparing the discounted cash flows with the carrying value of the asset.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statement previously and a write back of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statement of financial position. BNM requires OSKIB to classify the write back of collective assessment allowance into regulatory reserve until the validation being completed.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A1. Basis of preparation (Cont'd)**

The reconciliations of equity, income statement and statement of comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under Revised BNM/GP3 and MFRS 139 are provided below:

	As previously reported Debit/(Credit) RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 Debit/(Credit) RM'000	As restated Debit/(Credit) RM'000
<u>Reconciliation of equity as at 1 January 2011</u>			
Loans, advances and financing	1,347,447	13,110	1,360,557
Trade receivables	2,042,502	(280)	2,042,222
<b>TOTAL ASSETS</b>	<b>9,988,702</b>	<b>12,830</b>	<b>10,001,532</b>
Tax payable	(23,878)	(2,819)	(26,697)
<b>TOTAL LIABILITIES</b>	<b>(8,295,251)</b>	<b>(2,819)</b>	<b>(8,298,070)</b>
Retained profits	(308,604)	(10,011)	(318,615)
Reserves	(516,284)	(10,011)	(526,295)
Equity attributable to owners of the Company	(1,448,710)	(10,011)	(1,458,721)
<b>TOTAL EQUITY</b>	<b>(1,693,451)</b>	<b>(10,011)</b>	<b>(1,703,462)</b>
<u>Reconciliation of equity as at 31 March 2011</u>			
Loans, advances and financing	1,300,559	12,015	1,312,574
Trade receivables	3,438,417	(385)	3,438,032
<b>TOTAL ASSETS</b>	<b>11,749,733</b>	<b>11,630</b>	<b>11,761,363</b>
Tax payable	(35,985)	(2,621)	(38,606)
<b>TOTAL LIABILITIES</b>	<b>(10,002,748)</b>	<b>(2,621)</b>	<b>(10,005,369)</b>
Retained profits	(356,670)	(9,009)	(365,679)
Reserves	(570,235)	(9,009)	(579,244)
Equity attributable to owners of the Company	(1,503,046)	(9,009)	(1,512,055)
<b>TOTAL EQUITY</b>	<b>(1,746,985)</b>	<b>(9,009)</b>	<b>(1,755,994)</b>
<u>Reconciliation of equity as at 31 December 2011</u>			
Loans, advances and financing	1,640,507	14,851	1,655,358
Trade receivables	1,523,629	(186)	1,523,443
<b>TOTAL ASSETS</b>	<b>10,767,427</b>	<b>14,665</b>	<b>10,782,092</b>
Tax payable	(11,182)	(3,318)	(14,500)
<b>TOTAL LIABILITIES</b>	<b>(9,017,200)</b>	<b>(3,318)</b>	<b>(9,020,518)</b>
Retained profits	(298,671)	(11,347)	(310,018)
Reserves	(514,683)	(11,347)	(526,030)
Equity attributable to owners of the Company	(1,449,039)	(11,347)	(1,460,386)
<b>TOTAL EQUITY</b>	<b>(1,750,227)</b>	<b>(11,347)</b>	<b>(1,761,574)</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A1. Basis of preparation (Cont'd)**

	As previously reported (Debit)/Credit RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
<u>For the first quarter ended 31 March 2011</u>			
<u>Reconciliation of income statement</u>			
Interest income	69,450	-	69,450
Interest expense	(44,752)	-	(44,752)
Net interest income	24,698	-	24,698
Non-interest income	226,104	-	226,104
Net income from Islamic banking operations	1,637	-	1,637
Other operating expenses	(181,950)	-	(181,950)
Write back of impairment losses on loans, advances and financing	2,999	(1,095)	1,904
Allowance for impairment losses on trade and other receivables	(660)	(105)	(765)
Share of results after tax of associated companies	379	-	379
Profit before tax	73,207	(1,200)	72,007
Income tax expense	(19,927)	198	(19,729)
Profit after tax for the period	53,280	(1,002)	52,278
Profit attributable to:			
Owners of the Company	46,633	(1,002)	45,631
Non-controlling interests	6,647	-	6,647
	53,280	(1,002)	52,278
<u>Reconciliation of statement of comprehensive income</u>			
Profit after tax for the period	53,280	(1,002)	52,278
Other comprehensive (loss)/income :			
Foreign currency translation loss	(2,907)	-	(2,907)
Reversal of available-for-sale gain upon disposals	(1,126)	-	(1,126)
Unrealised net gain on revaluation of securities available-for-sale	13,963	-	13,963
Share of other reserves in associated group	(227)	-	(227)
Income tax relating to components of other comprehensive income	(2,443)	-	(2,443)
Other comprehensive income for the period, net of tax	7,260	-	7,260
Total comprehensive income for the period, net of tax	60,540	(1,002)	59,538
Total comprehensive income attributable to:			
Owners of the Company	52,559	(1,002)	51,557
Non-controlling interests	7,981	-	7,981
	60,540	(1,002)	59,538

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A1. Basis of preparation (Cont'd)**

	As previously reported (Debit)/Credit RM'000	Effect of adoption of Revised BNM/GP3 and MFRS 139 (Debit)/Credit RM'000	As restated (Debit)/Credit RM'000
<u>For the year ended 31 December 2011</u>			
<u>Reconciliation of income statement</u>			
Interest income	300,789	-	300,789
Interest expense	(200,040)	-	(200,040)
Net interest income	100,749	-	100,749
Non-interest income	725,329	-	725,329
Net income from Islamic banking operations	8,984	-	8,984
Other operating expenses	(669,872)	-	(669,872)
Allowance for impairment losses on loans, advances and financing	(2,048)	1,741	(307)
Allowance for impairment losses on trade and other receivables	(2,681)	94	(2,587)
Allowance for impairment losses on investments and intangibles	(70,083)	-	(70,083)
Share of results after tax of associated companies	2,802	-	2,802
Profit before tax	93,180	1,835	95,015
Income tax expense	(21,399)	(499)	(21,898)
Profit after tax for the year	71,781	1,336	73,117
Profit attributable to:			
Owners of the Company	51,415	1,336	52,751
Non-controlling interests	20,366	-	20,366
	71,781	1,336	73,117
<u>Reconciliation of statement of comprehensive income</u>			
Profit after tax for the year	71,781	1,336	73,117
Other comprehensive (loss)/income :			
Foreign currency translation gain	11,895	-	11,895
Reversal of available-for-sale gain upon disposals	(6,020)	-	(6,020)
Unrealised net gain on revaluation of securities available-for-sale	1,889	-	1,889
Share of other reserves in associated group	(846)	-	(846)
Income tax relating to components of other comprehensive income	1,935	-	1,935
Other comprehensive income for the year, net of tax	8,853	-	8,853
Total comprehensive income for the year, net of tax	80,634	1,336	81,970
Total comprehensive income attributable to:			
Owners of the Company	49,400	1,336	50,736
Non-controlling interests	31,234	-	31,234
	80,634	1,336	81,970

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A1. Basis of preparation (Cont'd)**
**Capital adequacy**

The adjustments to the financial statements of the Group as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<b>OSKIB Group</b>				
Collective impairment	16,970	3,696	13,138	1,862
Tier II capital	416,970	403,696	313,138	301,862
Capital base	1,676,813	1,663,539	1,510,290	1,499,014
Core capital ratio	25.07%	25.07%	27.12%	27.12%
Risk weighted capital ratio	33.36%	33.10%	34.22%	33.96%
<b>OSKIB</b>				
Collective impairment	15,144	1,870	12,315	1,039
Tier II capital	415,144	401,870	312,315	301,039
Capital base	620,325	607,051	753,349	742,073
Core capital ratio	19.12%	18.71%	24.58%	24.21%
Risk weighted capital ratio	19.12%	18.71%	24.58%	24.21%

There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

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

IC Interpretation 14	Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****A1. Basis of preparation (Cont'd)****Effective for annual periods commencing on or after 1 January 2012**

MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
MFRS 7	Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
MFRS 112	Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)
MFRS 124	Related Party Disclosures

The adoption of the MFRS, IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group as they mainly provide further explanations to existing MFRSs.

The following MFRS and IC Interpretations have been issued by the MASB but are not yet effective:

**Effective for annual periods commencing on or after 1 July 2012**

MFRS 101	Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
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**Effective for annual periods commencing on or after 1 January 2013**

MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in Nov 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

**Effective for annual periods commencing on or after 1 January 2014**

MFRS 132	Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
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IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A1. Basis of preparation (Cont'd)**

**Reclassification of securities**

During the prior financial years, OSK Investment Bank Berhad ("OSKIB"), a wholly-owned subsidiary company, had reclassified certain securities held-for-trading ("HFT") to available-for-sale ("AFS") category pursuant to the BNM Circular, "Reclassification of Securities under Specific Circumstances". The provisions for reclassification were introduced after taking into account the exceptional circumstances in the global financial markets and the changes to the international accounting standards in response to that development. The provisions in the Circular overrode the then requirements of BNM/GP8 in relation to the reclassification of securities into or out of the HFT category and were permissible from 1 July 2008 until 31 December 2009.

On 15 September 2009, FRS 139 was amended to allow for the reclassification of securities AFS to amortised cost category (i.e. securities held-to-maturity ("HTM") or loan and receivables) if the entity has the intention and ability to hold the financial asset until maturity for the foreseeable future. FRS 139 was also amended to allow reclassification out of HFT category in rare circumstances, subject to the conditions stated in FRS 139.

OSKIB had reclassified certain securities AFS to HTM category and certain securities HFT to AFS category in prior years as shown below:

**(a) Amounts reclassified on date of reclassification**

	<b>RM'000</b>
(i) Securities AFS to securities HTM on 29 December 2008	<u>256,924</u>
(ii) Securities HFT to securities AFS on 16 February 2009	<u>61,160</u>

**(b) Carrying amounts and fair values**

The carrying amount and fair value of securities reclassified (excluding reclassified investments that were disposed before the end of the quarter) are as follows:

	<b>As at 31.3.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
(i) Securities AFS reclassified to securities HTM		
- Carrying value	<b>54,035</b>	73,899
- Fair value	<b>88,557</b>	108,868
(ii) Securities HFT reclassified to securities AFS		
- Carrying value	<b>41,588</b>	41,840
- Fair value	<b>41,588</b>	41,840

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A1. Basis of preparation (Cont'd)**
**(c) Fair value loss recognised**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Comparative quarter ended 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>	<b>Preceding year to date ended 31.3.2011 RM'000</b>
<b>Income Statements</b>				
Impairment loss on securities HTM	-	-	-	-
<b>Statements of Other Comprehensive Income</b>				
AFS reserve	<b>(68)</b>	<b>(339)</b>	<b>(68)</b>	<b>(339)</b>

**(d) Effective interest rate and estimated amounts of cash flows as at dates of reclassification**

	<b>Effective interest rate %</b>	<b>Estimated cash inflows before discounting to present value RM'000</b>
(i) Securities AFS to securities HTM on 29 December 2008	5.14 to 9.96	392,011
(ii) Securities HFT to securities AFS on 16 February 2009	5.09 to 5.73	75,238

**A2. Seasonal or cyclical factors**

There were no significant seasonal or cyclical factors that will materially affect the business operations of the Group for the period under review.

**A3. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting the financial statements for the current year to date.

**A4. Changes in estimates**

There were no other significant changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect in the current year to date.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A5. Changes in debt and equity securities**
**(a) Executive Share Option Scheme (“ESOS”) of the Company**

During the current year to date, the Company has issued 1,100,425 new ordinary shares of RM1.00 each for cash at the respective exercise prices pursuant to the ESOS and the total cash proceeds arising from the exercise of options amounted to RM1,100,425. The movement in the number of ESOS during the current year to date is as follows:

Date of offer	Exercise price* (RM)	No. of options over ordinary shares of RM1.00 each			
		As at 1.1.2012	Exercised	Forfeited	As at 31.3.2012
27.6.2003	1.00	521,100	(14,125)	-	506,975
16.3.2004	1.00	1,655,200	(441,175)	-	1,214,025
29.4.2005	1.00	631,900	-	-	631,900
3.5.2006	1.00	1,970,400	(645,125)	-	1,325,275
		4,778,600	(1,100,425)	-	3,678,175

On 4 January 2007, the duration of ESOS which was due to expire on 17 February 2008 had been extended for another 5 years to 17 February 2013.

\* The ESOS committee on 6 October 2009 and 26 January 2010 approved the adjustments of ESOS exercise prices pursuant to Clause 18.3(c)(1) of the ESOS By-Laws based on the shares distribution in listed subsidiary companies and bonus issue exercise implemented. Additional 1,712,809 new options were issued consequential to the bonus issue in the previous financial year.

**(b) Share buybacks / Treasury shares of the Company**

During the current year to date, the Company did not purchase any of its own ordinary shares from the open market. The shares repurchased previously are being held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Summary of share buybacks is as follows:

	Number of shares	Highest price RM	Lowest price RM	Average cost (included transaction costs) RM	Total amount paid RM
As at 1.1.2012/ 31.3.2012	24,153,412	2.82	0.90	1.23	29,788,622

Other than the above, there were no issuances, repurchases and repayments of debt and equity securities of the Company for the current year to date.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A6. Dividends paid**

There were no dividend being paid during the current year to date.

	<b>As at 31.3.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
<b>A7. Securities portfolio</b>		
<b>(a) Securities held-for-trading</b>		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Investment Issues	<b>30,041</b>	40,901
Malaysian Government Securities	-	30,482
	<b>30,041</b>	71,383
Quoted securities:		
Shares and exchange traded funds		
- in Malaysia	<b>91,012</b>	159,903
- outside Malaysia	<b>42,860</b>	35,800
	<b>133,872</b>	195,703
Trust units		
- in Malaysia	<b>1,934</b>	1,918
- outside Malaysia	<b>15,202</b>	10,324
	<b>17,136</b>	12,242
Private debt securities outside Malaysia	<b>7,855</b>	9,075
	<b>158,863</b>	217,020
Unquoted securities:		
Private debt securities		
- in Malaysia	<b>89,573</b>	-
- outside Malaysia	<b>183,874</b>	24,937
	<b>273,447</b>	24,937
	<b>462,351</b>	313,340

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000
<b>A7. Securities portfolio (Cont'd)</b>		
<b>(b) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Cagamas bonds	5,008	5,014
Malaysian Government Investment Issues	139,669	140,145
Negotiable instruments of deposits	-	70,000
	<b>144,677</b>	<b>215,159</b>
Unquoted securities:		
Private and Islamic debt securities		
- in Malaysia	334,335	339,584
- outside Malaysia	176,738	138,612
	<b>511,073</b>	<b>478,196</b>
Less: Accumulated impairment losses	(53,459)	(53,459)
	<b>457,614</b>	<b>424,737</b>
	<b>602,291</b>	<b>639,896</b>
<b>(c) Securities available-for-sale</b>		
<b>At fair value</b>		
Money market instruments:		
Bankers' acceptance and Islamic accepted bills	611,051	300,132
Cagamas bonds	5,004	5,008
Malaysian Government Investment Issues	324,800	408,233
Malaysian Government Securities	461,928	432,145
Negotiable instruments of deposits	219,676	159,637
	<b>1,622,459</b>	<b>1,305,155</b>
Quoted securities:		
Shares and warrants		
- in Malaysia	6,558	6,759
- outside Malaysia	3,802	3,268
	<b>10,360</b>	<b>10,027</b>
Trust units		
- in Malaysia	2,684	2,645
- outside Malaysia	18,094	17,427
	<b>20,778</b>	<b>20,072</b>
	<b>31,138</b>	<b>30,099</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000
<b>A7. Securities portfolio (Cont'd)</b>		
<b>(c) Securities available-for-sale (Cont'd)</b>		
Unquoted securities:		
Shares and warrants		
- in Malaysia	5,480	5,481
- outside Malaysia	19,872	19,816
	<b>25,352</b>	<b>25,297</b>
Private and Islamic debt securities		
- in Malaysia	913,633	916,587
- outside Malaysia *	1,242,914	1,041,911
	<b>2,156,547</b>	<b>1,958,498</b>
Less: Accumulated impairment losses	(88,259)	(88,259)
	<b>2,068,288</b>	<b>1,870,239</b>
	<b>2,093,640</b>	<b>1,895,536</b>
	<b>3,747,237</b>	<b>3,230,790</b>
* Included in securities available-for-sale are securities sold under repurchase agreements.		
Private debts securities outside Malaysia	<b>215,545</b>	<b>351,361</b>
	As at 31.3.2012 RM'000	As at 31.12.2011 (Restated) RM'000
<b>A8. Loans, advances and financing</b>		
Term loans	1,170,236	1,013,296
Shares margin financing	573,508	566,557
Revolving credits	46,050	89,786
Staff loans	1,471	1,543
	<b>1,791,265</b>	<b>1,671,182</b>
Gross loans, advances and financing		
Allowance for impairment losses:		
- Collective assessment	(4,369)	(5,722)
- Individual assessment	(9,181)	(10,102)
	<b>1,777,715</b>	<b>1,655,358</b>
Net loans, advances and financing		

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(a) Analysis of gross loans, advances and financing</b>		
<b>(i) By type of customers</b>		
Domestic small and medium enterprises	980,613	883,819
Foreign entities	165,552	159,665
Individuals	645,100	627,698
	<b>1,791,265</b>	<b>1,671,182</b>
<b>(ii) By interest/profit rate sensitivity</b>		
Fixed rate	1,522,721	1,460,378
Variable rate		
- Cost plus	73,010	38,585
- Other variable rates	195,534	172,219
	<b>1,791,265</b>	<b>1,671,182</b>
<b>(iii) By economic purpose</b>		
Working capital	271,512	333,621
Purchase of securities	865,769	853,893
Others	653,984	483,668
	<b>1,791,265</b>	<b>1,671,182</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(a) Analysis of gross loans, advances and financing (Cont'd)</b>		
<b>(iv) By geographical distribution</b>		
Malaysia	1,308,752	1,238,365
Singapore	150,866	150,191
Hong Kong	73,010	38,585
Indonesia	37,538	38,183
Cambodia	193,867	183,096
Thailand	27,232	22,762
	<b>1,791,265</b>	<b>1,671,182</b>
<b>(v) By maturity structure</b>		
Up to 3 months	719,930	620,100
3-12 months	470,557	661,001
1-5 years	478,011	277,685
Over 5 years	122,767	112,396
	<b>1,791,265</b>	<b>1,671,182</b>
<b>(vi) By sectors</b>		
Manufacturing	135,333	104,301
Construction	205,401	63,474
Real estate	534	2,972
Wholesale & retail trade and restaurants & hotels	196,260	191,406
Transport, storage and communication	19,146	66,674
Finance, insurance and business activities	656,106	631,593
Household	566,309	570,899
Mining and quarrying	9,887	9,944
Agriculture, hunting, forestry and fishing	2,015	666
Electricity, gas and water supply	274	29,253
	<b>1,791,265</b>	<b>1,671,182</b>



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(b) Analysis of impaired loans, advances and financing</b>		
<b>(i) Movement in impaired loans, advances and financing</b>		
At beginning of period/year	15,137	26,121
Amount arising from acquisition of a subsidiary company	-	2,024
Classified as impaired *	181	4,434
Reclassified as non-impaired *	(1,144)	(14,061)
Recovered	(2,845)	(1,380)
Written off	(22)	(2,012)
Exchange differences *	(19)	11
At end of period/year	<b>11,288</b>	15,137
Allowance for impairment losses: - individual assessment	<b>(9,181)</b>	(10,102)
Net impaired loans, advances and financing	<b>2,107</b>	5,035
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<b>0.12%</b>	0.30%
* Included amounts previously referred to as 'interest-in-suspense'.		
Analysis of impaired loans, advances and financing		
<b>• By geographical distribution</b>		
Malaysia	10,775	14,588
Cambodia	513	549
	<b>11,288</b>	15,137
<b>• By economic purpose</b>		
Working capital	216	224
Purchase of securities	10,559	14,364
Other purpose	513	549
	<b>11,288</b>	15,137

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(b) Analysis of impaired loans, advances and financing (Cont'd)</b>		
<b>(ii) Movement in the allowance for impaired loans, advances and financing</b>		
<b>Collective assessment</b>		
At beginning of period/year	(5,722)	(17,130)
Adoption of Revised BNM/GP3 and MFRS 139	-	13,110
As restated	(5,722)	(4,020)
Made	1,291	(1,641)
Exchange difference	62	(61)
At end of period/year	<b>(4,369)</b>	<b>(5,722)</b>
As % of gross loans, advances and financing less allowance for impairment losses - individual assessment	<b>0.25%</b>	0.34%
Collective assessment for impaired loans, advances and financing according to economic purpose, allocated on a pro-rated basis, are as follows:		
Working capital	(662)	(1,142)
Purchase of securities	(2,112)	(2,924)
Others	(1,595)	(1,656)
	<b>(4,369)</b>	<b>(5,722)</b>
<b>Individual assessment</b>		
At beginning of period/year	(10,102)	(10,190)
Amount arising from an acquisition of a subsidiary company	-	(2,024)
Made *	(244)	(4,519)
Written back *	1,146	6,564
Written off	-	38
Recovered	9	38
Exchange difference *	10	(9)
At end of period/year	<b>(9,181)</b>	<b>(10,102)</b>

\* Included amounts previously referred to as 'interest-in-suspense'.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011 (Restated)
	RM'000	RM'000
<b>A8. Loans, advances and financing (Cont'd)</b>		
<b>(b) Analysis of impaired loans, advances and financing (Cont'd)</b>		
<b>(ii) Movement in allowance for impaired loans, advances and financing (Cont'd)</b>		
Individual assessment for impaired loans, advances and financing according to economic purpose, are as follows:		
Purchase of securities	(8,925)	(9,827)
Others	(256)	(275)
	<b>(9,181)</b>	<b>(10,102)</b>
<b>(iii) Allowances for impaired loans, advances and financing by geographical distribution:</b>		
<b>Collective assessment</b>		
Malaysia	(2,435)	(3,896)
Cambodia	(1,934)	(1,826)
	<b>(4,369)</b>	<b>(5,722)</b>
<b>Individual assessment</b>		
Malaysia	(8,925)	(9,827)
Cambodia	(256)	(275)
	<b>(9,181)</b>	<b>(10,102)</b>
<b>A9. Trade receivables</b>		
Amount owing by clients	1,453,215	843,420
Allowance for impairment losses		
- individual assessment	(11,555)	(14,096)
- collective assessment	(449)	(186)
	<b>1,441,211</b>	<b>829,138</b>
Amounts owing by:		
- brokers	463,491	304,365
- domestic derivative clearing house	106,432	50,710
- foreign derivatives clearing houses	3,026	5,755
- foreign securities clearing houses and stock exchanges	633,262	307,705
Unit trust receivables	24,240	19,107
Others	10,935	6,663
	<b>2,682,597</b>	<b>1,523,443</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000
<b>A10. Other assets</b>		
Interest/income receivables	57,997	44,401
Security deposits and statutory funds	11,278	11,343
Other receivables, deposits and prepayments	77,173	65,386
Transferable golf club memberships	330	332
	<b>146,778</b>	<b>121,462</b>
<b>A11. Deposits from customers</b>		
<b>Non-Mudharabah Fund</b>		
Demand deposits	34,143	43,725
Saving deposits	26,997	18,452
Fixed deposits	2,923,035	2,314,405
Short term deposits	656,073	844,350
Negotiable instruments of deposits	309,767	303,633
Others	73	65
	<b>3,950,088</b>	<b>3,524,630</b>
<b>Mudharabah Fund</b>		
General investment deposits	963,370	1,185,523
	<b>4,913,458</b>	<b>4,710,153</b>
<b>(a) By type of customers</b>		
Local government and statutory bodies	1,016,544	906,887
Domestic non-bank financial institutions	2,217,089	2,677,331
Business enterprises	1,312,229	810,288
Individuals	199,149	208,389
Foreign customers	168,206	106,962
Others	241	296
	<b>4,913,458</b>	<b>4,710,153</b>
<b>(b) By maturity structure</b>		
Up to 3 months	4,066,857	3,526,485
3-12 months	808,707	1,129,059
1-5 years	37,894	54,609
	<b>4,913,458</b>	<b>4,710,153</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	As at 31.3.2012	As at 31.12.2011
	RM'000	RM'000
<b>A12. Deposits and placements of banks and other financial institutions</b>		
<b>Non-Mudharabah Fund</b>		
Licensed banks	304,283	521,001
Licensed investment banks	338,820	80,000
Other financial institutions	185,122	41,860
	<b>828,225</b>	<b>642,861</b>
<b>Mudharabah Fund</b>		
Licensed banks	22,263	15,888
	<b>850,488</b>	<b>658,749</b>
<b>A13. Trade payables</b>		
Amounts due to:		
- clients	2,198,511	1,816,075
- brokers	1,088,152	520,132
- foreign securities clearing houses and stock exchanges	113,143	46,888
Unit trust payables	25,204	4,879
	<b>3,425,010</b>	<b>2,387,974</b>
<b>A14. Other liabilities</b>		
Interest/income payable	66,448	45,655
Other payables, deposits and accruals	144,948	155,724
Amount due to an associated company	6,057	2,305
Profit equalisation reserve of Islamic banking operations	1,184	2,285
	<b>218,637</b>	<b>205,969</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Comparative quarter ended 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>	<b>Preceding year to date ended 31.3.2011 RM'000</b>
<b>A15. Interest income</b>				
Loans, advances and financing	<b>34,439</b>	27,769	<b>34,439</b>	27,769
Deposits and placements with financial institutions	<b>8,964</b>	8,164	<b>8,964</b>	8,164
Securities held-for-trading	<b>4,516</b>	3,272	<b>4,516</b>	3,272
Securities held-to-maturity	<b>3,023</b>	2,923	<b>3,023</b>	2,923
Securities available-for-sale	<b>25,432</b>	21,082	<b>25,432</b>	21,082
Stockbroking and futures broking business	<b>1,934</b>	1,544	<b>1,934</b>	1,544
Others	<b>1,234</b>	132	<b>1,234</b>	132
	<b>79,542</b>	64,886	<b>79,542</b>	64,886
Accretion of discount less amortisation of premium	<b>3,345</b>	4,564	<b>3,345</b>	4,564
	<b>82,887</b>	69,450	<b>82,887</b>	69,450

**A16. Interest expense**

Deposits from customers	<b>(39,802)</b>	(30,719)	<b>(39,802)</b>	(30,719)
Deposits and placements of financial institutions	<b>(3,108)</b>	(5,498)	<b>(3,108)</b>	(5,498)
Subordinated notes	<b>(6,763)</b>	(5,406)	<b>(6,763)</b>	(5,406)
Borrowings	<b>(2,419)</b>	(3,127)	<b>(2,419)</b>	(3,127)
Others	<b>(13)</b>	(2)	<b>(13)</b>	(2)
	<b>(52,105)</b>	(44,752)	<b>(52,105)</b>	(44,752)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	<b>Current quarter ended 31.3.2012</b>	Comparative quarter ended 31.3.2011	<b>Current year to date ended 31.3.2012</b>	Preceding year to date ended 31.3.2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000

**A17. Non-interest income**
**(a) Fees and commission**

Advisory, agency, arrangement, placement and referral fees	<b>16,719</b>	11,675	<b>16,719</b>	11,675
Commission	<b>602</b>	5,930	<b>602</b>	5,930
Fees earned from management of unit trust funds	<b>13,218</b>	13,128	<b>13,218</b>	13,128
Gross brokerage fees	<b>98,589</b>	123,797	<b>98,589</b>	123,797
Loan processing, facility and commitment fees and carrying charges	<b>3,727</b>	4,749	<b>3,727</b>	4,749
Service charges on sale of trust units	<b>15,569</b>	13,121	<b>15,569</b>	13,121
Trustee and will-writing fees	<b>2,976</b>	1,426	<b>2,976</b>	1,426
Others	<b>3,879</b>	767	<b>3,879</b>	767
	<b>155,279</b>	174,593	<b>155,279</b>	174,593

**(b) Net gain/(loss) arising from sales  
of securities and derivatives**

Securities held-for-trading	<b>57,919</b>	25,082	<b>57,919</b>	25,082
Securities held-to-maturity	<b>152</b>	-	<b>152</b>	-
Securities available-for-sale	<b>4,197</b>	2,172	<b>4,197</b>	2,172
Derivative financial instruments	<b>(10,299)</b>	19,500	<b>(10,299)</b>	19,500
	<b>51,969</b>	46,754	<b>51,969</b>	46,754

**(c) Gross dividend income**

Securities held-for-trading	<b>185</b>	439	<b>185</b>	439
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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	<b>Current quarter ended 31.3.2012</b>	Comparative quarter ended 31.3.2011	<b>Current year to date ended 31.3.2012</b>	Preceding year to date ended 31.3.2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A17. Non-interest income (Cont'd)</b>				
<b>(d) Unrealised (loss)/gain on revaluation of trading securities and derivatives</b>				
Securities held-for-trading	(20,782)	(4,949)	(20,782)	(4,949)
Derivative financial instruments	25,330	(6,156)	25,330	(6,156)
	<b>4,548</b>	(11,105)	<b>4,548</b>	(11,105)
<b>(e) Unrealised (loss)/gain on derivatives</b>				
Unexpired structured warrants	(7,543)	595	(7,543)	595
<b>(f) Unrealised (loss)/gain from foreign exchange translations</b>				
	(12,271)	18,451	(12,271)	18,451
<b>(g) Other income/(loss)</b>				
Net gain on disposals of property and equipment	1	156	1	156
Realised loss on foreign exchange	(4,629)	(11,030)	(4,629)	(11,030)
Net gain on interest rate swaps	2,643	3,243	2,643	3,243
Rental income	1,907	1,925	1,907	1,925
Others	1,796	2,083	1,796	2,083
	<b>1,718</b>	(3,623)	<b>1,718</b>	(3,623)
	<b>193,885</b>	226,104	<b>193,885</b>	226,104



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Comparative quarter ended 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>	<b>Preceding year to date ended 31.3.2011 RM'000</b>
<b>A18. Other operating expenses</b>				
<b>(a) Personnel expenses</b>				
Salaries, allowances, bonuses and gratuity	<b>(67,601)</b>	(67,447)	<b>(67,601)</b>	(67,447)
Pension costs - defined contribution plan	<b>(5,358)</b>	(7,525)	<b>(5,358)</b>	(7,525)
Others	<b>(3,354)</b>	(3,038)	<b>(3,354)</b>	(3,038)
	<b>(76,313)</b>	(78,010)	<b>(76,313)</b>	(78,010)
<b>(b) Promotional, marketing and trading expenses</b>				
Advertisement and promotion	<b>(1,270)</b>	(3,196)	<b>(1,270)</b>	(3,196)
Commission	<b>(43,011)</b>	(52,437)	<b>(43,011)</b>	(52,437)
Fees and charges	<b>(13,643)</b>	(16,461)	<b>(13,643)</b>	(16,461)
Others	<b>(1,430)</b>	(1,864)	<b>(1,430)</b>	(1,864)
	<b>(59,354)</b>	(73,958)	<b>(59,354)</b>	(73,958)
<b>(c) Establishment related expenses</b>				
Depreciation and amortisation	<b>(5,961)</b>	(4,624)	<b>(5,961)</b>	(4,624)
Insurance	<b>(693)</b>	(322)	<b>(693)</b>	(322)
Rental of equipment	<b>(1,238)</b>	(1,180)	<b>(1,238)</b>	(1,180)
Rental of premises	<b>(5,426)</b>	(4,884)	<b>(5,426)</b>	(4,884)
Repair and maintenance	<b>(2,882)</b>	(2,834)	<b>(2,882)</b>	(2,834)
Utility expenses	<b>(1,704)</b>	(1,551)	<b>(1,704)</b>	(1,551)
Others	<b>(2,153)</b>	(1,497)	<b>(2,153)</b>	(1,497)
	<b>(20,057)</b>	(16,892)	<b>(20,057)</b>	(16,892)
<b>(d) General administrative expenses</b>				
Communication expenses	<b>(4,109)</b>	(3,664)	<b>(4,109)</b>	(3,664)
Legal and professional fees	<b>(2,140)</b>	(1,715)	<b>(2,140)</b>	(1,715)
Printing and stationery	<b>(1,610)</b>	(1,699)	<b>(1,610)</b>	(1,699)
Administrative expenses	<b>(6,104)</b>	(5,629)	<b>(6,104)</b>	(5,629)
Others	<b>(117)</b>	(383)	<b>(117)</b>	(383)
	<b>(14,080)</b>	(13,090)	<b>(14,080)</b>	(13,090)
	<b>(169,804)</b>	(181,950)	<b>(169,804)</b>	(181,950)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Comparative quarter ended 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>	<b>Preceding year to date ended 31.3.2011 RM'000</b>
<b>A19. Write back of impairment losses on loans, advances and financing</b>				
Individual assessment				
- Made	(64)	(869)	(64)	(869)
- Written back	30	1,023	30	1,023
Collective assessment (net)				
- Written back	1,290	441	1,290	441
	<b>1,256</b>	<b>595</b>	<b>1,256</b>	<b>595</b>
Bad debts				
- Recovered	125	1,309	125	1,309
- Written off	(991)	-	(991)	-
	<b>390</b>	<b>1,904</b>	<b>390</b>	<b>1,904</b>

**A20. Allowance for impairment losses on trade and other receivables**

Individual assessment				
- Made	(1,264)	(1,158)	(1,264)	(1,158)
- Written back	1,130	494	1,130	494
Collective assessment (net)				
- Made	(263)	(105)	(263)	(105)
	<b>(397)</b>	<b>(769)</b>	<b>(397)</b>	<b>(769)</b>
Bad debts				
- Recovered	-	4	-	4
	<b>(397)</b>	<b>(765)</b>	<b>(397)</b>	<b>(765)</b>

**A21. Segmental information**

Please refer to Appendix I.

**A22. Events after the end of the quarter**
Acquisition of additional shares in BFIT Securities Public Company Limited, now known as OSK Securities (Thailand) Public Company Limited ("OSKST") by OSKIB

Between 1 April 2012 and 18 May 2012, OSKIB acquired additional 307,300 ordinary shares in OSKST from the open market for a total consideration of THB760,072 (approximately RM75,221), thereby its equity interest in OSKST increased from 97.37% to 97.41%.

**A23. Changes in the composition of the Group**

- (a) Subscription of 51% interest by OSK International Investment Hong Kong Limited (“OSKIIhk”) in OSK Fideus Asia and Emerging Markets Value Fund Ltd (“OSK Fideus”)

OSKIIhk, a wholly-owned subsidiary of OSK Holdings Hong Kong Limited, which in turn is 93.50%-owned by OSKIB, which in turn is a wholly-owned subsidiary of OSKH, has subscribed for a 51% interest in a fund company, OSK Fideus incorporated under the laws of Cayman Islands.

OSK Fideus was incorporated on 25 November 2011 as an exempted company and will be registered as a professional mutual fund under the Mutual Fund Law of the Cayman Islands, with a business strategy of investing in Asia and emerging market equities. The authorised capital of OSK Fideus is US\$50,000 divided into 100 Management Shares (with voting rights) at par value of US\$1.00 each and 4,990,000 Participating Shares (without voting rights) at par value of US\$0.01 each. On 24 February 2012, the issued and paid-up capital of OSK Fideus is US\$100 divided into 100 Management Shares of which OSKIIhk has subscribed for 51 Management Shares or 51% amounting to US\$51 (equivalent to approximately RM154), thus making OSK Fideus an indirect subsidiary of OSKH. The remaining 49% is being held by Alpheus Advisor (“Alpheus”).

Alpheus, a company incorporated in 2002 under the laws of Greece, is an affiliate of the Alpheus Group Ltd. (registered in Bermuda) (“Alpheus Group”), which is engaged in the securities investment management services and the provision of family office services. Alpheus Group operates family offices in Athens, London and Zurich with significant allocation to fund strategies. Alpheus Group is also involved in managing The Gale Invest II (Cayman) Fund, an open-ended series of unit trusts established under the laws of the Cayman Islands in 2006, where one of the funds is also focused on Asian and emerging markets.

- (b) Dilution of equity interest in iFast-OSK Sdn. Bhd.

On 29 February 2012, iFast-OSK Sdn. Bhd., an associated company of OSKIB, increased its issued and paid-up ordinary share capital from RM22 million to RM23 million by issuance of 1 million ordinary shares of RM1.00 each.

OSKIB did not subscribe for these additional allotments, hence its equity interest in the associated company diluted from 38.05% to 36.39%.

- (c) Acquisition of additional shares in BFIT Securities Public Company Limited by OSKIB

During the current quarter, OSKIB acquired additional 246,300 ordinary shares in OSKST from the open market for a total consideration of THB607,126 (approximately RM60,140), thereby its equity interest in OSKST increased from 97.34% to 97.37%.

Following the above, additional shares purchased by OSKIB is disclosed in Note A22.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A24. Commitments and contingencies**

Please refer to Appendix II.

**A25. Interest/profit rate risk**

Please refer to Appendix III.

**A26. Capital Adequacy**

**(a) Risk weighted capital ratios and Tier I and Tier II capital**

**(i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows:**

The capital base and risk weighted assets ("RWA") of OSKIB Group and OSKIB as set out below are disclosed in accordance with Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia. The Group and the Company are not required to maintain any capital adequacy ratio.

	<b>OSKIB Group</b>		<b>OSKIB <sup>^</sup></b>	
	<b>As at 31.3.2012</b>	As at 31.12.2011 (Restated)	<b>As at 31.3.2012</b>	As at 31.12.2011 (Restated)
<b>Before deducting proposed dividends:</b>				
Core capital ratio	<b>21.61%</b>	25.07%	<b>18.43%</b>	18.71%
Risk weighted capital ratio	<b>28.68%</b>	33.10%	<b>18.43%</b>	18.71%
<b>After deducting proposed dividends:</b>				
Core capital ratio	<b>21.61%</b>	25.07%	<b>18.43%</b>	18.71%
Risk weighted capital ratio	<b>28.68%</b>	33.10%	<b>18.43%</b>	18.71%

<sup>^</sup> In accordance with Section 7.3 of Guidelines on Risk Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia, if deduction from Total Capital (i.e investment in subsidiary companies at OSKIB level) is more than eligible Tier 2 capital, the core capital ratio will be equal to the risk-weighted capital ratio.

In assessing the adequacy of its internal capital levels to support current and future activities, the Group ensures that it complies with the minimum requirements at Bank Negara Malaysia of at least 8% in risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A26. Capital Adequacy (Cont'd)**
**(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)**
**(i) The capital adequacy ratios and capital base of OSKIB Group and OSKIB are as follows: (Cont'd)**

	<b>OSKIB Group</b>		<b>OSKIB</b>	
	<b>As at 31.3.2012</b>	<b>As at 31.12.2011 (Restated)</b>	<b>As at 31.3.2012</b>	<b>As at 31.12.2011 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Issued and fully paid share capital	<b>660,000</b>	660,000	<b>660,000</b>	660,000
Retained profits - audited	* <b>162,421</b>	162,421	* <b>64,441</b>	64,441
Statutory reserves	<b>239,537</b>	239,537	<b>239,387</b>	239,387
Tier 1 non-controlling interests	<b>296,388</b>	304,125	-	-
	<b>1,358,346</b>	1,366,083	<b>963,828</b>	963,828
Less: Goodwill	<b>(93,659)</b>	(94,283)	<b>(46,516)</b>	(46,516)
Deferred tax assets	<b>(1,935)</b>	(11,957)	-	(10,330)
<b>Tier I capital</b>	<b>1,262,752</b>	1,259,843	<b>917,312</b>	906,982
Collective impairment	<b>2,945</b> **	3,696	<b>1,011</b> **	1,870
Regulatory reserve	<b>9,955</b>	-	<b>9,955</b>	-
Maximum allowance subordinated debt capital	<b>400,000</b>	400,000	<b>400,000</b>	400,000
<b>Tier II capital</b>	<b>412,900</b>	403,696	<b>410,966</b>	401,870
Total capital	<b>1,675,652</b>	1,663,539	<b>1,328,278</b>	1,308,852
Less: Investments in subsidiary companies	-	-	<b>(701,861)</b>	(701,801)
<b>Capital base</b>	<b>1,675,652</b>	1,663,539	<b>626,417</b>	607,051

The capital adequacy ratios of OSKIB Group consist of capital base and RWA derived from consolidated balances of OSKIB and its subsidiary companies. The capital adequacy ratios of OSKIB consist of capital base and RWA derived from OSKIB.

The capital adequacy ratios of OSKIB Group and OSKIB are computed in accordance with Risk Weighted Capital Adequacy Framework (Basel II). OSKIB Group and OSKIB have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010: 8.0%) for the risk weighted capital ratio.

\* Based on the latest audited retained profit as at 31 December 2011.

\*\* Restated due to adoption of Revised BNM/GP3 and MFRS 139.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A26. Capital Adequacy (Cont'd)**

**(a) Risk weighted capital ratios and Tier I and Tier II capital (Cont'd)**

**(ii) The capital adequacy ratios and capital base of the wholly-owned Cambodia banking subsidiary of OSKIB, OSK Indochina Bank Limited ("OSKIBL"), are as follows:**

	<b>OSKIBL</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.3.2012</b>	<b>31.12.2011</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>43.10%</b>	46.49%
<b>After deducting proposed dividends:</b>		
Core capital ratio	#	#
Solvency ratio	<b>43.10%</b>	46.49%

The Solvency Ratio of OSKIBL is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as OSKIBL's net worth divided by its risk weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15.0%.

# No equivalent ratio in Cambodia.

**(iii) The capital adequacy ratios and capital base of the wholly-owned subsidiary of the Company, OSK Investment Bank (Labuan) Limited ("OSKL"), are as follows:**

	<b>OSKL</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.3.2012</b>	<b>31.12.2011</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>40.30%</b>	50.50%
Risk weighted capital ratio	<b>40.30%</b>	50.50%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>40.30%</b>	50.50%
Risk weighted capital ratio	<b>40.30%</b>	50.50%

The capital adequacy ratios of OSKL for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier 1 capital ratio and risk-weighted capital ratio respectively.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A26. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk**

As at 31.3.2012

**OSKIB Group**

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(i) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,365,055	1,365,055	-	-
Banks, development financial institutions and multilateral development banks	3,782,021	3,782,021	1,017,499	81,400
Insurance companies, securities firms and fund managers	115,358	115,358	23,072	1,846
Corporates	2,846,155	2,268,300	1,642,450	131,396
Other assets	316,145	316,145	316,145	25,292
Defaulted exposures	25,302	25,302	37,958	3,037
<b>Total on-balance sheet exposures</b>	<b>8,450,036</b>	<b>7,872,181</b>	<b>3,037,124</b>	<b>242,971</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	478	478	112	9
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	211,996	211,996	136,989	10,958
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>212,474</b>	<b>212,474</b>	<b>137,101</b>	<b>10,967</b>
<b>Total on and off-balance sheet exposures</b>	<b>8,662,510</b>	<b>8,084,655</b>	<b>3,174,225</b>	<b>253,938</b>
<b>(ii) Large exposures risk requirement</b>	-	-	-	-
	<div style="display: flex; justify-content: space-around; border-top: 1px solid black; border-bottom: 1px solid black;"> <span><b>Long Position</b></span> <span><b>Short Position</b></span> </div>			
	<div style="display: flex; justify-content: space-around;"> <span><b>RM'000</b></span> <span><b>RM'000</b></span> </div>			
<b>(iii) Market risk</b>				
Interest rate risk	1,832,010	1,650,896	453,164	36,253
Foreign currency risk	904,059	-	904,064	72,325
Equity risk	56,789	-	139,976	11,198
Option risk	50,501	-	38,240	3,059
<b>Total</b>	<b>2,843,359</b>	<b>1,650,896</b>	<b>1,535,444</b>	<b>122,835</b>
<b>(iv) Operational risk</b>			<b>1,133,270</b>	<b>90,662</b>
<b>(v) Total RWA and capital requirements</b>			<b>5,842,939</b>	<b>467,435</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A26. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)**
**As at 31.12.2011**
**OSKIB Group**

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Require-ments RM'000
<b>(i) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,577,135	1,577,135	-	-
Banks, development financial institutions and multilateral development banks	3,990,014	3,990,014	974,888	77,991
Insurance companies, securities firms and fund managers	100,246	100,246	20,049	1,604
Corporates	2,330,005	1,752,663	1,234,192	98,735
Other assets	557,236	557,236	557,236	44,579
Defaulted exposures	25,091	25,091	37,637	3,011
<b>Total on-balance sheet exposures</b>	<b>8,579,727</b>	<b>8,002,385</b>	<b>2,824,002</b>	<b>225,920</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	978	978	204	16
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	189,730	189,730	82,730	6,618
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>190,708</b>	<b>190,708</b>	<b>82,934</b>	<b>6,634</b>
<b>Total on and off-balance sheet exposures</b>	<b>8,770,435</b>	<b>8,193,093</b>	<b>2,906,936</b>	<b>232,554</b>
<b>(ii) Large exposures risk requirement</b>	-	-	-	-
<b>(iii) Market risk</b>				
	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>		
Interest rate risk	1,221,139	1,119,432	126,345	10,108
Foreign currency risk	887,721	-	887,720	71,018
Equity risk	22,147	-	34,185	2,735
Option risk	-	-	50	4
<b>Total</b>	<b>2,131,007</b>	<b>1,119,432</b>	<b>1,048,300</b>	<b>83,865</b>
<b>(iv) Operational risk</b>			<b>1,070,911</b>	<b>85,673</b>
<b>(v) Total RWA and capital requirements</b>			<b>5,026,147</b>	<b>402,092</b>



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A26. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)**
**As at 31.3.2012**
**OSKIB**

Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(i) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,307,361	1,307,361	-	-
Banks, development financial institutions and multilateral development banks	3,139,614	3,139,614	890,719	71,258
Insurance companies, securities firms and fund managers	115,358	115,358	23,071	1,846
Corporates	2,370,623	1,623,294	997,445	79,796
Other assets	224,083	224,083	224,083	17,926
Defaulted exposures	25,302	25,302	37,958	3,037
<b>Total on-balance sheet exposures</b>	<b>7,182,341</b>	<b>6,435,012</b>	<b>2,173,276</b>	<b>173,863</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	478	478	112	8
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	201,316	201,316	126,310	10,104
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>201,794</b>	<b>201,794</b>	<b>126,422</b>	<b>10,112</b>
<b>Total on and off-balance sheet exposures</b>	<b>7,384,135</b>	<b>6,636,806</b>	<b>2,299,698</b>	<b>183,975</b>
<b>(ii) Large exposures risk requirement</b>	-	-	-	-
	<b>Long Position</b>	<b>Short Position</b>		
	<b>RM'000</b>	<b>RM'000</b>		
<b>(iii) Market risk</b>				
Interest rate risk	1,730,640	1,650,896	397,787	31,823
Foreign currency risk	39,397	14,828	39,399	3,152
Equity risk	5,849	-	14,012	1,121
Option risk	50,501	-	38,236	3,059
<b>Total</b>	<b>1,826,387</b>	<b>1,665,724</b>	<b>489,434</b>	<b>39,155</b>
<b>(iv) Operational risk</b>			<b>609,783</b>	<b>48,783</b>
<b>(v) Total RWA and capital requirements</b>			<b>3,398,915</b>	<b>271,913</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A26. Capital Adequacy (Cont'd)**
**(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk (Cont'd)**

As at 31.12.2011

<b>OSKIB</b>	<b>Gross</b>	<b>Net</b>	<b>Risk-</b>	<b>Capital</b>
<b>Exposure Class</b>	<b>Exposures</b>	<b>Exposures</b>	<b>Weights</b>	<b>Require</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Assets</b>	<b>-ments</b>
			<b>RM'000</b>	<b>RM'000</b>
<b>(i) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	1,509,776	1,509,776	-	-
Banks, development financial institutions and multilateral development banks	3,163,256	3,163,256	811,437	64,915
Insurance companies, securities firms and fund managers	100,246	100,246	20,049	1,604
Corporates	1,904,767	1,587,722	1,069,561	85,565
Other assets	473,820	473,820	473,820	37,906
Defaulted exposures	25,091	25,091	37,637	3,011
<b>Total on-balance sheet exposures</b>	<b>7,176,956</b>	<b>6,859,911</b>	<b>2,412,504</b>	<b>193,001</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	978	978	204	16
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	177,162	177,162	70,162	5,613
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>178,140</b>	<b>178,140</b>	<b>70,366</b>	<b>5,629</b>
<b>Total on and off-balance sheet exposures</b>	<b>7,355,096</b>	<b>7,038,051</b>	<b>2,482,870</b>	<b>198,630</b>
<b>(ii) Large exposures risk requirement</b>	-	-	-	-
<b>(iii) Market risk</b>				
	<b>Long</b>	<b>Short</b>		
	<b>Position</b>	<b>Position</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Interest rate risk	1,199,671	1,119,432	115,255	9,220
Foreign currency risk	64,252	-	64,253	5,140
Equity risk	5,943	-	14,391	1,151
Option risk	-	-	50	4
<b>Total</b>	<b>1,269,866</b>	<b>1,119,432</b>	<b>193,949</b>	<b>15,515</b>
<b>(iv) Operational risk</b>			<b>568,402</b>	<b>45,472</b>
<b>(v) Total RWA and capital requirements</b>			<b>3,245,221</b>	<b>259,617</b>

OSKIB Group and OSKIB do not have any issuances of Profit Sharing Investment Account ("PSIA") used as a risk absorbent.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad**

**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION**

	Note	As at <b>31.3.2012</b> RM'000	As at 31.12.2011 RM'000
<b>ASSETS</b>			
Cash and short term funds		<b>277,387</b>	395,163
Securities held-to-maturity	A27(a)	<b>314,751</b>	292,950
Securities available-for-sale	A27(b)	<b>481,009</b>	631,105
Other assets	A27(c)	<b>7,949</b>	5,664
Statutory deposit with Bank Negara Malaysia		<b>30,899</b>	-
Equipment		<b>25</b>	18
Intangible assets		<b>735</b>	766
<b>TOTAL ASSETS</b>		<b>1,112,755</b>	1,325,666
<b>LIABILITIES</b>			
Deposits from customers	A27(d)	<b>963,370</b>	1,185,523
Deposits and placements of banks and other financial institutions	A27(e)	<b>22,263</b>	15,888
Other liabilities	A27(f)	<b>7,161</b>	5,831
Tax payable		<b>4,556</b>	4,405
Deferred tax liabilities		<b>618</b>	221
<b>TOTAL LIABILITIES</b>		<b>997,968</b>	1,211,868
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic banking funds		<b>100,000</b>	100,000
Reserves		<b>14,787</b>	13,798
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>114,787</b>	113,798
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>1,112,755</b>	1,325,666

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**UNAUDITED CONDENSED INCOME STATEMENTS**

	<b>Current quarter ended 31.3.2012</b>	Preceding quarter ended 31.3.2011	<b>Current year to date ended 31.3.2012</b>	Preceding year to date ended 31.3.2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	<b>10,555</b>	8,285	<b>10,555</b>	8,285
Transfer to profit equalisation reserve	-	92	-	92
<b>Gross and total attributable income</b>	<b>10,555</b>	8,377	<b>10,555</b>	8,377
Income attributable to depositors	<b>(9,202)</b>	(6,732)	<b>(9,202)</b>	(6,732)
<b>Income attributable to OSKIB</b>	<b>1,353</b>	1,645	<b>1,353</b>	1,645
Income/(loss) derived from investment of Islamic banking funds	<b>542</b>	(8)	<b>542</b>	(8)
<b>Total net income</b>	<b>1,895</b>	1,637	<b>1,895</b>	1,637
Other operating expenses	<b>(568)</b>	(416)	<b>(568)</b>	(416)
<b>Profit before tax for the period</b>	<b>1,327</b>	1,221	<b>1,327</b>	1,221
Income tax expense	<b>(152)</b>	(226)	<b>(152)</b>	(226)
<b>Profit after tax for the period</b>	<b>1,175</b>	995	<b>1,175</b>	995

For amalgamation with the conventional operations, net income from Islamic banking operations comprises the following items :-

Income derived from investment of depositors' funds and others	<b>10,555</b>	8,285	<b>10,555</b>	8,285
Income attributable to depositors	<b>(9,202)</b>	(6,732)	<b>(9,202)</b>	(6,732)
Income/(loss) derived from investments of Islamic banking funds	<b>542</b>	(8)	<b>542</b>	(8)
Transfer to profit equalisation reserve	-	92	-	92
Net income from Islamic banking operations reported in the consolidated income statement	<b>1,895</b>	1,637	<b>1,895</b>	1,637

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Preceding quarter ended 31.3.2011 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>	<b>Preceding year to date ended 31.3.2011 RM'000</b>
<b>Profit after tax for the period</b>	<b>1,175</b>	995	<b>1,175</b>	995
<b>Other comprehensive loss</b>				
Unrealised net loss on revaluation of securities available-for-sale	(611)	(267)	(611)	(267)
Income tax benefit relating to component of other comprehensive income	153	67	153	67
<b>Other comprehensive loss for the period, net of tax</b>	<b>(458)</b>	(200)	<b>(458)</b>	(200)
<b>Total comprehensive income for the period/year, net of tax</b>	<b>717</b>	795	<b>717</b>	795
<b>Total comprehensive income attributable to owner of OSKIB</b>	<b>717</b>	795	<b>717</b>	795

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN ISLAMIC BANKING FUND**

	<b>Islamic banking fund</b>	<b>Profit equalisation reserve of Islamic banking institution</b>	<b>Available- for-sale reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 1.1.2012</b>	<b>100,000</b>	-	<b>661</b>	<b>13,137</b>	<b>113,798</b>
Total comprehensive income	-	-	(458)	1,175	717
Adoption of BNM's Revised Guidelines for Profit Equalisation Reserves ("PER")	-	-	-	272	272
Transfer to PER reserve	-	272	-	(272)	-
	-	272	-	-	272
<b>As at 31.3.2012</b>	<b>100,000</b>	<b>272</b>	<b>203</b>	<b>14,312</b>	<b>114,787</b>
As at 1.1.2011	50,000	-	264	7,658	57,922
Total comprehensive income	-	-	(200)	995	795
Injection of fund	50,000	-	-	-	50,000
As at 31.3.2011	100,000	-	64	8,653	108,717

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

	<b>As at 31.3.2012</b>	<b>As at 31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Securities held-to-maturity</b>		
<b>At amortised cost</b>		
Money market instruments:		
Cagamas bonds	5,008	5,014
Malaysian Government Investment Issues	120,079	120,100
	<b>125,087</b>	<b>125,114</b>
Unquoted securities:		
Islamic private debt securities	189,664	167,836
	<b>314,751</b>	<b>292,950</b>
The maturity structure of above securities are as follows:		
Within 1 year	45,043	50,059
2 to 5 years	187,260	177,332
More than 5 years	82,448	65,559
	<b>314,751</b>	<b>292,950</b>
<b>(b) Securities available-for-sale</b>		
<b>At fair value</b>		
Money market instruments:		
Islamic accepted bills	62,603	139,027
Malaysian Government Investment Issues	59,848	89,462
Negotiable instruments of deposit	49,877	129,520
	<b>172,328</b>	<b>358,009</b>
Unquoted securities:		
Islamic private debt securities	308,681	273,096
	<b>481,009</b>	<b>631,105</b>
<b>(c) Other assets</b>		
Income receivables	7,749	5,664
Other receivables and prepayments	200	-
	<b>7,949</b>	<b>5,664</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

	As at <b>31.3.2012</b>	As at 31.12.2011
	<b>RM'000</b>	RM'000
<b>(d) Deposits from customers</b>		
<b>Mudharabah Fund</b>		
General investment deposits	<b>963,370</b>	1,185,523
<b>(i) By type of customer</b>		
Government and statutory bodies	<b>447,763</b>	521,802
Domestic non-bank financial institutions*	<b>392,928</b>	444,053
Business enterprises	<b>122,679</b>	219,668
	<b>963,370</b>	1,185,523
<b>(ii) By maturity structure</b>		
Up to 3 months	<b>755,796</b>	966,285
3-12 months	<b>207,574</b>	219,238
	<b>963,370</b>	1,185,523
* Domestic non-bank financial institutions include unit trust companies, trust funds and insurance companies.		
<b>(e) Deposits and placements of banks and other financial institutions</b>		
<b>Mudharabah Fund</b>		
Licensed bank	<b>22,263</b>	15,888
<b>(f) Other liabilities</b>		
Income payables	<b>5,358</b>	3,529
Profit equalisation reserve of Investment Account Holders	<b>1,184</b>	2,285
Other payables and accruals	<b>619</b>	17
	<b>7,161</b>	5,831



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

**(g) Capital adequacy of Islamic banking operations**

The capital base and risk weighted assets, as set out below are disclosed in accordance with Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia.

**(i) Risk weighted capital ratios and Tier I and Tier II capital**

The capital adequacy ratios and capital base are as follows:

	<b>As at 31.3.2012</b>	<b>As at 31.12.2011</b>
<b>Before deducting proposed dividends:</b>		
Core capital ratio	<b>63.59%</b>	54.82%
Risk weighted capital ratio	<b>63.59%</b>	54.82%
<b>After deducting proposed dividends:</b>		
Core capital ratio	<b>63.59%</b>	54.82%
Risk weighted capital ratio	<b>63.59%</b>	54.82%
	<b>RM'000</b>	<b>RM'000</b>
Islamic banking funds	<b>100,000</b>	100,000
Retained profits - audited	<b>13,137</b>	13,137
	<b>113,137</b>	113,137

OSKIB is the only entity in the Group that has Islamic banking operations. The capital adequacy ratios of the Islamic banking operations of OSKIB consist of capital base and risk weighted amounts derived from OSKIB.

The capital adequacy ratios of the Islamic banking operations of OSKIB is computed in accordance with Risk Weighted Capital Adequacy Framework (Basel II). The Islamic banking operations of OSKIB has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010: 8.0%) for the risk weighted capital ratio.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**

**(g) Capital adequacy of Islamic banking operations (Cont'd)**

**(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk**

As at 31.3.2012

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(a) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	347,221	347,221	-	-
Banks, development financial institutions and multilateral development banks	398,222	398,222	79,644	6,372
Corporates	360,371	360,371	78,182	6,254
Other assets	7,047	7,047	7,047	564
<b>Total on-balance sheet exposures</b>	<b>1,112,861</b>	<b>1,112,861</b>	<b>164,873</b>	<b>13,190</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off balance sheet exposures</b>	<b>1,112,861</b>	<b>1,112,861</b>	<b>164,873</b>	<b>13,190</b>
<b>(b) Large exposures risk requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Operational risk</b>			<b>13,038</b>	<b>1,043</b>
<b>(e) Total RWA and capital requirements</b>			<b>177,911</b>	<b>14,233</b>

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A27. Islamic banking operations of OSK Investment Bank Berhad (Cont'd)**
**(g) Capital adequacy of Islamic banking operations (Cont'd)**
**(ii) Risk weighted assets and capital requirements for Credit Risk, Market Risk, Operational Risk and Large Exposures Risk (Cont'd)**
**As at 31.12.2011**

Exposure class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weights Assets RM'000	Capital Requirements RM'000
<b>(a) Credit risk</b>				
<i>On-Balance Sheet Exposures:</i>				
Sovereigns/Central Banks	398,785	398,785	-	-
Banks, development financial institutions institutions and multilateral development banks	614,069	614,069	125,824	10,066
Corporates	313,424	313,424	67,660	5,413
Other assets	25	25	25	2
<b>Total on balance sheet exposures</b>	<b>1,326,303</b>	<b>1,326,303</b>	<b>193,509</b>	<b>15,481</b>
<i>Off-Balance Sheet Exposures:</i>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Defaulted exposures	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total on and off-balance sheet exposures</b>	<b>1,326,303</b>	<b>1,326,303</b>	<b>193,509</b>	<b>15,481</b>
<b>(b) Large exposures risk requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(c) Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Operational risk</b>			<b>12,878</b>	<b>1,030</b>
<b>(e) Total RWA and capital requirements</b>			<b>206,387</b>	<b>16,511</b>

The Islamic banking operations of OSKIB does not have any issuances of Profit Sharing Investment Account ("PSIA") used as a risk absorbent.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****PART B - Explanatory Notes Pursuant to Chapter 9, Appendix 9B, Part A, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")****B1. Performance analysis of the Group for the current quarter and year to date***Current Year To Date Compared with Preceding Year To Date and Current Quarter ("1Q12") Compared with Comparative Quarter of Preceding Year ("1Q11")*

The Group achieved profitable results for the first quarter ended 31 March 2012 ("1Q12"), albeit at lower revenue of RM287.87 million compared to the first quarter ended 31 March 2011 ("1Q11") of RM303.83 million, representing a modest drop of 5%. The Group registered a pre-tax profit of RM57.32 million compared to RM72.01 million in 1Q11, representing a decline of 20%, amid lower market turnover in the foreign countries that we are operating in. This lower turnover had led to lower gross brokerage fee income and hence, lower revenue and pre-tax profit generated for 1Q12. Nevertheless, the Group recorded an improvement in its net interest income. Consequently, the Group achieved a lower profit attributable to the owners of the Company amounting to RM33.73 million in 1Q12 compared to RM45.63 million in 1Q11. This translates into an earnings per share of 3.59 sen in 1Q12 compared to 4.86 sen in 1Q11.

The Group saw net interest income increase by 25% or RM6.08 million to RM30.78 million in 1Q12 from RM24.70 million in 1Q11, while maintaining a net interest margin of 37% (1Q11: 36%). The Group's non-interest income declined by RM32.22 million or 14% in 1Q12 due to the combined effects of: (i) fee and commission income dropping by RM19.31 million as the result of lower level of equity market activities, and (ii) net unrealised loss from foreign exchange translations of RM12.27 million being recorded in 1Q12, compared to the net unrealised gain from foreign exchange translations of RM18.45 million booked in 1Q11. This was partially offset by a net increase in mark-to-market gain of RM20.87 million from sales and revaluation of securities and derivatives. Nonetheless, at the end of 1Q12, the total assets of the Group rose by 7% or RM0.77 billion to RM12.53 billion from RM11.76 billion as at end-1Q11 and the Group maintained its shareholders' funds of RM1.51 billion.

Performance analysis of the respective operating business segments for 1Q12 compared to 1Q11 is as follows:-

- 1) Investment Banking - This segment reported a pre-tax profit of RM29.50 million, representing 51% of the pre-tax profit of the Group in 1Q12, compared to the pre-tax profit of RM36.84 million (51%) in 1Q11. Derivatives and Structured Products (26%) and Treasury (21%) remain major profit contributors in 1Q12, followed by Corporate Advisory. The Islamic Banking Operations improved by 93% or RM222,000 to RM461,000 from RM239,000 in 1Q11. Equities and Debt Capital Market reported marginal losses due to the lower level of capital market activities in the region.
- 2) Loans and Financing - This segment's pre-tax profit increased by RM6.38 million (38%) to RM23.19 million in 1Q12 from RM16.81 million in 1Q11, mainly driven by continued loan growth predominantly in Malaysia and Cambodia. At the end of 1Q12, total loans stood at RM1.79 billion (at the end of 1Q11: RM1.33 billion), up by RM466 million (35%), supported by a steady growth in customer deposits, notwithstanding the collective impairment allowance set aside for loan growth.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)**

Current Year To Date Compared with Preceding Year To Date and  
Current Quarter ("1Q12") Compared with Comparative Quarter of Preceding Year ("1Q11") (Cont'd)

Performance analysis of the respective operating business segments for 1Q12 compared to 1Q11 is as follows (Cont'd):-

- 3) Equities and Futures - This segment recorded a pre-tax loss of RM1.38 million in 1Q12 versus pre-tax profit of RM15.69 million in 1Q11, primarily due to lower gross brokerage fee income arising from recent uncertainties in the external environment as well as the soft market sentiment in the region which had led to lower trading turnover. This was aggravated in part by the start-up costs incurred for new branches in Thailand, Cambodia and Indonesia.
- 4) Wealth Management - This segment contributed a pre-tax profit of RM3.27 million in 1Q12 from a pre-tax profit of RM48,000 in 1Q11. The profit improvement was mainly attributable to the local Unit Trust Fund Management business which generated higher income from service charges on sale of trust units and profitable results achieved by Malaysian Trustees Berhad which was acquired on 15 June 2011.
- 5) Property Investment - This segment's pre-tax profit increased by RM426,000 or 17% to RM2.96 million in 1Q12 from RM2.53 million on the back of higher rental income generated.
- 6) Others - These represent profits and losses of miscellaneous investment and share of results of an associated company. Amounts included are not material.

Performance analysis of the respective operating geographical segments for 1Q12 compared to 1Q11 is as follows:-

- 1) Domestic - The Malaysian entities registered a pre-tax profit of RM55.27 million, accounting for 96% of the Group's pre-tax profit (1Q11: RM62.12 million, 86% of the Group's pre-tax profit). OSK Investment Bank Berhad continued to lead the domestic segment with a pre-tax profit contribution of 74% (1Q11: 62%) for the Group. Other pre-tax profit contributors of the Group were OSK-UOB Investment Management Berhad ("OUIM"), which is involved in management of unit trusts, with a 8% contribution (1Q11: 5%) and OSK Capital Sdn Bhd, which is engaged in capital financing, with a 5% contribution (1Q11: 14%). The trustee companies and other businesses make up the balance contribution of 9% (1Q11: 5%) for the Group.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****B1. Performance analysis of the Group for the current quarter and year to date (Cont'd.)**

Current Year To Date Compared with Preceding Year To Date and  
Current Quarter (“1Q12”) Compared with Comparative Quarter of Preceding Year (“1Q11”) (Cont'd)

Performance analysis of the respective operating geographical segments for 1Q12 compared to 1Q11 is as follows (Cont'd):-

- 2) Foreign Countries - Overseas subsidiaries contributed a pre-tax profit of RM2.05 million, representing 4% of the Group's pre-tax profit (1Q11: RM9.89 million, 14% of the Group's pre-tax profit).

Singapore, which entails Equities, Share Margin Financing, Corporate Advisory and Fund Management businesses remained as the top profit contributor, albeit reporting a lower pre-tax profit of RM8.11 million (1Q11: RM11.44 million) owing to lower trading values recorded and capital market activities. DMG & Partners Securities Pte Ltd continued to maintain its top 2 ranking in the equities market. Cambodia, whose operations mainly comprise a relatively young commercial bank and a newly set-up securities firm, emerged as the second largest profit contributor in the Group's overseas segment. It bounced back from a pre-tax loss of RM261,000 in 1Q11 to a pre-tax profit of RM186,000 in 1Q12.

Indonesia, which encompasses the businesses of Equities, Share Margin Financing, Corporate Advisory and Asset Management, reported a pre-tax loss of RM99,000 after taking into account an interest expense allocation of RM1.31 million (1Q11: pre-tax profit of RM1.86 million with interest expense allocation of RM1.30 million). The lower profit was mainly due to lower trading values and additional expenses incurred for the newly opened branches. OSK Securities (Thailand) Public Company Limited, the securities company in Thailand that was acquired on 21 July 2011, reported a pre-tax loss of RM614,000 in 1Q12 as the Group invested money in strengthening its operating platform and staff force which had led to higher operating cost. Hong Kong's pre-tax loss widened to RM5.53 million in 1Q12 from a pre-tax loss of RM3.15 million in 1Q11 as the Group revamped its business model to put in place a solid research and institutional equities team to enhance its regional equity and investment banking businesses. This resulted in higher operating and expansionary expenses.

**B2. Current Quarter (“1Q12”) Compared with Immediate Preceding Quarter (“4Q11”)**

The Group reported a pre-tax profit of RM57.32 million in 1Q12 compared to a pre-tax loss of RM48.91 million in 4Q11. The significant improvement was principally due to the absence of impairment losses on investments in 1Q12 as opposed to such losses that amounted to RM62.58 million being recorded in 4Q11, as well as the increase in net interest income to RM30.78 million in 1Q12 from RM28.54 million in 4Q11 with a stable net interest margin of 37%. In addition, non-interest income also recorded an improvement, following more robust market activities in 1Q12.

**B3. Current year prospects and progress on previously announced revenue or profit forecast**

**(a) Current year prospects**

*(Commentary on the rest of the year)*

The economic outlook remains cloudy in the context of the ongoing Eurozone crisis and uncertainty surrounding the global economy. In Malaysia, our growth expectations for 2012 is premised on fiscal pump-priming announced in the 2012 Budget, which may provide some buffer against the external weaknesses. We see a slower economic growth for Singapore this year largely due to weak exports although the domestic demand is expected to stay healthy. However, growth momentum may improve in Indonesia and Thailand on the back of fiscal stimuli.

Inflation remains a concern in the region. Prudent inflation management has so far limited the impacts on inflation and economic growth. Still, upside risks to inflation remain as policy could be too loose too long in some of the economies. The ongoing fiscal consolidation efforts to remove subsidies in some economies may also exert upward pressures on prices.

In Malaysia, inflation is expected to moderate due to lower base of comparison of previous year. Singapore has recently become one of the first in the region to tighten its monetary policy by allowing for a slightly faster appreciation of Singapore Dollar due to still-elevated inflation. However, policy tightening in the rest of the region is not imminent. Instead, macro-prudential and liquidity measures would likely be implemented first. We expect the strong domestic demand in Indonesia and rebuilding efforts in Thailand to add to inflationary pressures in these two economies.

*The Prospects of Each Business Segments*

**Investment Banking** - For the rest of the quarters in 2012, the capital market is expected to remain volatile. With the prolonged weak economic sentiment, especially in Eurozone, may slow down investment banking activities. In contrast, the Group expects potential upside in the Mergers and Acquisitions area. Despite these challenging conditions, the Group will continue to increase its portfolio asset size and introduce new investments strategies, leverage on its strong regional network and its collaboration with strategic partners in other countries, to expand its market reach and grow its market share.

**Loans and Financing** - In the forthcoming quarters, domestic corporate loans of the Group is expected to continue growing at the current moderate level, supported by the growth in customers deposits, while retail and corporate loans in Cambodia are expected to achieve the targeted growth. The growth of the share financing business in the region, depending on the challenges in the respective equities and capital markets, will continue to depend on the speed of the approval process, effectiveness of disbursement channels and ability to exploit the regional business network.

**B3. Current year prospects and progress on previously announced revenue or profit forecast (Cont'd.)**

**(a) Current year prospects (Cont'd.)**

Equities and Futures - For the rest of 2012, the regional capital market is anticipated to remain competitive and volatile. The growth in the Group's Equities and Futures businesses is largely dependent on the market sentiment in the region we are operating in. Despite the increasingly challenging operating environment, the Group expects to maintain its leading market positions in Malaysia and Singapore, and to expand its securities businesses, particularly in Indonesia and Thailand, where there are opportunities to gain market share. The equities business in Hong Kong is expected to achieve a higher trading turnover as the institutional sales momentum continues to improve and the revamp of the retail team is expected to bring renewed vigour to trading activities.

Wealth Management - The domestic unit trust fund management business is expected to grow steadily with OUIIM sustaining its position as one of the market leaders in Malaysia. The Group expects its leading position in the Private Debts Securities ("PDS") sector of the professional trustee business, through its newly acquired Malaysian Trustees Berhad, to continue contributing positively in the next quarters. To further grow its trustees business, the Group plans to achieve further synergies by synchronizing, among others, the business plans, products and services and human resources of both OSK Trustees Berhad and Malaysian Trustees Berhad. Regionally, the Group seeks to develop its fund management business in Indonesia, Singapore and Hong Kong by growing the assets under management ("AUM") in the respective countries.

Property Investment - This business in Malaysia provides a stable income stream for the Group. The Group will continue to explore and evaluate opportunities, as well as improve the performance of the existing assets held.

The Board is confident of maintaining its market share in the countries in which the Group is operating, especially Malaysia and Singapore. Barring any adverse global economic developments, the Group is expected to perform satisfactory in 2012.

**(b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Company.



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Company.

**B5. Profit forecast/profit guarantee**

There was no profit forecast or profit guarantee issued by the Company.

**B6. Income tax expense**

	<b>Current quarter ended 31.3.2012 RM'000</b>	<b>Current year to date ended 31.3.2012 RM'000</b>
In respect of the current quarter/year to date		
- Malaysian income tax	(9,560)	(9,560)
- Foreign income tax	(1,387)	(1,387)
	<b>(10,947)</b>	<b>(10,947)</b>
In respect of the prior year		
- Malaysian income tax	(1,231)	(1,231)
- Foreign income tax	37	37
	<b>(1,194)</b>	<b>(1,194)</b>
Deferred taxation	(6,528)	(6,528)
Income tax expense	<b>(18,669)</b>	<b>(18,669)</b>

The effective tax rate for the current year to date is higher than the statutory tax rate of 25% mainly due to the unavailability of group relief for losses incurred by overseas subsidiary companies and the non-deductibility of certain expenses.

**B7. Status of corporate proposals and utilisation of proceeds**

**(a) Status of corporate proposals announced but not completed as at 18 May 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

Application to Bank Negara Malaysia ("BNM") for OSK to commence negotiations with RHB Capital Berhad ("RHBC") for a possible merger of businesses between OSK investment banking group and RHB banking group ("Possible Merger")

On 29 September 2011, the Company submitted an application letter to BNM to seek an approval in principle to commence negotiations with RHBC for a possible merger of businesses between OSK investment banking group and RHB banking group. On 13 October 2011, BNM stated that it has no objection in principle for the Company to commence negotiations with RHBC for the possible merger of businesses. The approval to commence negotiations is valid for a period of 3 months.

On 11 January 2012, the Company submitted an application to BNM to seek relevant approval in relation to the Possible Merger from the Minister of Finance via BNM. On 27 April 2012, the Minister of Finance granted the relevant approvals under the Banking and Financial Institutions Act, 1989 in relation to the Possible Merger.

Further details on the Possible Merger will be announced upon the execution of a conditional share purchase agreement between the Company and RHBC. The Possible Merger is subject to, amongst others, the following approvals being obtained from the following authorities/parties :-

- (i) the Securities Commission Malaysia ("SC") for the change in shareholders of OSKIB and the change of controller (as the case may be and to the extent applicable) for the companies within the OSKIB Group that hold capital markets and services licenses issued by the SC;
- (ii) the appropriate foreign governmental authorities in respect of OSKIB's overseas business operations;
- (iii) the shareholders of OSKH at the extraordinary general meeting ("EGM") to be convened;
- (iv) the shareholders of RHBC at an EGM to be convened;
- (v) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities; and
- (vi) any other relevant approving authorities and/or parties, where required.

**(b) The status of utilisation of proceeds raised by the Company**

There were no proceeds raised from any corporate proposal by the Company.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****B8. Borrowings and debt securities as at the end of the reporting period**

The Group's borrowings and debt securities (denominated in RM unless otherwise stated) at the end of the current year to date are as follows:-

	<b>RM'000</b>
Short term borrowings - Unsecured	
Revolving credits	<b>135,840</b>
Revolving credits denominated in USD	<b>37,000</b>
Short term loans denominated in HKD	<b>60,376</b>
Overdraft denominated in SGD	<b>13,907</b>
	<hr/>
	<b>247,123</b>
Long term subordinated notes - Unsecured	<b>400,000</b>
Total borrowings and debt securities	<hr/> <b>647,123</b> <hr/>

**B9. Material litigations**

As at 18 May 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

**B10. Dividends**

No dividend has been declared or paid for the current year to date ended 31 March 2012 (Comparative quarter ended 31 March 2011: No dividend has been declared or paid).

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**B11. Earnings Per Share (“EPS”) attributable to owners of the Company**

	<b>Current quarter ended 31.3.2012</b>	<b>Comparative quarter ended 31.3.2011 (Restated)</b>	<b>Current year to date ended 31.3.2012</b>	<b>Preceding year to date ended 31.3.2011 (Restated)</b>
<b><u>Basic</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>33,728</b>	45,631	<b>33,728</b>	45,631
Weighted average number of ordinary shares in issue ('000 shares)	<b>940,389</b>	938,276	<b>940,389</b>	938,276
<b>Basic EPS (sen)</b>	<b>3.59</b>	4.86	<b>3.59</b>	4.86
<b><u>Diluted</u></b>				
Profit attributable to owners of the Company (RM'000)	<b>33,728</b>	45,631	<b>33,728</b>	45,631
Weighted average number of ordinary shares in issue ('000 shares)	<b>940,389</b>	938,276	<b>940,389</b>	938,276
Effect of dilution on assumed exercise of options granted under ESOS ('000 shares)	<b>1,615</b>	3,027	<b>1,615</b>	3,027
Adjusted weighted average number of ordinary shares in issue and issuable ('000 shares)	<b>942,004</b>	941,303	<b>942,004</b>	941,303
<b>Diluted EPS (sen)</b>	<b>3.58</b>	4.85	<b>3.58</b>	4.85

**B12. Auditors' report of preceding annual financial statements**

The auditors' report of the Group's preceding year's financial statements was not qualified.

**B13. Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the reporting date, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued a guidance on the disclosure and the format required.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and not to be applied for any other purpose.

Based on the above criteria, the breakdown of retained profits of the Group as at the reporting date is as follows:

	<b>As at 31.3.2012</b>	As at 31.12.2011 (Restated)
	<b>RM'000</b>	RM'000
Total retained profits of the Company and its subsidiary companies		
- Realised	<b>296,077</b>	215,434
- Unrealised	<b>118,413</b>	179,349
	<b>414,490</b>	394,783
Total share of retained profits from associated companies		
- Realised	<b>12,261</b>	11,432
- Unrealised	-	-
	<b>426,751</b>	406,215
Less : Consolidation adjustments	<b>(92,513)</b>	(96,197)
	<b>334,238</b>	310,018

**B14. Specific disclosures**

All the income and expenses as specifically required to be included in the consolidated income statements and statements of comprehensive income has been disclosed in the statements or in the respective notes to the statements, other than allowance for and write off of inventories and exceptional items are not applicable to the Group.

**By Order of the Board**

**Ong Leong Huat**  
**Director**

Kuala Lumpur  
22 May 2012

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012****A21. Segmental information**

For management purposes, the Group is organised into the following major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers :

1. Investment Banking - Equities and Debt Capital Market, Derivatives and Structured Products, Corporate Advisory, Treasury, Islamic Banking and Labuan Investment Banking.
2. Loans & Financing - Corporate Loans, Shares Margin Financing, Capital Financing and Commercial Banking Services.
3. Equities & Futures - Stockbroking & Futures Broking, Nominee Services and related services.
4. Wealth Management - Unit Trust Fund Management, Islamic Funds Services, Wills and Trustee Services and Asset Management.
5. Property Investment - Management and Letting of Properties.
6. Holding Entities - Investment Holding Companies.
7. Others - Online trading platform for equities business and other insignificant activities.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The inter-segment transactions have been entered into in the ordinary course of business at terms mutually agreed between the segments concerned and are not more favourable than those arranged with independent third parties and have been eliminated to arrive at the Group's results.





**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A21. Segmental information (Cont'd)**
**Geographical Segments**

The Group operates in six geographical locations: Malaysia (Domestic), Singapore, China and Hong Kong, Indonesia, Cambodia and Thailand. Revenue is based on geographical locations of business operations. Non-current assets are presented based on the geographical location of assets, which consist of Investments in associated companies and jointly controlled entity, Investment property, Property and equipment and Intangible assets.

Domestic	Foreign Countries						Total
Malaysia	Singapore	China and Hong Kong	Indonesia	Cambodia	Thailand	Sub-total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

**CURRENT YEAR TO DATE ENDED 31.3.2012**

Revenue	<b>221,962</b>	<b>38,402</b>	<b>6,012</b>	<b>11,765</b>	<b>5,185</b>	<b>4,543</b>	<b>65,907</b>	<b>287,869</b>
Profit/(loss) before tax	<b>55,270</b>	<b>8,107</b>	<b>(5,528)</b>	<b>(99)</b>	<b>186</b>	<b>(614)</b>	<b>2,052</b>	<b>57,322</b>
Non-current assets as at 31.3.2012	<b>563,207</b>	<b>10,691</b>	<b>3,872</b>	<b>5,956</b>	<b>14,638</b>	<b>5,377</b>	<b>40,534</b>	<b>603,741</b>

**PRECEDING YEAR TO DATE ENDED 31.3.2011 (RESTATED)**

Revenue	229,936	40,868	13,582	15,398	4,047	-	73,895	303,831
Profit/(loss) before tax	62,118	11,435	(3,148)	1,863	(261)	-	9,889	72,007
Non-current assets as at 31.12.2011	563,260	11,288	4,453	6,235	15,750	3,199	40,925	604,185

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**
**A24. Commitments and contingencies**

The risk weighted exposures of the Group as at reporting dates are as follows:

	As at 31.3.2012			As at 31.12.2011		
	Principal amount	Credit equivalent*	Risk weighted*	Principal amount	Credit equivalent*	Risk weighted*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Obligations under underwriting agreements	50,501	25,250	25,250	-	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	1,762,685	-	-	1,699,221	-	-
- maturity exceeding one year	185,400	92,700	92,700	106,298	53,149	53,149
Foreign exchange related contracts:						
- less than one year	739,658	47,666	9,533	166,916	48,813	9,762
- one year to less than five years	1,214,727	20,151	4,030	856,290	59,888	11,977
Interest rate related contracts:						
- one year to less than five years	1,430,000	25,940	5,188	1,110,000	25,048	5,010
	<b>5,382,971</b>	<b>211,707</b>	<b>136,701</b>	<b>3,938,725</b>	<b>186,898</b>	<b>79,898</b>

\* The credit equivalent amount and risk weighted amount are arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's Guidelines.

OSKIB has adopted the Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk computation.

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**A25. Interest/profit rate risk**

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.3.2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
Cash and short term funds	1,045,961	45,091	12,842	6,000	-	670,585	-	1,780,479	3.04
Deposits and placements with a bank	-	-	50,000	-	-	-	-	50,000	3.22
Securities held-for-trading	-	-	-	-	-	-	462,351	462,351	-
Securities held-to-maturity	30,000	49,238	128,381	253,723	140,949	-	-	602,291	3.39
Securities available-for-sale	257,771	458,408	610,842	1,650,296	713,430	56,490	-	3,747,237	3.64
Derivative financial assets *	-	-	-	-	-	412,355	-	412,355	-
Loans, advances and financing									
- Non-impaired	562,811	95,754	519,758	481,216	116,069	-	-	1,775,608	7.62
- Impaired	-	-	-	-	-	2,107	-	2,107	-
Trade receivables	67,070	-	-	-	-	2,615,527	-	2,682,597	3.02
Statutory and reserve deposits with with Central Banks	-	-	-	-	32,514	201,375	-	233,889	0.15
Other assets	-	-	200	-	-	146,578	-	146,778	3.68
Other non-interest sensitive assets	-	-	-	-	-	635,449	-	635,449	-
<b>Total Assets</b>	<b>1,963,613</b>	<b>648,491</b>	<b>1,322,023</b>	<b>2,391,235</b>	<b>1,002,962</b>	<b>4,740,466</b>	<b>462,351</b>	<b>12,531,141</b>	

\* Interest rate exposure of interest rate swaps classified as derivative financial assets is disclosed under off-balance sheet interest sensitivity gap on the following page.

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**A25. Interest/profit rate risk (Cont'd)**

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.3.2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>LIABILITIES</b>									
Deposits from customers	2,709,879	1,332,893	771,579	37,894	-	61,213	-	4,913,458	3.32
Deposits and placements of banks and other financial institutions	649,442	99,449	101,152	-	-	445	-	850,488	3.08
Obligations on securities sold under repurchase agreements	15,453	-	-	-	-	167,539	-	182,992	8.00
Derivative financial liabilities	-	-	-	-	-	459,705	-	459,705	-
Trade payables	-	-	-	-	-	3,425,010	-	3,425,010	-
Borrowings	247,123	-	-	-	-	-	-	247,123	3.42
Subordinated notes	-	-	-	-	400,000	-	-	400,000	6.86
Other non-interest sensitive liabilities	-	-	-	-	-	245,169	-	245,169	-
<b>Total Liabilities</b>	<b>3,621,897</b>	<b>1,432,342</b>	<b>872,731</b>	<b>37,894</b>	<b>400,000</b>	<b>4,359,081</b>	<b>-</b>	<b>10,723,945</b>	
Equity attributable to owners of the Company	-	-	-	-	-	1,514,102	-	1,514,102	
Non-controlling interests	-	-	-	-	-	293,094	-	293,094	
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,807,196</b>	<b>-</b>	<b>1,807,196</b>	
<b>Total Liabilities and Equity</b>	<b>3,621,897</b>	<b>1,432,342</b>	<b>872,731</b>	<b>37,894</b>	<b>400,000</b>	<b>6,166,277</b>	<b>-</b>	<b>12,531,141</b>	
On-balance sheet interest sensitivity gap	(1,658,284)	(783,851)	449,292	2,353,341	602,962	(1,425,811)	462,351	-	
Off-balance sheet interest sensitivity gap	-	175,144	1,234,551	545,000	-	-	-	1,954,695	
<b>Total Interest Sensitivity Gap</b>	<b>(1,658,284)</b>	<b>(608,707)</b>	<b>1,683,843</b>	<b>2,898,341</b>	<b>602,962</b>	<b>(1,425,811)</b>	<b>462,351</b>	<b>1,954,695</b>	
Cumulative interest rate sensitivity gap	(1,658,284)	(2,266,991)	(583,148)	2,315,193	2,918,155	1,492,344	1,954,695	1,954,695	

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**A25. Interest/profit rate risk (Cont'd)**

As at 31.12.2011 (Restated)	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>									
Cash and short term funds	1,695,727	11,528	14,198	12,494	5,000	660,174	-	2,399,121	3.26
Deposits and placements with banks	-	50,000	-	-	-	-	-	50,000	3.20
Securities held-for-trading	-	-	-	-	-	-	313,340	313,340	-
Securities held-to-maturity	-	89,514	67,491	236,965	245,926	-	-	639,896	3.40
Securities available-for-sale	168,196	318,801	231,790	1,270,137	1,186,471	55,395	-	3,230,790	3.70
Derivative financial assets *	-	-	-	-	-	8,401	-	8,401	-
Loans, advances and financing									
- Non-impaired	457,889	111,556	692,807	284,514	103,557	-	-	1,650,323	8.37
- Impaired	-	-	-	-	-	5,035	-	5,035	-
Trade receivables	33,512	-	-	-	-	1,489,931	-	1,523,443	2.11
Statutory and reserve deposits									
with Central Banks	-	-	-	-	33,724	179,610	-	213,334	0.07
Other assets	-	100	100	-	-	121,262	-	121,462	3.36
Other non-interest sensitive assets	-	-	-	-	-	626,947	-	626,947	-
<b>Total Assets</b>	<b>2,355,324</b>	<b>581,499</b>	<b>1,006,386</b>	<b>1,804,110</b>	<b>1,574,678</b>	<b>3,146,755</b>	<b>313,340</b>	<b>10,782,092</b>	

\* Interest rate exposure of interest rate swaps classified as derivative financial assets is disclosed under off-balance sheet interest sensitivity gap on the following page.

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**A25. Interest/profit rate risk (Cont'd)**

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 31.12.2011 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>LIABILITIES</b>									
Deposits from customers	2,824,894	685,679	1,109,726	47,832	-	42,022	-	4,710,153	3.48
Deposits and placements of banks and other financial institutions	271,768	333,187	53,794	-	-	-	-	658,749	3.07
Obligations on securities sold under repurchase agreements	-	-	-	-	-	291,083	-	291,083	-
Derivative financial liabilities	-	-	-	-	-	108,867	-	108,867	-
Trade payables	-	-	-	-	-	2,387,974	-	2,387,974	-
Borrowings	238,996	-	121	-	-	-	-	239,117	3.90
Subordinated notes	-	-	-	-	400,000	-	-	400,000	6.86
Other non-interest sensitive liabilities	-	-	-	-	-	224,575	-	224,575	-
<b>Total Liabilities</b>	<b>3,335,658</b>	<b>1,018,866</b>	<b>1,163,641</b>	<b>47,832</b>	<b>400,000</b>	<b>3,054,521</b>	<b>-</b>	<b>9,020,518</b>	
Equity attributable to owners of the Company	-	-	-	-	-	1,460,386	-	1,460,386	
Non-controlling interests	-	-	-	-	-	301,188	-	301,188	
<b>Total Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,761,574</b>	<b>-</b>	<b>1,761,574</b>	
<b>Total Liabilities and Equity</b>	<b>3,335,658</b>	<b>1,018,866</b>	<b>1,163,641</b>	<b>47,832</b>	<b>400,000</b>	<b>4,816,095</b>	<b>-</b>	<b>10,782,092</b>	
On-balance sheet interest sensitivity gap	(980,334)	(437,367)	(157,255)	1,756,278	1,174,678	(1,669,340)	313,340	-	
Off-balance sheet interest sensitivity gap	-	19,062	1,319,216	642,825	12,708	-	-	1,993,811	
<b>Total Interest Sensitivity Gap</b>	<b>(980,334)</b>	<b>(418,305)</b>	<b>1,161,961</b>	<b>2,399,103</b>	<b>1,187,386</b>	<b>(1,669,340)</b>	<b>313,340</b>	<b>1,993,811</b>	
Cumulative interest rate sensitivity gap	(980,334)	(1,398,639)	(236,678)	2,162,425	3,349,811	1,680,471	1,993,811	1,993,811	