

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Domiciled in Malaysia
Registered Office:
18 Jalan Tun Perak
50050 Kuala Lumpur**

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

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OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		30 June 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
ASSETS	Note			
Cash and cash equivalents	12	228,474	412,739	604,280
Deposits and placements with banks and other financial institutions		-	-	4,624
Financial investments available-for-sale	13	2,747,244	1,892,691	1,111,552
Financing and advances	14	3,677,221	3,189,313	2,499,904
Derivative financial assets	16	2,297	13,450	7,640
Other assets	17	77,698	46,619	45,833
Statutory deposits with Bank Negara Malaysia		190,500	159,400	26,750
Property, plant and equipment		5,781	6,092	7,822
Deferred tax assets		1,204	1,835	4,790
Current tax assets		-	558	1,360
Total assets		6,930,419	5,722,697	4,314,555
LIABILITIES				
Deposits from customers	18	5,149,069	4,447,096	2,920,890
Deposits and placements of banks and other financial institutions	19	1,101,404	606,651	799,846
Bills and acceptances payable		18,830	36,550	11,107
Subordinated bond	20	200,000	200,000	200,000
Derivative financial liabilities	16	2,291	13,430	7,628
Other liabilities	21	101,433	87,658	69,505
Current tax liabilities and zakat		4,239	20	-
Total liabilities		6,577,266	5,391,405	4,008,976
EQUITY				
Share capital		85,000	85,000	85,000
Reserves		268,153	246,292	220,579
Total equity		353,153	331,292	305,579
Total liabilities and equity		6,930,419	5,722,697	4,314,555
Commitments and contingencies	29	2,935,595	1,892,647	1,061,806

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 31 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2012

	Note	Quarter Ended		Year-To-Date Ended	
		30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Income derived from investment of depositors' funds and others	22	86,686	53,535	166,311	105,021
Income derived from the investment of shareholder's funds	23	11,664	10,420	22,762	19,157
Impairment allowance on financing and advances	24	(15,507)	(3,019)	(20,510)	(9,183)
Total distributable income		82,843	60,936	168,563	114,995
Income attributable to depositors	25	(45,710)	(24,952)	(85,314)	(48,371)
Total net income		37,133	35,984	83,249	66,624
Personnel and other operating expenses	26	(29,355)	(26,866)	(59,812)	(51,413)
Profit before income tax expense and zakat		7,778	9,118	23,437	15,211
Income tax expense	27	(1,843)	(2,369)	(5,638)	(3,989)
Zakat		(6)	(5)	(12)	(10)
Profit for the period		5,929	6,744	17,787	11,212
Other comprehensive income, net of income tax :					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve:					
- Change in fair value		4,608	2,931	6,086	2,795
- Amount transferred to profit or loss		-	(1,254)	(654)	(1,513)
Income tax relating to components of other comprehensive income		(1,152)	(419)	(1,358)	(321)
Other comprehensive income for the period, net of income tax		3,456	1,258	4,074	961
Total comprehensive income for the period		9,385	8,002	21,861	12,173
Profit attributable to shareholder of the Bank		5,929	6,744	17,787	11,212
Total comprehensive income attributable to shareholder of the Bank		9,385	8,002	21,861	12,173
Basic earnings per ordinary share (sen)		6.98	7.93	20.93	13.19

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 31 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Note	<i>Non-distributable</i>			<i>Distributable</i>	Total Equity RM'000	
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000		Retained Earnings RM'000
2012							
Balance at 1 January 2012							
- As previously stated		85,000	170,000	30,596	4,302	28,833	318,731
- Effect of transition to MFRS 139	33 (i)	-	-	-	-	12,561	12,561
Balance at 1 January 2012, as restated		85,000	170,000	30,596	4,302	41,394	331,292
Profit for the period		-	-	-	-	17,787	17,787
Fair value reserve							
- Change in fair value		-	-	-	6,086	-	6,086
- Amount transferred to profit or loss		-	-	-	(654)	-	(654)
Income tax relating to components of other comprehensive income		-	-	-	(1,358)	-	(1,358)
Total comprehensive income for the period		-	-	-	4,074	17,787	21,861
Balance at 30 June 2012		85,000	170,000	30,596	8,376	59,181	353,153

	Note	<i>Non-distributable</i>			<i>Distributable</i>	Total Equity RM'000	
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000		Retained Earnings RM'000
2011							
Balance at 1 January 2011							
- As previously stated		85,000	170,000	20,582	103	18,819	294,504
- Effect of transition to MFRS 139	33 (i)	-	-	-	-	11,075	11,075
Balance at 1 January 2011, as restated		85,000	170,000	20,582	103	29,894	305,579
Profit for the period		-	-	-	-	11,212	11,212
Fair value reserve							
- Change in fair value		-	-	-	2,795	-	2,795
- Amount transferred to profit or loss		-	-	-	(1,513)	-	(1,513)
Income tax relating to components of other comprehensive income		-	-	-	(321)	-	(321)
Total comprehensive income for the period		-	-	-	961	11,212	12,173
Balance at 30 June 2011		85,000	170,000	20,582	1,064	41,106	317,752

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 31 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	30 June 2012 RM'000	30 June 2011 RM'000
Cash flows from operating activities		
Profit before income tax expense and zakat	23,437	15,211
Adjustments for:		
Net (gains)/losses from disposal of:		
- Financial investments available-for-sale	(655)	(1,513)
- Property, plant and equipment	16	-
Depreciation of property, plant and equipment	978	1,307
Impairment allowance on financing and advances	20,510	9,183
Unrealised losses/(gains) on revaluation of derivatives	877	(30)
Operating profit before changes in working capital	<u>45,163</u>	<u>24,158</u>
<i>(Increase)/Decrease in Operating Assets and Increase/(Decrease) in Operating Liabilities:</i>		
Deposits and placements with banks and other financial institutions	-	4,624
Financing and advances	(508,418)	(37,021)
Derivative financial assets	11,153	(9,738)
Statutory deposits with Bank Negara Malaysia	(63,057)	(32,432)
Deposits from customers	701,973	515,519
Deposits and placements of banks and other financial institutions	494,753	(198,648)
Bills and acceptances payable	(17,720)	13,158
Derivative financial liabilities	(11,139)	9,735
Other liabilities	13,775	84,484
Cash generated from operations	<u>666,483</u>	<u>373,839</u>
Income tax and zakat paid	<u>(1,599)</u>	<u>(1,987)</u>
Net cash generated from operating activities	<u>664,884</u>	<u>371,852</u>
Cash flows from investing activities		
Proceeds from financial investments available-for-sale (net)	(848,466)	(94,032)
Proceeds from disposal of property, plant and equipment	4	-
Acquisition of property, plant and equipment (net)	(687)	(192)
Net cash used in investing activities	<u>(849,149)</u>	<u>(94,224)</u>
Net (decrease)/increase in cash and cash equivalents	(184,265)	277,628
Cash and cash equivalents at beginning of the period	412,739	604,280
Cash and cash equivalents at end of the period	<u>228,474</u>	<u>881,908</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 31 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012

1. GENERAL INFORMATION

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983 and principally engaged in all aspects of Islamic Banking business. There have been no significant changes to these activities during the financial period.

2. REVIEW OF PERFORMANCE

The Bank recorded profit after tax of RM17.8 million for the financial period ended 30 June 2012, an increase of RM6.6 million as compared to the corresponding period last year. The increase was mainly due to higher net income of RM16.6 million offset by higher personnel and operating expenses of RM8.4 million and tax of RM1.6 million. Net income was higher mainly due to higher net finance income of RM27.0 million, other operating income of RM0.9 million offset by higher impairment allowance of RM11.3 million.

The increase in personnel and operating expenses was mainly attributable to higher personnel expenses and shared service fees.

Gross financing and advances increased by RM0.5 billion to RM3.7 billion as at 30 June 2012 while deposits from customers increased by RM0.7 billion to RM5.1 billion. The Bank is well capitalised with a core capital ratio of 8.29% and risk weighted capital ratio of 12.29%.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The sovereign debt crisis affecting the eurozone and the unrest in the Middle East represent a real concern that suggests the pace of global recovery might slow down. The economies outside these regions are not totally immune either to spill-over effects. Despite this, the Malaysian economy continued to grow in the early part of this year and outperformed expectations by recording 4.7% growth for the first quarter of 2012. Malaysia will continue to rely on its export and private consumption growth to sustain and support the economy. On the investment front, the progress of the Economic Transformation Programme would also lend a positive note to the country's longer term growth outlook.

Against the backdrop of the ongoing domestic economic conditions, the Bank will remain cautious in preserving its asset quality while improving its capital position to meet the challenges ahead. The Bank will also continue to expand its customer reach by improving the effectiveness of its sales and delivery channels, opening more branches to strengthen its capabilities and meet customer demand. Three new 'lite' Islamic branches have been opened to date in 2012 with a further two expected to be opened by end of 2012.

We will continue to maintain a prudent stance and strive for balanced growth in both consumer and business segments through an increase in financing assets amid the stiff competition from new entrants. The Bank will also continue to introduce more innovative financial products and services that meet our customers' needs and expand the reach to our customers.

4. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 30 June 2012 have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and IAS 34, *Interim Financial Reporting*.

The Bank's unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Bank has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012 in preparing the unaudited condensed interim financial statements. 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 FRS issued under the previous FRS framework were equivalent to the MFRS issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain FRS. An explanation of the impact of the transition to MFRS on the reported financial position, financial performance and cash flows of the Bank is provided in Note 33.

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)

4. BASIS OF PREPARATION (continued)

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

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
Deferred tax : Recovery of Underlying Assets (Amendments to MFRS 112)

The Bank has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for the annual periods beginning on or after 1 July 2012.

The early adoption of the MFRS, IC Interpretation and amendments to MFRS above did not have any impact on the unaudited financial statements other than the presentation format of the unaudited statement of profit or loss and other comprehensive income as they mainly help to clarify the requirements of or provide further explanations to existing MFRS to the unaudited financial statements.

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

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

The financial effects of the above MFRS and Amendments to MFRS are still being assessed due to the complexity of these new MFRS and Amendments to MFRS, and their proposed changes.

Except as described below, the accounting policies applied by the Bank in these unaudited condensed interim financial statements are the same as those applied by the Bank in its annual financial statements as at and for the year ended 31 December 2011.

(i) Impairment of financing and advances

With effect from 1 January 2012, the Bank has ceased to maintain collective impairment allowance of at least 1.5% of total outstanding financing and advances, net of individual impairment allowance in line with the transitional provision pursuant to Bank Negara Malaysia (BNM) guidelines on Classification and Impairment Provisions for Loans/Financing.

With effect from 1 January 2012, the Bank has adopted MFRS 139, *Financial Instruments: Recognition and Measurement* on collective impairment allowance. Under MFRS 139, financial assets that have not been individually assessed are grouped together and collectively assessed for impairment allowance. These financing and advances are grouped according to their credit risk characteristics for purposes of calculating an estimated collective allowance.

This change in accounting policy has been accounted for retrospectively as disclosed in Note 33.

5. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 31 December 2011 was not qualified.

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)

6. SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

The transition of FRS to MFRS has not had any impact in the reported revenue and profit before tax of the Bank for the financial period ended 30 June 2012 other than the effect of adopting MFRS 139, *Financial Instruments: Recognition and Measurement* on collectively assessed impairment allowance.

7. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Bank for the financial period ended 30 June 2012.

8. CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the financial period ended 30 June 2012.

9. DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period ended 30 June 2012.

10. DIVIDEND

No dividend was paid in respect of the financial period ended 30 June 2012.

11. SUBSEQUENT EVENTS

The Bank will issue another 30 million ordinary shares of RM1 each at RM3 per ordinary share to its holding company, OCBC Bank (Malaysia) Berhad on 23 July 2012.

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

12. CASH AND CASH EQUIVALENTS

	30 June 2012 RM'000	31 December 2011 RM'000
Cash and balances with banks and other financial institutions	28,474	27,739
Money at call and deposit placements with financial institutions maturing within one month	200,000	385,000
	<u>228,474</u>	<u>412,739</u>

i) By geographical distribution

Malaysia	219,008	406,183
Singapore	631	553
Other ASEAN	114	149
Rest of the World	8,721	5,854
	<u>228,474</u>	<u>412,739</u>

The analysis by geography is determined based on where the credit risk resides.

ii) By residual contractual maturity

Maturity within one month	<u>228,474</u>	<u>412,739</u>
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13. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2012 RM'000	31 December 2011 RM'000
<u>At fair value</u>		
Malaysian Government Investment Issues	1,227,927	1,016,684
Bank Negara Malaysia Monetary Notes	323,137	99,876
Islamic Private Debt Securities	514,110	433,092
Islamic Negotiable Instruments of Deposit	682,070	343,039
	<u>2,747,244</u>	<u>1,892,691</u>

OCBC AL-AMIN BANK BERHAD
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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)
14. FINANCING AND ADVANCES

<u>At amortised cost</u>	30 June 2012 RM'000	31 December 2011 RM'000
i) By type		
Cash financing	912,687	866,761
Term financing:		
- House financing	181,607	162,431
- Syndicated term financing	186,141	201,402
- Hire purchase receivables	656,729	624,848
- Other term financing	1,187,787	920,621
Bills receivables	18,150	30,503
Revolving credits	787,082	593,888
Claims on customer under acceptance credits	194,257	203,725
Other financing	18,575	29,610
Less : Unearned income	(394,393)	(384,101)
Gross financing and advances	<u>3,748,622</u>	<u>3,249,688</u>
Allowance for financing and advances		
- Individual impairment	(35,383)	(28,811)
- Collective impairment	(36,018)	(31,564)
Net financing and advances	<u>3,677,221</u>	<u>3,189,313</u>
	30 June 2012 RM'000	31 December 2011 RM'000
ii) By concept		
Ijarah Thumma Al Bai	598,041	567,789
Bai' Bithaman Ajil	1,090,387	909,782
Bai' Inah	683,041	643,302
Murabahah	241,103	256,403
Ijarah Muntahiah Bi Al-Tamlik	804,559	572,301
Musharakah	219,565	173,314
Other principles	111,926	126,797
	<u>3,748,622</u>	<u>3,249,688</u>
	30 June 2012 RM'000	31 December 2011 RM'000
iii) By type of customer		
Domestic non-bank financial institutions	255,477	-
Domestic business enterprises		
- Small and medium enterprises	728,678	579,072
- Others	1,889,340	1,853,036
Individuals	872,834	800,760
Foreign entities	2,293	16,820
	<u>3,748,622</u>	<u>3,249,688</u>
	30 June 2012 RM'000	31 December 2011 RM'000
iv) By profit rate sensitivity		
Fixed rate		
- House financing	45,547	37,647
- Hire purchase receivables	598,041	567,789
- Other fixed rate financing	1,306,970	1,292,623
Variable rate		
- BFR plus	219,565	173,314
- Cost plus	1,578,499	1,178,315
	<u>3,748,622</u>	<u>3,249,688</u>

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)
14. FINANCING AND ADVANCES (continued)

	30 June 2012 RM'000	31 December 2011 RM'000
v) By sector		
Agriculture	335,189	364,130
Mining and quarrying	250,944	294,597
Manufacturing	887,528	845,094
Electricity, gas and water	86,024	100,317
Construction	114,824	99,276
Real Estate	364,266	251,133
Wholesale & retail trade and restaurants & hotels	249,285	205,292
Transport, storage and communication	173,598	181,447
Finance, insurance and business services	311,364	58,739
Community, social and personal services	45,509	46,341
Household, of which:		
- Purchase of residential properties	172,863	142,884
- Purchase of non-residential properties	6,175	5,326
- Others	696,089	655,079
Others	54,964	33
	3,748,622	3,249,688
	30 June 2012 RM'000	31 December 2011 RM'000
vi) By geographical distribution		
Malaysia	3,748,622	3,235,397
Other ASEAN	-	14,291
	3,748,622	3,249,688
	30 June 2012 RM'000	31 December 2011 RM'000
vii) By residual contractual maturity		
Maturity within one year	1,891,432	1,612,560
One year to five years	1,104,544	1,091,422
More than five years	752,646	545,706
	3,748,622	3,249,688

15. IMPAIRED FINANCING AND ADVANCES
(a) Movements in impaired financing and advances

	30 June 2012 RM'000	31 December 2011 RM'000
Balance at 1 January	47,484	45,444
Classified as impaired	35,959	49,985
Reclassified as performing	(5,583)	(8,353)
Amount recovered	(8,768)	(13,582)
Amount written off	(13,260)	(26,010)
Balance at 30 June / 31 December	55,832	47,484
Individual impairment allowance	(35,383)	(28,811)
Collective impairment allowance	(198)	(183)
Net impaired financing and advances	20,251	18,490

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)

15. IMPAIRED FINANCING AND ADVANCES (continued)	30 June 2012 RM'000	31 December 2011 RM'000
(i) Impaired financing and advances analysed by sector		
Agriculture	75	126
Manufacturing	22,060	21,386
Construction	3,834	4,468
Real estate	249	-
Wholesale & retail trade and restaurants & hotels	6,197	4,955
Transport, storage and communication	750	353
Finance, insurance and business services	2,289	1,641
Community, social and personal services	1,022	1,033
Household, of which:		
- Purchase of residential properties	2,440	2,087
- Purchase of non-residential properties	41	-
- Others	16,875	11,435
	55,832	47,484
	30 June 2012 RM'000	31 December 2011 RM'000
(ii) Impaired financing and advances by geographical distribution		
Malaysia	55,832	47,484
	30 June 2012 RM'000	31 December 2011 RM'000
(iii) Impaired financing and advances by period overdue		
Up to 90 days	19,235	13,398
More than 90 days to 180 days	13,943	11,401
More than 180 days to 270 days	1,815	2,346
More than 270 days	20,839	20,339
	55,832	47,484
	30 June 2012 RM'000	31 December 2011 RM'000
(iv) Impaired financing and advances by collateral type		
Property	2,933	2,558
Deposits	-	412
Machinery	2,227	18,197
Secured-others	10,989	9,368
Unsecured-corporate and other guarantees	10,866	2,656
Unsecured-clean	28,817	14,293
	55,832	47,484
(b) Movements in allowance on financing and advances		
<u>Individual impairment allowance</u>		
Balance at 1 January	28,811	31,088
Made during the period	29,910	37,580
Amount written back	(10,033)	(13,801)
Amount written off	(13,305)	(26,010)
Profit income recognised on impaired financing	-	(46)
Balance at 30 June / 31 December	35,383	28,811

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012
(continued)

15. IMPAIRED FINANCING AND ADVANCES (continued)

(b) Movements in allowance on financing and advances (continued)

	30 June 2012 RM'000	31 December 2011 RM'000
<u>Collective impairment allowance</u>		
Balance at 1 January	31,564	24,741
Made during the period	4,454	6,823
Balance at 30 June / 31 December	<u>36,018</u>	<u>31,564</u>
As % of gross financing and advances less individual impairment	<u>0.97%</u>	<u>0.98%</u>

(c) Collective and individual impairment allowances by sector:

30 June 2012	Collective impairment allowance RM'000	Individual impairment allowance RM'000	Individual impairment allowance charged RM'000	Individual impairment allowance written-off RM'000
Agriculture	3,251	47	7	86
Mining and quarrying	2,434	-	-	-
Manufacturing	8,483	12,950	5,586	2,923
Electricity, gas and water	834	-	-	-
Construction	1,101	1,368	203	31
Real Estate	3,533	-	-	-
Wholesale & retail trade and restaurants & hotels	2,402	1,640	1,124	121
Transport, storage and communication	1,682	172	165	-
Finance, insurance and business services	3,014	671	236	24
Community, social and personal services	441	79	39	11
Household, of which:				
- Purchase of residential properties	1,671	626	302	81
- Purchase of non-residential properties	60	3	37	14
- Others	6,580	17,760	22,165	10,014
Others	532	67	46	-
	<u>36,018</u>	<u>35,383</u>	<u>29,910</u>	<u>13,305</u>
31 December 2011				
Agriculture	3,567	126	52	50
Mining and quarrying	2,887	-	-	-
Manufacturing	8,155	12,958	4,391	7,400
Electricity, gas and water	983	-	-	-
Construction	960	1,364	1,244	948
Real Estate	2,461	-	1	-
Wholesale & retail trade and restaurants & hotels	2,004	831	352	47
Transport, storage and communication	1,777	113	65	304
Finance, insurance and business services	571	469	157	-
Community, social and personal services	448	640	858	-
Household, of which:				
- Purchase of residential properties	1,393	705	616	473
- Purchase of non-residential properties	52	-	-	-
- Others	6,306	11,605	29,844	16,788
	<u>31,564</u>	<u>28,811</u>	<u>37,580</u>	<u>26,010</u>

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15. IMPAIRED FINANCING AND ADVANCES (continued)

(d) Individual and collective impairment allowance by geographical distribution

	30 June 2012 RM'000	31 December 2011 RM'000
<u>Individual impairment</u>		
Malaysia	35,383	28,811
<u>Collective impairment</u>		
Malaysia	36,018	31,424
Other ASEAN	-	140
	<u>36,018</u>	<u>31,564</u>

16. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	<u>30 June 2012</u>			<u>31 December 2011</u>		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Asset RM'000	Liability RM'000		Asset RM'000	Liability RM'000
Trading:						
Foreign exchange derivatives						
- Forwards	2,053,975	2,191	2,187	1,005,936	12,217	12,203
- Swaps	-	-	-	59	3	-
- Options	11,547	106	104	88,363	1,230	1,227
	<u>2,065,522</u>	<u>2,297</u>	<u>2,291</u>	<u>1,094,358</u>	<u>13,450</u>	<u>13,430</u>

17. OTHER ASSETS

	30 June 2012 RM'000	31 December 2011 RM'000
Profit receivable	16,492	13,315
Other debtors, deposits and prepayments	2,468	5,590
Shared service fee receivable from holding company	108	110
Amount due from holding company	58,630	27,604
	<u>77,698</u>	<u>46,619</u>

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18. DEPOSITS FROM CUSTOMERS

	30 June 2012 RM'000	31 December 2011 RM'000
i) By type of deposit		
Non-Mudharabah Fund:		
Demand deposits	1,516,483	1,352,875
Savings deposits	351,080	328,745
General investment deposits	7,616	7,224
Negotiable instruments of deposits	70,716	68,546
Structured investments	46,321	47,228
Wakala short term investments	179,888	145,712
	<u>2,172,104</u>	<u>1,950,330</u>
Mudharabah Fund:		
General investment deposits	2,976,965	2,358,312
Islamic short term Mudharabah Investment	-	138,454
	<u>2,976,965</u>	<u>2,496,766</u>
Total deposits from customers	<u>5,149,069</u>	<u>4,447,096</u>
	30 June 2012 RM'000	31 December 2011 RM'000
ii) By type of customer		
Government and statutory bodies	549,781	784,332
Business enterprises	2,651,385	2,709,068
Individuals	1,429,040	553,041
Foreign entities	19,272	11,585
Others	499,591	389,070
	<u>5,149,069</u>	<u>4,447,096</u>
	30 June 2012 RM'000	31 December 2011 RM'000
iii) By maturity structure		
Maturity within six months	4,082,790	3,653,106
More than six months to one year	968,111	696,812
More than one year to three years	41,858	42,059
More than three years to five years	167	166
More than five years	56,143	54,953
	<u>5,149,069</u>	<u>4,447,096</u>

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2012 RM'000	31 December 2011 RM'000
Non-Mudharabah Fund:		
Licensed banks	713,591	330,536
Mudharabah Fund:		
Licensed banks	387,813	276,115
Total deposits and placements of banks and other financial institutions	<u>1,101,404</u>	<u>606,651</u>

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20. SUBORDINATED BOND

On 1 December 2008, the Bank issued RM200 million non-tradeable non-transferable redeemable Islamic subordinated bond due in 2021 and non-callable until 2016 under the principle of Mudharabah (profit sharing contract) at a projected constant rate of 5.45% for the period from the issue date up to 23 November 2016 and a step up of 100 basis points commencing from 24 November 2016 and ending on the date of full redemption of the subordinated bond, subject to the availability of profits and the investors' entitlement under the profit sharing ratio. Unless the call option is exercised by the Bank, the subordinated bond shall be redeemed in full by five equal and consecutive annual payments. The call option is subject to prior approval from Bank Negara Malaysia and Monetary Authority of Singapore (MAS), redeemable in whole but not in part on 24 November 2016 and on every Profit Payment Date thereafter. The subordinated bond was fully subscribed by its parent company.

The restricted subordinated bond qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank subject to up to a maximum of 50% of total Tier 1 capital.

21. OTHER LIABILITIES

	30 June 2012 RM'000	31 December 2011 RM'000
Profit payable	39,345	18,465
Other accruals and charges*	57,530	64,272
Shared service fee payable to holding company	4,558	4,921
	<u>101,433</u>	<u>87,658</u>

* Includes accruals for personnel costs.

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22. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Quarter Ended		Year-To-Date Ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	37,392	22,005	79,414	32,468
(ii) Other funds	49,294	31,530	86,897	72,553
	<u>86,686</u>	<u>53,535</u>	<u>166,311</u>	<u>105,021</u>
 (i) Income derived from investment of general investment deposits				
<u>Finance income and hibah</u>				
Financing and advances	25,828	15,686	55,920	23,181
Financial investments available-for-sale	8,563	3,837	17,396	5,982
Deposits and placements with banks and other financial institutions	3,005	2,024	5,750	2,729
	<u>37,396</u>	<u>21,547</u>	<u>79,066</u>	<u>31,892</u>
<u>Other operating income</u>				
Net (loss)/gain from sale of financial assets available-for-sale	(30)	386	297	435
Others	26	72	51	141
	<u>37,392</u>	<u>22,005</u>	<u>79,414</u>	<u>32,468</u>
 Of which:				
Financing income earned on impaired financing	-	7	-	13

	Quarter Ended		Year-To-Date Ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
(ii) Income derived from investment of other funds				
<u>Finance income and hibah</u>				
Financing and advances	34,265	22,419	61,192	51,800
Financial investments available-for-sale	11,131	4,956	19,035	13,368
Deposits and placements with banks and other financial institutions	3,835	3,335	6,292	6,099
	<u>49,231</u>	<u>30,710</u>	<u>86,519</u>	<u>71,267</u>
<u>Other operating income</u>				
Net gain from sale of financial investments available-for-sale	30	778	323	971
Others	33	42	55	315
	<u>49,294</u>	<u>31,530</u>	<u>86,897</u>	<u>72,553</u>
 Of which:				
Financing income earned on impaired financing	-	4	-	30

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23. INCOME DERIVED FROM THE INVESTMENT OF SHAREHOLDER'S FUNDS

	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<u>Finance income and hibah</u>				
Financing and advances	3,537	3,045	6,617	5,694
Financial investments available-for-sale	1,154	712	2,058	1,470
Deposits and placements with banks and other financial institutions	399	421	680	670
	<u>5,090</u>	<u>4,178</u>	<u>9,355</u>	<u>7,834</u>
<u>Other operating income</u>				
Net gain from sale of financial investments available-for-sale	1	90	35	107
Others	3	10	6	35
<u>Other trading income</u>				
Net gain/(loss) on instruments held-for-trading				
- Foreign currency	426	962	2,083	1,821
- Trading derivatives	1,672	78	2,793	(47)
- Revaluation of derivatives	(16)	(22)	(877)	30
<u>Fee and commission income:</u>				
Commission	3,226	2,381	6,283	5,116
Service charges and fees	1,262	2,743	3,084	4,261
	<u>11,664</u>	<u>10,420</u>	<u>22,762</u>	<u>19,157</u>
Of which:				
Financing income earned on impaired financing	-	1	-	3

24. IMPAIRMENT ALLOWANCE ON FINANCING AND ADVANCES

	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Individual impairment allowances				
- Made during the period	20,053	8,587	29,910	19,892
- Written back	(5,474)	(3,299)	(10,033)	(7,747)
Collective impairment allowances				
- Written back during the period	2,798	(439)	4,454	275
Impaired financing recovered	(1,870)	(1,830)	(3,821)	(3,237)
	<u>15,507</u>	<u>3,019</u>	<u>20,510</u>	<u>9,183</u>

25. INCOME ATTRIBUTABLE TO DEPOSITORS

	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Deposits from customers				
- Mudharabah Fund	31,811	14,693	60,276	27,508
- Non Mudharabah Fund	8,091	7,180	15,709	12,409
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	4,988	782	7,950	3,162
- Non Mudharabah Fund	820	2,297	1,379	5,292
	<u>45,710</u>	<u>24,952</u>	<u>85,314</u>	<u>48,371</u>

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26. PERSONNEL AND OTHER OPERATING EXPENSES

	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Personnel expenses	8,661	8,414	19,327	15,461
Establishment expenses	1,583	1,474	3,182	2,834
Marketing expenses	532	439	913	687
Administrative and general expenses	18,579	16,539	36,390	32,431
	29,355	26,866	59,812	51,413
	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
(i) Personnel expenses	8,661	8,414	19,327	15,461
Wages, salaries and bonus	7,067	6,623	14,980	12,169
Defined contribution plan (EPF)	853	978	2,710	1,876
Equity compensation benefits	67	59	110	113
Other personnel costs	674	754	1,527	1,303
(ii) Establishment expenses	1,583	1,474	3,182	2,834
Rental of premises	444	389	833	769
Depreciation of property, plant and equipment	420	657	978	1,307
Repair and maintenance	77	74	180	121
Others	642	354	1,191	637
(iii) Marketing expenses	532	439	913	687
Transport and travelling	162	144	264	217
Advertising and business promotion	357	283	623	449
Others	13	12	26	21
(iv) Administrative and general expenses	18,579	16,539	36,390	32,431
Printing and stationery	150	146	281	279
Postage and courier	157	82	225	190
Telephone, telex and fax	230	118	404	251
Legal and consultancy fees	79	126	236	218
Shared service fees to holding company	13,741	12,474	27,100	24,151
Transaction processing fees	3,814	3,213	7,473	6,584
Other administrative and general expenses	408	380	671	758
Total Expenses	29,355	26,866	59,812	51,413

27. INCOME TAX EXPENSE

	Quarter Ended		Year-To-Date Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Malaysian income tax:				
- Current period	2,760	2,683	6,365	3,934
Deferred tax:				
- Origination and reversal of temporary differences	(917)	(314)	(727)	55
	1,843	2,369	5,638	3,989

28. CAPITAL COMMITMENTS

	30 June 2012 RM'000	31 December 2011 RM'000
Capital expenditure in respect of property, plant and equipment:		
- Authorised and contracted for	7,035	1,091
- Authorised but not contracted for	11,222	11,240
	18,257	12,331

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29. COMMITMENTS AND CONTINGENCIES

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

	30 June 2012				31 December 2011			
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	4,375		4,375	1,828	-		-	-
Transaction-related contingent items	65,659		32,830	28,377	100,171		50,086	38,660
Short-term self-liquidating trade-related contingencies	51,235		10,247	9,576	29,245		5,849	3,263
Forward asset purchases	-		-	-	30,000		30,000	27,887
Foreign exchange related contracts:								
- Less than one year	2,059,800	2,822	27,185	6,100	1,050,322	17,255	29,334	9,951
- One year or less than five years	525	421	468	468	3,806	2,579	2,921	2,922
Formal standby facilities and credit lines:								
- Maturity not exceeding one year	1,309		1,309	768	1,894		1,894	984
- Maturity exceeding one year	71,854		71,854	23,940	27,099		27,099	7,360
Other unconditionally cancellable commitments	680,838		1,614	986	650,110		13,693	6,869
	2,935,595	3,243	149,882	72,043	1,892,647	19,834	160,876	97,896

The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks Basel II - Internal Ratings Approach.

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30. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	30 June 2012 RM'000	31 December 2011 RM'000
Aggregate value of outstanding credit exposures with connected parties: [^]		
Credit facility and leasing (except guarantee)	612	611
Commitments and contingencies*	2,504	2,392
Total credit exposures	<u>3,116</u>	<u>3,003</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.07%</u>	<u>0.08%</u>
- which is impaired or in default	<u>-</u>	<u>-</u>

[^] Comprises total outstanding balance and unutilised limit

* Commitments and contingencies transactions that give rise to credit and/or counterparty risk

31. CREDIT RISK

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank's maximum credit exposure of the financial assets, without taking into account any collateral held or other credit enhancements equals their carrying amount as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

Collaterals

(i) The main types of collateral obtained by the Bank are as follows:

- For personal house financing, mortgages over residential properties;
- For commercial property financing, charges over properties being financed; and
- For other financing, charges over business assets such as premises, inventories, trade receivables or deposits.

As at 31 December 2011 and 30 June 2012, there were no assets repossessed by the Bank as a result of taking possession of collateral held as security, or by calling upon other credit enhancements.

(ii) Quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for impaired financing.

	30 June 2012 RM'000	31 December 2011 RM'000
Fair value of collateral held against the covered portion of financing and advances	<u>16,242</u>	<u>40,583</u>
Covered portion of financing and advances	15,374	30,534
Uncovered portion of financing and advances	<u>40,458</u>	<u>16,950</u>
	<u>55,832</u>	<u>47,484</u>

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31. CREDIT RISK (continued)

(a) Credit quality of financing and advances

Gross financing and advances are analysed as follows

	30 June 2012 RM'000	31 December 2011 RM'000
Neither past due nor impaired	3,634,048	3,183,045
Past due financing:	102,328	59,714
- unimpaired	58,742	19,159
- impaired	43,586	40,555
Impaired but not past due	12,246	6,929
Gross financing and advances	3,748,622	3,249,688

Financing and advances neither past due nor impaired

Financing and advances are categorised according to the Bank's customer classification grades as Passed, Special Mention, Substandard, Doubtful and Bad. Financing and advances classified as Substandard, Doubtful and Bad are impaired financing and advances.

	30 June 2012 RM'000	31 December 2011 RM'000
By the Bank's internal grading system		
Passed	3,580,551	3,142,468
Special mention	53,497	40,577
	3,634,048	3,183,045

Financing and advances past due but not impaired

	30 June 2012 RM'000	31 December 2011 RM'000
i) By period overdue		
30 days and less than 60 days	40,323	14,787
60 days and less than 90 days	18,419	4,372
	58,742	19,159

ii) By sector

	30 June 2012 RM'000	31 December 2011 RM'000
Agriculture	-	32
Mining and quarrying	670	-
Manufacturing	14,913	1,890
Construction	4,862	721
Wholesale & retail trade and restaurants & hotels	5,142	1,642
Transport, storage and communication	11,498	1,163
Finance, insurance and business services	981	356
Households, of which:		
- Purchase of residential properties	3,171	3,296
- Others	17,505	10,059
	58,742	19,159

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31. CREDIT RISK (continued)

(a) Credit quality of financing and advances (continued)

iii) By geographical distribution

	30 June 2012 RM'000	31 December 2011 RM'000
Malaysia	58,742	19,159

Impaired financing and advances

The analysis of impairment financing and advances are detailed in Note 15.

(b) Credit quality of financial investments available-for-sale

In view of the following sound credit rating of counterparties, the Bank does not expect any counterparty to fail to meet its obligation.

	30 June 2012 RM'000	31 December 2011 RM'000
i) <u>By issuer</u>		
Public sector	1,653,064	1,206,837
Banks	697,104	358,077
Corporates	397,076	327,777
	<u>2,747,244</u>	<u>1,892,691</u>
ii) <u>By geography</u>		
Malaysia	2,689,047	1,864,787
Other ASEAN	51,604	21,387
Rest of the World	6,593	6,517
	<u>2,747,244</u>	<u>1,892,691</u>
iii) <u>By credit rating</u>		
Malaysian government issues and notes	1,551,064	1,116,560
Other government securities	153,604	21,387
Investment grade (AAA to BBB)	279,865	331,016
Non-rated	762,711	423,728
	<u>2,747,244</u>	<u>1,892,691</u>
iv) <u>By industry</u>		
Manufacturing	70,568	70,616
Building and construction	30,428	29,532
General commerce	10,014	65,928
Transport, storage and communication	15,074	15,077
Financial institutions, investment and holding companies	715,387	450,081
Others	1,905,773	1,261,457
	<u>2,747,244</u>	<u>1,892,691</u>

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31. CREDIT RISK (continued)

(b) Credit quality of financial investments available-for-sale (continued)

	30 June 2012 RM'000	31 December 2011 RM'000
v) <u>By residual contractual maturity</u>		
Within one year	1,130,609	573,821
One year to five years	1,297,394	1,146,795
More than five years	319,241	172,075
	<u>2,747,244</u>	<u>1,892,691</u>

(c) Credit quality of derivative financial assets

	30 June 2012 RM'000	31 December 2011 RM'000
i) <u>By counterparty</u>		
Banks	2,281	13,368
Other financial institutions	14	1
Corporates	2	81
	<u>2,297</u>	<u>13,450</u>
ii) <u>By geography</u>		
Malaysia	1,540	217
Singapore	14	1
Other ASEAN countries	637	12,002
Rest of the World	106	1,230
	<u>2,297</u>	<u>13,450</u>

The analysis by geography is determined based on where the credit risk resides.

iii) <u>By industry</u>		
Agriculture	-	47
Manufacturing	-	3
Wholesale & retail trade and restaurant & hotels	2	-
Finance, insurance and business services	2,295	13,400
	<u>2,297</u>	<u>13,450</u>
iv) <u>By residual contractual maturity</u>		
Within 1 year	<u>2,297</u>	<u>13,450</u>

(d) Credit quality of contingent liabilities and commitments

	30 June 2012 RM'000	31 December 2011 RM'000
i) <u>By counterparty</u>		
Other financial institutions	865	247
Corporates	171,593	178,331
Individuals	21,931	9,795
Others	43	36
	<u>194,432</u>	<u>188,409</u>

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(continued)

31. CREDIT RISK (continued)

(d) Credit quality of contingent liabilities and commitments (continued)

	30 June 2012 RM'000	31 December 2011 RM'000
ii) <u>By geography</u>		
Malaysia	194,432	188,409
The analysis by geography is determined based on where the credit risk resides.		
iii) <u>By industry</u>		
Agriculture	319	2,061
Mining and quarrying	-	463
Manufacturing	50,988	26,575
Electricity, gas and water	-	79,074
Construction	60,697	40,698
Wholesale & retail trade and restaurants & hotels	11,295	10,244
Transport, storage and communication	3,920	4,721
Finance, insurance and business services	6,726	2,085
Others	60,487	22,488
	<u>194,432</u>	<u>188,409</u>
iv) <u>By residual contractual maturity</u>		
Within one year	84,077	101,858
One year to five years	63,506	34,281
More than five years	46,849	52,270
	<u>194,432</u>	<u>188,409</u>

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32. CAPITAL ADEQUACY

	30 June 2012 RM'000	31 December 2011 RM'000
<u>Tier-1 capital</u>		
Paid-up share capital	85,000	85,000
Share premium	170,000	170,000
Retained profit	41,394	41,394
Other reserves	30,596	30,596
	<u>326,990</u>	<u>326,990</u>
Less: Deferred tax assets	(3,269)	(3,269)
Eligible Tier-1 capital	<u>323,721</u>	<u>323,721</u>
<u>Tier-2 capital</u>		
Collective impairment allowance under Standardised Approach*	7,647	6,687
Subordinated bond	161,861	161,861
Excess of Expected Loss over Eligible Provisions under IRB Approach	(13,179)	(16,947)
Eligible Tier-2 capital	<u>156,329</u>	<u>151,601</u>
Capital base	<u>480,050</u>	<u>475,322</u>

* Excluding collective impairment allowance on impaired financing and advances.

Capital Ratios before the effects of PSIA

Core-capital ratio	7.95%	8.76%
Risk-weighted capital ratio	11.79%	12.86%

Capital Ratios after the effects of PSIA

Core-capital ratio	8.29%	9.27%
Risk-weighted capital ratio	12.29%	13.61%

The capital adequacy ratios of the Bank is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB - Basel II). The Bank has adopted the Internal Ratings Based Approach for Credit Risk for the major credit portfolios whilst the other credit portfolios are on Standardised Approach. For Market and Operational Risks, the Bank has adopted the Standardised Approach and the Basic Indicator Approach, respectively.

The comparative capital adequacy ratios and components of the capital base have been restated as disclosed in Note 33 due to the effects of the change in accounting policy on collectively assessed impairment allowance for financing and advances.

	30 June 2012 RM'000	31 December 2011 RM'000
Breakdown of risk-weighted assets ("RWA") in the various categories of risk weights:		
Credit risk RWA	3,611,142	3,229,929
Market risk RWA	15,181	8,498
Operational risk RWA	278,557	254,471
Total RWA	<u>3,904,880</u>	<u>3,492,898</u>

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33. TRANSITION TO MFRS

In preparing its opening MFRS statement of financial position, the Bank has adjusted amounts reported previously in financial statements prepared in accordance with the FRS. An explanation of the impact of the transition from the previous FRS to the new MFRS on the Bank's financial position, financial performance and cash flows are set out in the following tables and the accompanying notes.

(i) Statement of Financial Position

	Note	1 January 2011			30 June 2011			31 December 2011		
		FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
ASSETS										
Cash and cash equivalents		604,280	-	604,280	881,908	-	881,908	412,739	-	412,739
Deposits and placements with banks and other financial institutions		4,624	-	4,624	-	-	-	-	-	-
Financial investments available-for-sale		1,111,552	-	1,111,552	1,208,379	-	1,208,379	1,892,691	-	1,892,691
Financing and advances	33 (iv)(a)	2,486,706	13,198	2,499,904	2,514,467	13,275	2,527,742	3,172,564	16,749	3,189,313
Derivative financial assets		7,640	-	7,640	17,378	-	17,378	13,450	-	13,450
Other assets		45,833	-	45,833	16,045	-	16,045	46,619	-	46,619
Current tax assets		-	1,360	1,360	-	-	-	3,858	(3,300)	558
Statutory deposits with Bank Negara Malaysia		26,750	-	26,750	89,000	-	89,000	159,400	-	159,400
Property, plant and equipment		7,822	-	7,822	6,707	-	6,707	6,092	-	6,092
Deferred tax assets	33 (iv)(b)	10,171	(5,381)	4,790	9,814	(5,400)	4,414	2,723	(888)	1,835
Total assets		4,305,378	9,177	4,314,555	4,743,698	7,875	4,751,573	5,710,136	12,561	5,722,697

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33. TRANSITION TO MFRS (continued)

(i) Statement of Financial Position (continued)

	Note	1 January 2011			30 June 2011			31 December 2011		
		FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
LIABILITIES										
Deposits from customers		2,920,890	-	2,920,890	3,436,409	-	3,436,409	4,447,096	-	4,447,096
Deposits and placements of banks and other financial institutions		799,846	-	799,846	601,198	-	601,198	606,651	-	606,651
Bills and acceptances payable		11,107	-	11,107	24,265	-	24,265	36,550	-	36,550
Subordinated bond		200,000	-	200,000	200,000	-	200,000	200,000	-	200,000
Derivative financial liabilities		7,628	-	7,628	17,363	-	17,363	13,430	-	13,430
Other liabilities		69,505	-	69,505	153,988	-	153,988	87,658	-	87,658
Current tax liabilities and zakat		1,898	(1,898)	-	3,856	(3,258)	598	20	-	20
Total liabilities		4,010,874	(1,898)	4,008,976	4,437,079	(3,258)	4,433,821	5,391,405	-	5,391,405
EQUITY										
Share capital		85,000	-	85,000	85,000	-	85,000	85,000	-	85,000
Share premium		170,000	-	170,000	170,000	-	170,000	170,000	-	170,000
Statutory reserve		20,582	-	20,582	20,582	-	20,582	30,596	-	30,596
Fair value reserve		103	-	103	1,064	-	1,064	4,302	-	4,302
Retained earnings	33 (iv)(c)	18,819	11,075	29,894	29,973	11,133	41,106	28,833	12,561	41,394
Total equity		294,504	11,075	305,579	306,619	11,133	317,752	318,731	12,561	331,292
Total liabilities and equity		4,305,378	9,177	4,314,555	4,743,698	7,875	4,751,573	5,710,136	12,561	5,722,697

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33. TRANSITION TO MFRS (continued)

(ii) Statement of Profit or Loss and Other Comprehensive Income

	Note	Quarter Ended 30 June 2011			Year-To-Date Ended 30 June 2011			Year-To-Date Ended 31 December 2011		
		FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
Income derived from investment of depositors' funds and others		53,535	-	53,535	105,021	-	105,021	231,686	-	231,686
Income derived from the investment of shareholder's funds		10,420	-	10,420	19,157	-	19,157	38,664	-	38,664
Impairment allowance on financing and advances	33 (iv)(d)	(2,785)	(234)	(3,019)	(9,260)	77	(9,183)	(27,661)	3,551	(24,110)
Total distributable income		61,170	(234)	60,936	114,918	77	114,995	242,689	3,551	246,240
Income attributable to depositors		(24,952)	-	(24,952)	(48,371)	-	(48,371)	(105,402)	-	(105,402)
Total net income		36,218	(234)	35,984	66,547	77	66,624	137,287	3,551	140,838
Personnel and other operating expenses		(26,866)	-	(26,866)	(51,413)	-	(51,413)	(113,516)	-	(113,516)
Profit before income tax expense and zakat		9,352	(234)	9,118	15,134	77	15,211	23,771	3,551	27,322
Income tax expense	33 (iv)(e)	(2,427)	58	(2,369)	(3,970)	(19)	(3,989)	(3,723)	(2,065)	(5,788)
Zakat		(5)	-	(5)	(10)	-	(10)	(20)	-	(20)
Profit for the period		6,920	(176)	6,744	11,154	58	11,212	20,028	1,486	21,514
Other comprehensive income, net of income tax :										
Items that may be reclassified subsequently to profit or loss										
Fair value reserve										
- Change in fair value		2,931	-	2,931	2,795	-	2,795	8,702	-	8,702
- Amount transferred to profit or loss		(1,254)	-	(1,254)	(1,513)	-	(1,513)	(3,103)	-	(3,103)
Income tax expense relating to components of other comprehensive income		(419)	-	(419)	(321)	-	(321)	(1,400)	-	(1,400)
Other comprehensive income for the period, net of income tax		1,258	-	1,258	961	-	961	4,199	-	4,199
Total comprehensive income for the period		8,178	(176)	8,002	12,115	58	12,173	24,227	1,486	25,713

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33. TRANSITION TO MFRS (continued)

(ii) Statement of Profit or Loss and Other Comprehensive Income (continued)

	Quarter Ended 30 June 2011			Year-To-Date Ended 30 June 2011			Year-To-Date Ended 31 December 2011		
	Effect of transition		MFRS	Effect of transition		MFRS	Effect of transition		MFRS
	FRS	to MFRS		FRS	to MFRS		FRS	to MFRS	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to shareholder of the Bank	6,920	(176)	6,744	11,154	58	11,212	20,028	1,486	21,514
Total comprehensive income attributable to shareholder of the Bank	8,178	(176)	8,002	12,115	58	12,173	24,227	1,486	25,713
Basic earnings per ordinary share (sen)	8.14	-	7.93	13.12	-	13.19	23.56	-	25.31

(iii) There are no material differences between the statement of cash flows presented under MFRS and the statement of cash flows presented under FRS.

(iv) Explanatory Notes

(a) Financing and advances

	1 January 2011			30 June 2011			31 December 2011		
	Effect of transition		MFRS	Effect of transition		MFRS	Effect of transition		MFRS
	FRS	to MFRS		FRS	to MFRS		FRS	to MFRS	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross financing and advances	2,555,733	-	2,555,733	2,587,197	-	2,587,197	3,249,688	-	3,249,688
Impairment allowance:									
- Individual impairment	(31,088)	-	(31,088)	(34,439)	-	(34,439)	(28,811)	-	(28,811)
- Collective impairment	(37,939)	13,198	(24,741)	(38,291)	13,275	(25,016)	(48,313)	16,749	(31,564)
Net financing and advances	2,486,706	13,198	2,499,904	2,514,467	13,275	2,527,742	3,172,564	16,749	3,189,313

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33. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(a) Financing and advances (continued)

Movements in allowance on financing and advances

	30 June 2011			31 December 2011		
	Effect of transition			Effect of transition		
	FRS RM'000	to MFRS RM'000	MFRS RM'000	FRS RM'000	to MFRS RM'000	MFRS RM'000
<u>Collective impairment allowance</u>						
Balance at 1 January 2011	37,939	(13,198)	24,741	37,939	(13,198)	24,741
Made/(written back) during the period	352	(77)	275	10,374	(3,551)	6,823
Balance at 30 June / 31 December	<u>38,291</u>	<u>(13,275)</u>	<u>25,016</u>	<u>48,313</u>	<u>(16,749)</u>	<u>31,564</u>

(b) Deferred tax assets

	1 January 2011			30 June 2011			31 December 2011		
	Effect of transition			Effect of transition			Effect of transition		
	FRS RM'000	to MFRS RM'000	MFRS RM'000	FRS RM'000	to MFRS RM'000	MFRS RM'000	FRS RM'000	to MFRS RM'000	MFRS RM'000
Excess of capital allowance over depreciation	(1,008)	(2)	(1,010)	(897)	(2)	(899)	(840)	-	(840)
Collective impairment on financing and advances	9,485	(9,485)	-	9,573	(9,504)	69	2,594	(888)	1,706
Changes in fair value of financial instruments	(34)	-	(34)	(355)	-	(355)	(1,434)	-	(1,434)
Other temporary differences	1,728	4,106	5,834	1,493	4,106	5,599	2,403	-	2,403
	<u>10,171</u>	<u>(5,381)</u>	<u>4,790</u>	<u>9,814</u>	<u>(5,400)</u>	<u>4,414</u>	<u>2,723</u>	<u>(888)</u>	<u>1,835</u>

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33. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(b) Deferred tax assets (continued)

Movements in deferred tax assets are as follows:

	30 June 2011			31 December 2011		
	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
<u>Collective impairment on financing and advances</u>						
At 1 January	9,485	(9,485)	-	9,485	-	9,485
Recognised in profit or loss	88	(19)	69	(6,891)	(888)	(7,779)
At 30 June / 31 December	9,573	(9,504)	69	2,594	(888)	1,706

(c) Retained earnings

	1 January 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000
Collective impairment allowance on financing and advances	13,198	13,275	16,749
Tax effect of collective impairment allowance on financing and advances	(3,300)	(3,319)	(4,188)
Adjustment of underprovision of deferred tax in prior year provided in 2011	(5,381)	(5,381)	-
Adjustment of overprovision of current tax in prior year provided in 2011	6,558	6,558	-
	11,075	11,133	12,561

(d) Movements in impairment allowances on financing and advances

	Quarter Ended 30 June 2011			Year-To-Date Ended 30 June 2011			Year-To-Date Ended 31 December 2011		
	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
Individual impairment									
- Made during the period	8,587	-	8,587	19,892	-	19,892	37,580	-	37,580
- Written back	(3,299)	-	(3,299)	(7,747)	-	(7,747)	(13,801)	-	(13,801)
Collective impairment									
- (Written back)/made during the period	(673)	234	(439)	352	(77)	275	10,374	(3,551)	6,823
Impaired financing recovered	(1,830)	-	(1,830)	(3,237)	-	(3,237)	(6,492)	-	(6,492)
	2,785	234	3,019	9,260	(77)	9,183	27,661	(3,551)	24,110

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33. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(e) Income tax expense

	Quarter Ended 30 June 2011			Year-To-Date Ended 30 June 2011			Year-To-Date Ended 31 December 2011		
	Effect of transition to MFRS		MFRS RM'000	Effect of transition to MFRS		MFRS RM'000	Effect of transition to MFRS		MFRS RM'000
	FRS RM'000	RM'000		FRS RM'000	RM'000		FRS RM'000	RM'000	
Malaysian income tax:									
- Current period	2,683	-	2,683	3,934	-	3,934	4,233	-	4,233
- Overprovision in prior years	-	-	-	-	-	-	(6,558)	6,558	-
	2,683	-	2,683	3,934	-	3,934	(2,325)	6,558	4,233
Deferred tax:									
- Origination and reversal of temporary differences	(256)	(58)	(314)	36	19	55	667	888	1,555
- Underprovision in prior years	-	-	-	-	-	-	5,381	(5,381)	-
	(256)	(58)	(314)	36	19	55	6,048	(4,493)	1,555
	2,427	(58)	2,369	3,970	19	3,989	3,723	2,065	5,788

(f) Capital adequacy

	Year-To-Date Ended 31 December 2011		
	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
Tier 1 capital	310,272	13,449	323,721
<u>Tier 2 capital</u>			
Collective impairment allowance under Standardised Approach*	10,236	(3,549)	6,687
Subordinated bond	155,136	6,725	161,861
Excess of Expected Loss over Eligible Provisions under IRB Approach	(3,764)	(13,183)	(16,947)
Eligible Tier-2 capital	161,608	(10,007)	151,601
Capital base	471,880	3,442	475,322
* Excluding collective impairment allowance on impaired financing and advances			
<u>Capital Ratios before the effects of PSIA</u>			
Core-capital ratio	8.39%	0.37%	8.76%
Risk-weighted capital ratio	12.76%	0.10%	12.86%
<u>Capital Ratios after the effects of PSIA</u>			
Core-capital ratio	8.88%	0.39%	9.27%
Risk-weighted capital ratio	13.51%	0.10%	13.61%