

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

**Domiciled in Malaysia
Registered Office:
19th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013**

ASSETS	Note	31 March 2013 RM'000	31 December 2012 RM'000
Cash and cash equivalents		951,815	23,687
Deposits and placements with banks and other financial institutions		30,891	-
Financial investments available-for-sale	12	2,419,536	2,315,277
Financing and advances	13	4,647,358	4,295,722
Derivative financial assets	15	2,714	5,592
Other assets	16	49,982	94,596
Current tax assets		-	443
Statutory deposits with Bank Negara Malaysia		220,600	214,500
Property, plant and equipment		8,414	8,025
Deferred tax assets		1,469	1,435
Total assets		<u>8,332,779</u>	<u>6,959,277</u>
LIABILITIES			
Deposits from customers	17	5,829,963	4,479,842
Deposits and placements of banks and other financial institutions	18	1,697,353	1,693,882
Bills and acceptances payable		27,664	14,795
Subordinated bond	19	200,000	200,000
Derivative financial liabilities	15	2,661	5,543
Other liabilities	20	75,016	93,439
Current tax liabilities and zakat		2,236	25
Total liabilities		<u>7,834,893</u>	<u>6,487,526</u>
EQUITY			
Share capital		115,000	115,000
Reserves		382,886	356,751
Total equity		<u>497,886</u>	<u>471,751</u>
Total liabilities and equity		<u>8,332,779</u>	<u>6,959,277</u>
Commitments and contingencies	28	<u>3,033,515</u>	<u>2,971,121</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 2012 and the accompanying explanatory notes on pages 5 to 19 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

		31 March 2013 RM'000	31 March 2012 RM'000
	Note		
Income derived from investment of depositors' funds and others	21	101,032	79,594
Income derived from investment of shareholder's funds	22	15,666	11,129
Impairment allowance on financing and advances	23	<u>(7,785)</u>	<u>(4,850)</u>
Total distributable income		108,913	85,873
Income attributable to depositors	24	<u>(41,859)</u>	<u>(39,604)</u>
Total net income		67,054	46,269
Personnel and other operating expenses	25	<u>(30,634)</u>	<u>(30,457)</u>
Profit before income tax expense and zakat		36,420	15,812
Income tax expense	26	(7,717)	(3,833)
Zakat		(8)	(6)
Profit for the period		<u>28,695</u>	<u>11,973</u>
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Fair value (available-for-sale) reserve:			
- Change in fair value		1,305	1,479
- Amount transferred to profit or loss		(4,718)	(654)
Income tax relating to components of other comprehensive income		853	(206)
Other comprehensive (expense)/income for the period, net of tax		<u>(2,560)</u>	<u>619</u>
Total comprehensive income for the period		<u>26,135</u>	<u>12,592</u>
Profit attributable to shareholder of the Bank		<u>28,695</u>	<u>11,973</u>
Total comprehensive income attributable to shareholder of the Bank		<u>26,135</u>	<u>12,592</u>
Basic earnings per ordinary share (sen)		<u>24.95</u>	<u>14.09</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 2012 and the accompanying explanatory notes on pages 5 to 19 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 31 MARCH 2013

	<i>Non-distributable</i>			<i>Distributable</i>		Total Equity
	Share Capital	Share Premium	Statutory Reserve	Fair Value Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013						
Balance at 1 January 2013	115,000	230,000	53,643	8,667	64,441	471,751
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	1,305	-	1,305
- Amount transferred to profit or loss	-	-	-	(4,718)	-	(4,718)
Income tax relating to components of other comprehensive income	-	-	-	853	-	853
Other comprehensive income for the period	-	-	-	(2,560)	-	(2,560)
Profit for the period	-	-	-	-	28,695	28,695
Total comprehensive income for the period	-	-	-	(2,560)	28,695	26,135
Balance at 31 March 2013	115,000	230,000	53,643	6,107	93,136	497,886
2012						
Balance at 1 January 2012	85,000	170,000	30,596	4,302	41,394	331,292
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	1,479	-	1,479
- Amount transferred to profit or loss	-	-	-	(654)	-	(654)
Income tax relating to components of other comprehensive income	-	-	-	(206)	-	(206)
Other comprehensive income for the period	-	-	-	619	-	619
Profit for the period	-	-	-	-	11,973	11,973
Total comprehensive income for the period	-	-	-	619	11,973	12,592
Balance at 31 March 2012	85,000	170,000	30,596	4,921	53,367	343,884

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 2012 and the accompanying explanatory notes on pages 5 to 19 of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense and zakat	36,420	15,812
<i>Adjustments for:</i>		
Net (gains)/losses from disposal of:		
- Financial investments available-for-sale	(4,718)	(654)
- Property, plant and equipment	76	6
Depreciation of property, plant and equipment	882	558
Impairment allowance on financing and advances	7,785	4,850
Unrealised (gains)/losses on revaluation of derivatives	(4)	861
Operating profit before changes in working capital	<u>40,441</u>	<u>21,433</u>
<i>(Increase)/Decrease in Operating Assets:</i>		
Deposits and placements with banks and other financial institutions	(30,891)	(200,000)
Financing and advances	(359,421)	(156,611)
Derivative financial assets	2,878	344
Other assets	44,618	1,942
Statutory deposits with Bank Negara Malaysia	(6,100)	(10,000)
<i>Increase/(Decrease) in Operating Liabilities:</i>		
Deposits from customers	1,350,121	1,064,383
Deposits and placements of banks and other financial institutions	3,471	199,707
Bills and acceptances payable	12,869	(8,014)
Derivative financial liabilities	(2,882)	(329)
Other liabilities	(18,423)	8,666
CASH GENERATED FROM OPERATIONS	<u>1,036,681</u>	<u>921,521</u>
Income tax and zakat paid	<u>(4,250)</u>	<u>(482)</u>
NET CASH GENERATED FROM OPERATIONS	<u>1,032,431</u>	<u>921,039</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial investments available-for-sale	704,555	1,178,730
Acquisition of financial investments available-for-sale	(807,511)	(1,535,595)
Proceeds from disposal of property, plant and equipment	1,029	2
Acquisition of property, plant and equipment	<u>(2,376)</u>	<u>(460)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(104,303)</u>	<u>(357,323)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	928,128	563,716
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>23,687</u>	<u>412,739</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>951,815</u>	<u>976,455</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 2012 and the accompanying explanatory notes on pages 5 to 19 of these unaudited condensed interim financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013**

1. GENERAL INFORMATION

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983 and principally engaged in Islamic Banking and related financial services. There were no significant changes to these activities during the financial period.

2. REVIEW OF PERFORMANCE

The Bank recorded profit after tax of RM28.7 million for the financial period ended 31 March 2013, an increase of RM16.7 million or 140% against the corresponding period last year. The increase was mainly due to higher net income of RM20.8 million or 45% offset by higher tax of RM3.9 million and personnel and operating expenses of RM0.2 million.

Net income was higher mainly due to better net finance income of RM17.5 million, other operating income of RM6.2 million offset by higher impairment allowance of RM2.9 million.

Gross financing and advances increased by RM353 million to RM4.7 billion as at 31 March 2013 while deposits from customers increased by RM1,350 million to RM5.8 billion.

The Bank is well capitalised with common equity Tier 1 and Tier 1 ratios of 10.14% and risk-weighted capital ratio of 14.37%.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy grew by 5.6% in 2012, performing better than expected amid a challenging global environment. The positive development stemmed from higher domestic demand and investment spending. The economic outlook for 2013 is expected to remain steady, anchored by the resilience in domestic demand and capital expenditure mainly from the commencement and progress of infrastructure projects, especially those under the Economic Transformation Programme.

In line with the country's outlook, the Bank will continue to grow consumer financial services, and corporate and SME lending activities. Alongside this, the Bank is looking to strengthen its residential lending portfolio as well as its wealth management services. While delivering more innovative treasury investment products, the Bank will expand its Islamic banking branch network to further widen its reach to customers.

The Bank will continue to preserve the quality of its assets by enhancing its risk management capabilities as well as remaining well-capitalised to cater for growth in financing.

4. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 31 March 2013 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

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 2012. 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 2012.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (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:

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 (IAS 19 as amended by IASB in June 2011)
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)
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in December 2003)
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	
Amendments to MFRS 7, Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS contained in the documents entitled "Annual Improvements 2009 - 2011 Cycle"	
Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	

IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine is not applicable to the Bank as it is not relevant to the business of the Bank. The adoption of the MFRS, IC Interpretation and Amendments to MFRS above did not have any impact on the unaudited financial statements 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 MFRS and Amendments to MFRS that have been issued by MASB as they are not yet effective:

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	
Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities	
Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities	
Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities	

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)
Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures	

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)**

4. BASIS OF PREPARATION (continued)

The initial application of the above MFRS and Amendments to MFRS is not expected to have any material impact to the financial statements upon their first time adoption except for those discussed below.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Bank's investments in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS 9.

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 2012.

5. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

6. SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank are not materially affected by any seasonal or cyclical factors.

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 31 March 2013.

8. CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial period ended 31 March 2013.

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 31 March 2013.

10. DIVIDEND

No dividend was paid in respect of the financial period ended 31 March 2013.

11. SUBSEQUENT EVENTS

There were no other material events subsequent to the date of the statement of financial position that require disclosure or adjustments to the unaudited condensed interim financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	31 March 2013 RM'000	31 December 2012 RM'000
<u>At fair value</u>		
Malaysian Government Investment Issues	1,447,528	1,559,531
Malaysian Government Debt Securities	48,714	112,078
Foreign Government Debt Securities	49,340	49,643
Bank Negara Malaysia Monetary Notes	-	49,824
Islamic Private Debt Securities	345,785	375,311
Islamic Negotiable Instruments of Deposit	473,179	163,893
Sanadat Mudharabah Cagamas	54,990	4,997
	<u>2,419,536</u>	<u>2,315,277</u>

13. FINANCING AND ADVANCES

	31 March 2013 RM'000	31 December 2012 RM'000
<u>At amortised cost</u>		
(i) By type		
Cash financing	915,637	925,933
Term financing:		
- House financing	307,407	220,494
- Syndicated term financing	40,019	40,006
- Hire purchase receivables	652,729	653,077
- Other term financing	2,114,814	1,818,627
Bills receivable	47,673	51,823
Revolving credit	974,657	915,648
Claims on customers under acceptance credits	208,149	226,072
Other financing	24,774	8,011
Less : Unearned income	(563,278)	(490,445)
Gross financing and advances	<u>4,722,581</u>	<u>4,369,246</u>
Allowance for financing and advances		
- Individual impairment	(34,032)	(32,333)
- Collective impairment	(41,191)	(41,191)
Net financing and advances	<u>4,647,358</u>	<u>4,295,722</u>
(ii) By concept		
Ijarah Thumma Al Bai	567,864	581,420
Bai' Bithaman Ajil	766,121	1,082,145
Bai' Inah	670,476	679,481
Murabahah	1,053,861	621,637
Ijarah Muntahiah Bi Al-Tamlik	1,190,005	976,952
Musharakah	277,761	259,301
Other principles	196,493	168,310
	<u>4,722,581</u>	<u>4,369,246</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)**13. FINANCING AND ADVANCES (continued)**

	31 March 2013 RM'000	31 December 2012 RM'000
(iii) By type of customer		
Domestic business enterprises		
- Small and medium enterprises	1,356,793	1,102,112
- Others	2,298,200	2,296,061
Individuals	1,025,940	935,176
Foreign entities	41,648	35,897
	<u>4,722,581</u>	<u>4,369,246</u>
(iv) By profit rate sensitivity		
Fixed rate		
- House financing	28,659	29,695
- Hire purchase receivables	567,864	581,420
- Other fixed rate financing	1,653,253	1,576,156
Variable rate		
- BFR plus	436,702	313,986
- Cost plus	2,036,103	1,867,989
	<u>4,722,581</u>	<u>4,369,246</u>
(v) By sector		
Agriculture	176,130	291,934
Mining and quarrying	197,669	205,707
Manufacturing	1,118,111	983,050
Electricity, gas and water	71,848	71,723
Construction	134,365	128,037
Real Estate	909,878	890,045
Wholesale & retail trade and restaurants & hotels	552,487	421,720
Transport, storage and communication	171,270	148,964
Finance, insurance and business services	143,840	117,086
Community, social and personal services	143,637	110,647
Household, of which:		
- Purchase of residential properties	305,218	217,189
- Purchase of non-residential properties	16,875	12,577
- Others	715,282	711,234
Others	65,971	59,333
	<u>4,722,581</u>	<u>4,369,246</u>
(vi) By geographical distribution		
Malaysia	4,333,364	4,337,570
Singapore	2,308	1,451
Other ASEAN	30,382	30,073
Rest of the world	356,527	152
	<u>4,722,581</u>	<u>4,369,246</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****13. FINANCING AND ADVANCES (continued)**

	31 March 2013 RM'000	31 December 2012 RM'000
(vii) By residual contractual maturity		
Maturity within one year	1,383,574	1,338,966
One to five years	1,762,278	1,572,074
Over five years	1,576,729	1,458,206
	<u>4,722,581</u>	<u>4,369,246</u>

14. IMPAIRED FINANCING AND ADVANCES

(a) Movements in impaired financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Balance at 1 January	54,938	47,484
Impaired during the period/year	17,537	76,755
Reclassified as performing	(4,235)	(13,021)
Amount recovered	(4,628)	(19,807)
Amount written off	(8,232)	(36,473)
Balance at 31 March / 31 December	<u>55,380</u>	<u>54,938</u>
Individual impairment allowance	(34,032)	(32,333)
Collective impairment allowance	(188)	(215)
Net impaired financing and advances	<u>21,160</u>	<u>22,390</u>

(i) By sector

Agriculture	590	597
Manufacturing	15,342	16,470
Construction	3,128	3,158
Real estate	-	-
Wholesale & retail trade and restaurants & hotels	10,038	9,520
Transport, storage and communication	1,394	1,265
Finance, insurance and business services	2,239	2,457
Community, social and personal services	724	672
Household, of which:		
- Purchase of residential properties	1,899	2,507
- Others	19,783	18,050
Others	243	242
	<u>55,380</u>	<u>54,938</u>

(ii) By geographical distribution

Malaysia	<u>55,380</u>	<u>54,938</u>
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****14. IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in allowance on financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
<u>Individual impairment allowance</u>		
Balance at 1 January	32,333	28,811
Made during the period/year	16,206	59,244
Amount written back	(6,227)	(20,294)
Amount written off	(8,233)	(35,428)
Financing income earned on impaired financing	(47)	-
Balance at 31 March / 31 December	<u>34,032</u>	<u>32,333</u>
	31 March 2013 RM'000	31 December 2012 RM'000
<u>Collective impairment allowance</u>		
Balance at 1 January	41,191	31,564
Made during the period/year	-	9,627
Balance at 31 March / 31 December	<u>41,191</u>	<u>41,191</u>
As % of gross financing and advances less individual impairment allowance	<u>0.88%</u>	<u>0.95%</u>

15. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	<u>31 March 2013</u>			<u>31 December 2012</u>		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading</u>						
Foreign exchange derivatives						
- Forward	42,807	261	208	611,834	3,741	3,693
- Swaps	1,948,321	2,453	2,453	1,354,131	1,851	1,850
	<u>1,991,128</u>	<u>2,714</u>	<u>2,661</u>	<u>1,965,965</u>	<u>5,592</u>	<u>5,543</u>

16. OTHER ASSETS

	31 March 2013 RM'000	31 December 2012 RM'000
Profit receivable	14,393	20,056
Other receivables, deposits and prepayments	1,907	1,968
Shared service fees receivable from holding company	98	139
Amount due from holding company	33,584	72,433
	<u>49,982</u>	<u>94,596</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****17. DEPOSITS FROM CUSTOMERS**

	31 March 2013 RM'000	31 December 2012 RM'000
(i) By type of deposit		
<u>Non-Mudharabah Fund</u>		
Demand deposits	1,823,058	1,753,980
Savings deposits	328,646	325,877
General investment deposits	504,654	7,123
Negotiable instruments of deposit	71,119	71,001
Structured investments	41,126	41,126
Wakala short term deposits	875,979	153,646
	<u>3,644,582</u>	<u>2,352,753</u>
<u>Mudharabah Fund</u>		
General investment deposits	2,185,381	2,127,089
	<u>5,829,963</u>	<u>4,479,842</u>
(ii) By type of customer		
Government and statutory bodies	14,243	14,332
Business enterprises	2,910,714	2,556,394
Individuals	1,198,968	1,290,437
Foreign entities	33,864	20,852
Others	1,672,174	597,827
	<u>5,829,963</u>	<u>4,479,842</u>
(iii) By maturity structure		
Maturity within six months	5,052,245	3,968,677
Six months to one year	718,861	411,246
One year to three years	803	42,469
Three years to five years	69	76
Over 5 years	57,985	57,374
	<u>5,829,963</u>	<u>4,479,842</u>

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2013 RM'000	31 December 2012 RM'000
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,301,493	1,122,783
<u>Mudharabah Fund</u>		
Licensed banks	395,860	571,099
	<u>1,697,353</u>	<u>1,693,882</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****19. 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, subject to prior approval from Bank Negara Malaysia and Monetary Authority of Singapore (MAS), is 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 qualifies as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank up to a maximum of 50% of total Tier 1 capital.

20. OTHER LIABILITIES

	31 March 2013 RM'000	31 December 2012 RM'000
Profit payable	27,784	42,120
Other accruals and charges	42,077	45,178
Shared service fees payable to holding company	5,155	6,141
	<u>75,016</u>	<u>93,439</u>

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

	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of:		
(i) General investment deposits	36,106	42,005
(ii) Other funds	64,926	37,589
	<u>101,032</u>	<u>79,594</u>
(i) Income derived from investment of general investment deposits		
<u>Finance income and hibah</u>		
Financing and advances	27,117	30,080
Financial investments available-for-sale	6,452	8,829
Deposits and placements with banks and other financial institutions	939	2,744
	<u>34,508</u>	<u>41,653</u>
<u>Other operating income</u>		
Net gain from sale of financial investments available-for-sale	1,581	327
Others	17	25
	<u>36,106</u>	<u>42,005</u>
Of which:		
Financing income earned on impaired financing	16	-

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)****21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)**

	31 March 2013 RM'000	31 March 2012 RM'000
(ii) Income derived from investment of other funds		
<u>Finance income and hibah</u>		
Financing and advances	48,763	26,917
Financial investments available-for-sale	11,601	7,901
Deposits and placements with banks and other financial institutions	1,688	2,456
	<u>62,052</u>	<u>37,274</u>
<u>Other operating income</u>		
Net gain from sale of financial investments available-for-sale	2,844	293
Others	30	22
	<u>64,926</u>	<u>37,589</u>
Of which:		
Financing income earned on impaired financing	<u>28</u>	<u>-</u>

22. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	31 March 2013 RM'000	31 March 2012 RM'000
<u>Finance income and hibah</u>		
Financing and advances	5,019	3,102
Financial investments available-for-sale	1,194	911
Deposits and placements with banks and other financial institutions	174	283
	<u>6,387</u>	<u>4,296</u>
<u>Other operating income</u>		
Net gain from sale of financial investments available-for-sale	293	34
Others	3	3
<u>Other trading income</u>		
Net gain/(loss) on instruments held-for-trading		
- Foreign currency	(62)	1,657
- Trading derivatives	1,735	1,121
- Revaluation of derivatives	4	(861)
<u>Fee and commission income</u>		
Commission	3,973	3,057
Service charges and fees	3,333	1,822
	<u>15,666</u>	<u>11,129</u>
Of which:		
Financing income earned on impaired financing	<u>3</u>	<u>-</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)**23. IMPAIRMENT ALLOWANCE ON FINANCING AND ADVANCES**

	31 March 2013 RM'000	31 March 2012 RM'000
Individual impairment allowance		
- Made during the period	16,206	9,857
- Written back	(6,227)	(4,559)
Collective impairment allowance		
- Made during the period	-	1,503
Impaired financing recovered	(2,194)	(1,951)
	<u>7,785</u>	<u>4,850</u>

24. INCOME ATTRIBUTABLE TO DEPOSITORS

	31 March 2013 RM'000	31 March 2012 RM'000
Deposits from customers		
- Mudharabah Fund	16,308	25,747
- Non-Mudharabah Fund	12,985	7,618
Deposits and placements of banks and other financial institutions		
- Mudharabah Fund	3,612	2,962
- Non-Mudharabah Fund	6,266	559
Subordinated bond	2,688	2,718
	<u>41,859</u>	<u>39,604</u>

25. PERSONNEL AND OTHER OPERATING EXPENSES

	31 March 2013 RM'000	31 March 2012 RM'000
Personnel expenses	6,915	10,666
Establishment expenses	2,542	1,599
Marketing expenses	(72)	381
Administrative and general expenses	21,249	17,811
	<u>30,634</u>	<u>30,457</u>

	31 March 2013 RM'000	31 March 2012 RM'000
(i) <u>Personnel expenses</u>		
Wages, salaries and bonus	5,831	7,913
Employees Provident Fund contributions	934	1,857
Equity compensation benefits	55	43
Other personnel costs	95	853
	<u>6,915</u>	<u>10,666</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**- 31 MARCH 2013 (continued)****25. PERSONNEL AND OTHER OPERATING EXPENSES (continued)**

	31 March 2013 RM'000	31 March 2012 RM'000
(ii) <u>Establishment expenses</u>		
Rental of premises	694	389
Depreciation of property, plant and equipment	882	558
Repair and maintenance	79	103
Information technology costs	427	283
Others	460	266
	<u>2,542</u>	<u>1,599</u>
(iii) <u>Marketing expenses</u>		
Transport and travelling	130	102
Advertising and business promotion	(218)	266
Others	16	13
	<u>(72)</u>	<u>381</u>
(iv) <u>Administrative and general expenses</u>		
Printing and stationery	163	131
Postage and courier	47	68
Telephone, telex and fax	136	174
Legal and consultancy fees	72	148
Shared service fees to holding company	16,072	13,359
Transaction processing fees	4,126	3,659
Auditors' remuneration		
- Statutory audit	20	18
- Other services	8	9
Other administrative and general expenses	605	245
	<u>21,249</u>	<u>17,811</u>

26. INCOME TAX EXPENSE

	31 March 2013 RM'000	31 March 2012 RM'000
Malaysian income tax:		
- Current period	6,897	3,605
Deferred tax:		
- Origination and reversal of temporary differences	820	228
	<u>7,717</u>	<u>3,833</u>

27. CAPITAL COMMITMENTS

	31 March 2013 RM'000	31 December 2012 RM'000
Capital expenditure in respect of property, plant and equipment		
- Authorised and contracted for	1,331	2,875
- Authorised but not contracted for	10,029	10,834
	<u>11,360</u>	<u>13,709</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**28. 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.

The credit equivalent and risk weighted amounts are 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 Based Approach.

	31 March 2013				31 December 2012			
	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	24,384		24,384	41,817	12,424		12,424	22,502
Transaction-related contingent items	122,672		61,336	68,457	77,841		38,921	39,932
Short-term self-liquidating trade-related contingencies	41,750		8,350	5,572	43,590		8,718	5,957
Foreign exchange related contracts								
- Less than one year	1,993,250	2,710	32,256	6,616	1,966,377	5,515	13,998	3,239
Formal standby facilities and credit lines								
- Maturity not exceeding one year	813		813	133	3,550		3,292	1,600
- Maturity exceeding one year	214,922		170,963	50,420	155,688		120,684	37,355
Other unconditionally cancellable commitments	635,724		4,998	2,957	711,651		3,732	1,713
	3,033,515	2,710	303,100	175,972	2,971,121	5,515	201,769	112,298

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)**29. CAPITAL ADEQUACY**

With effect from 1 January 2013, the capital ratios have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components). Recognition of the Bank's Tier 2 capital instruments is subject to gradual phase-out treatment as required by Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

Comparative figures have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB-Basel II) and have not been restated.

	Basel III
	31 March
	2013
	RM'000
<u>Common Equity Tier 1 (CET1) capital</u>	
Paid-up share capital	115,000
Share premium	230,000
Retained earnings	64,441
Other reserves	53,643
Unrealised gain on financial investments available-for-sale	6,106
Total CET1 capital	<u>469,190</u>
Less: Regulatory adjustment for CET1	<u>(22,516)</u>
Eligible CET1 / Tier 1 capital	<u>446,674</u>
<u>Tier 2 capital</u>	
Collective impairment allowance under Standardised Approach	6,261
Subordinated bond	180,000
Eligible Tier 2 capital	<u>186,261</u>
Capital base	<u>632,935</u>
<u>Capital ratios before the effects of PSIA</u>	
CET1 capital ratio	9.67%
Tier 1 capital ratio	9.67%
Risk-weighted capital ratio	<u>13.71%</u>
<u>Capital ratios after the effects of PSIA</u>	
CET1 capital ratio	10.14%
Tier 1 capital ratio	10.14%
Risk-weighted capital ratio	<u>14.37%</u>

In accordance with BNM Guidelines on the Recognition and Measurement of Profit Sharing Investment Account (PSIA) as Risk Absorbent, the credit and market risks of the assets funded by the Restricted Profit Sharing Investment Accounts (RPSIA) which qualify as risk absorbent are excluded from the risk weighted capital ratio (RWCR) calculation.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2013 (continued)**29. CAPITAL ADEQUACY (continued)**

	Basel II
	31 December
	2012
	RM'000
<u>Tier 1 capital</u>	
Paid-up share capital	115,000
Share premium	230,000
Retained earnings	64,441
Other reserves	53,643
	<u>463,084</u>
Less: Deferred tax assets	<u>(4,324)</u>
Eligible Tier 1 capital	<u>458,760</u>
 <u>Tier 2 capital</u>	
Collective impairment allowance under Standardised Approach	7,302
Subordinated bond	200,000
Excess of Expected Loss over Eligible Provisions under the Internal Ratings	
Based approach	<u>(14,884)</u>
Eligible Tier 2 capital	<u>192,418</u>
 Capital base	 <u>651,178</u>
 <u>Capital ratios before the effects of PSIA</u>	
Tier 1 capital ratio	10.32%
Risk-weighted capital ratio	<u>14.65%</u>
 <u>Capital ratios after the effects of PSIA</u>	
Tier 1 capital ratio	10.74%
Risk-weighted capital ratio	<u>15.24%</u>

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

	31 March	31 December
	2013	2012
	RM'000	RM'000
Credit risk RWA	4,046,049	3,946,171
Market risk RWA	12,930	8,764
Operational risk RWA	345,011	318,011
	<u>4,403,990</u>	<u>4,272,946</u>