

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

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

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

		30 September 2012	31 December 2011	1 January 2011
ASSETS	Note	RM'000	RM'000	RM'000
Cash and cash equivalents		198,970	412,739	604,280
Deposits and placements with banks and other financial institutions		-	-	4,624
Financial investments available-for-sale	12	2,475,531	1,892,691	1,111,552
Financing and advances	13	4,005,511	3,189,313	2,499,904
Derivative financial assets	15	5,649	13,450	7,640
Other assets	16	18,594	46,619	45,833
Current tax assets		-	558	1,360
Statutory deposits with Bank Negara Malaysia		200,500	159,400	26,750
Property, plant and equipment		6,667	6,092	7,822
Deferred tax assets		1,072	1,835	4,790
Total assets		6,912,494	5,722,697	4,314,555
LIABILITIES				
Deposits from customers	17	5,027,516	4,447,096	2,920,890
Deposits and placements of banks and other financial institutions	18	1,092,934	606,651	799,846
Bills and acceptances payable		21,330	36,550	11,107
Subordinated bond	19	200,000	200,000	200,000
Derivative financial liabilities	15	5,635	13,430	7,628
Other liabilities	20	103,840	87,658	69,505
Current tax liabilities and zakat		5,850	20	-
Total liabilities		6,457,105	5,391,405	4,008,976
EQUITY				
Share capital		115,000	85,000	85,000
Reserves		340,389	246,292	220,579
Total equity		455,389	331,292	305,579
Total liabilities and equity		6,912,494	5,722,697	4,314,555
Commitments and contingencies	28	2,753,936	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 27 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 30 SEPTEMBER 2012**

	Note	Quarter Ended		Year-To-Date Ended	
		30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Income derived from investment of depositors' funds and others	21	83,467	61,234	249,778	166,255
Income derived from investment of shareholder's funds	22	15,691	9,921	38,453	29,078
Impairment allowance on financing and advances	23	(9,976)	(5,878)	(30,486)	(15,061)
Total distributable income		89,182	65,277	257,745	180,272
Income attributable to depositors	24	(40,827)	(26,870)	(126,141)	(75,241)
Total net income		48,355	38,407	131,604	105,031
Personnel and other operating expenses	25	(33,084)	(30,628)	(92,896)	(82,041)
Profit before income tax expense and zakat		15,271	7,779	38,708	22,990
Income tax expense	26	(2,797)	(2,030)	(8,435)	(6,019)
Zakat		(7)	(5)	(19)	(15)
Profit for the period		12,467	5,744	30,254	16,956
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		(289)	2,224	5,797	5,019
- Amount transferred to profit or loss		(19)	(1,587)	(673)	(3,100)
Income tax relating to components of other comprehensive income		77	(159)	(1,281)	(480)
Other comprehensive (expense)/income for the period, net of tax		(231)	478	3,843	1,439
Total comprehensive income for the period		12,236	6,222	34,097	18,395
Profit attributable to shareholder of the Bank		12,467	5,744	30,254	16,956
Total comprehensive income attributable to shareholder of the Bank		12,236	6,222	34,097	18,395
Basic earnings per ordinary share (sen)		11.72	6.76	32.65	19.95

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 27 of these unaudited condensed interim financial statements.

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

	Note	Non-distributable			Distributable	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	30 (i)	-	-	-	-	12,561	12,561
As restated		85,000	170,000	30,596	4,302	41,394	331,292
Profit for the period		-	-	-	-	30,254	30,254
Other comprehensive income for the period		-	-	-	3,843	-	3,843
Fair value (available-for-sale) reserve							
- Change in fair value		-	-	-	5,797	-	5,797
- Amount transferred to profit or loss		-	-	-	(673)	-	(673)
Income tax relating to components of other comprehensive income		-	-	-	(1,281)	-	(1,281)
Total comprehensive income for the period		-	-	-	3,843	30,254	34,097
Issue of ordinary shares		30,000	60,000	-	-	-	90,000
Balance at 30 September 2012		115,000	230,000	30,596	8,145	71,648	455,389
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	30 (i)	-	-	-	-	11,075	11,075
As restated		85,000	170,000	20,582	103	29,894	305,579
Profit for the period		-	-	-	-	16,956	16,956
Other comprehensive income for the period		-	-	-	1,439	-	1,439
Fair value (available-for-sale) reserve							
- Change in fair value		-	-	-	5,019	-	5,019
- Amount transferred to profit or loss		-	-	-	(3,100)	-	(3,100)
Income tax relating to components of other comprehensive income		-	-	-	(480)	-	(480)
Total comprehensive income for the period		-	-	-	1,439	16,956	18,395
Balance at 30 September 2011		85,000	170,000	20,582	1,542	46,850	323,974

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 27 of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from operating activities		
Profit before income tax expense and zakat	38,708	22,990
Adjustments for:		
Net (gains)/losses from disposal of:		
- Financial investments available-for-sale	(673)	(3,100)
- Property, plant and equipment	16	-
Depreciation of property, plant and equipment	1,411	1,932
Impairment allowance on financing and advances	30,486	15,061
Unrealised losses on revaluation of derivatives	868	148
Operating profit before changes in working capital	<u>70,816</u>	<u>37,031</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	(846,684)	(272,074)
Derivative financial assets	7,801	(3,881)
Statutory deposits with Bank Negara Malaysia	(13,944)	(132,196)
Deposits from customers	580,420	1,033,542
Deposits and placements of banks and other financial institutions	486,283	(302,888)
Bills and acceptances payable	(15,220)	18,669
Derivative financial liabilities	(7,795)	3,928
Other liabilities	16,182	10,197
Cash generated from operations	<u>277,859</u>	<u>396,952</u>
Income tax and zakat paid	<u>(2,583)</u>	<u>(3,430)</u>
Net cash generated from operating activities	<u>275,276</u>	<u>393,522</u>
Cash flows from investing activities		
Proceeds from financial investments available-for-sale (net)	(577,043)	(621,952)
Proceeds from disposal of property, plant and equipment	4	-
Acquisition of property, plant and equipment (net)	<u>(2,006)</u>	<u>(259)</u>
Net cash used in investing activities	<u>(579,045)</u>	<u>(622,211)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	<u>90,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(213,769)	(228,689)
Cash and cash equivalents at beginning of the period	<u>412,739</u>	<u>604,280</u>
Cash and cash equivalents at end of the period	<u>198,970</u>	<u>375,591</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 27 of these unaudited condensed interim financial statements.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 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 were no significant changes to these activities during the financial period.

2. REVIEW OF PERFORMANCE

The Bank recorded profit after tax of RM30.3 million for the financial period ended 30 September 2012, an increase of RM13.3 million or 78.4% against the corresponding period last year. The increase was mainly due to higher net income of RM26.6 million or 25.3% offset by higher personnel and operating expenses of RM10.9 million and tax of RM2.4 million.

Net income was higher mainly due to higher net finance income of RM39.5 million, other operating income of RM2.5 million offset by higher impairment allowance of RM15.4 million. The increase in personnel and operating expenses was mainly attributable to higher shared service fees and personnel expenses in support of business growth.

Gross financing and advances increased by RM0.8 billion to RM4.1 billion as at 30 September 2012 while deposits from customers increased by RM0.6 billion to RM5.0 billion.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economic outlook remains relatively sanguine, with the government projecting the country's GDP growth to sustain at 4.5 to 5.5 percent for 2012, mainly attributable to strong domestic demand. Private and public consumption are projected to expand by 4.2 percent in 2012. The recent 2013 Budget announcement is likely to boost market confidence, cutting the deficit to 4 percent of GDP in 2013 and further to 3 percent by 2015. Despite the planned deficit in Budget 2013, inflation is not expected to pose a significant challenge, hovering between 2 and 3% in 2013.

The government continued focus on improving competitiveness and labour productivity, growing the SMEs (under the SME Masterplan), and promoting Malaysia as an Oil and Gas Hub will create more opportunities for the Bank to grow SME businesses and corporate loans in selected industries. The Bank will continue to increase its wealth business and consumer lending with an aim to boost fee-based income as well as its stable retail portfolio. Amid the uncertain and rapid changing global outlook, the Bank will continue to preserve its asset quality and further strengthen its capital.

4. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 September 2012 have been prepared in accordance with the Malaysian Financial Reporting Standards, ("MFRS") 134, *Interim Financial Reporting in Malaysia* issued by the Malaysian Accounting Standards Board ("MASB") and 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 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.

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

4. BASIS OF PREPARATION (continued)

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Bank has adopted the "MFRS" framework issued by the MASB with effect from 1 January 2012. The 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 IASB. 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 30.

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 MFRS, Amendments to MFRS 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)	
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)

Amendments to MFRSs contained in the documents entitled "Annual Improvements 2009 - 2011 Cycle"

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

MFRS 127 Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)

Effective for annual periods commencing on or after 1 January 2014

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

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

4. BASIS OF PREPARATION (continued)

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 30.

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.

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 September 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 September 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 September 2012.

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)**9. DEBT AND EQUITY SECURITIES**

The Bank issued 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 issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period ended 30 September 2012.

10. DIVIDEND

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

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.

12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2012 RM'000	31 December 2011 RM'000
<u>At fair value</u>		
Malaysian Government Investment Issues	1,330,020	1,016,684
Bank Negara Malaysia Monetary Notes	99,285	99,876
Islamic Private Debt Securities	538,023	433,092
Sanadat Mudharabah Cagamas	64,985	-
Islamic Negotiable Instruments of Deposit	443,218	343,039
	<u>2,475,531</u>	<u>1,892,691</u>

13. FINANCING AND ADVANCES

	30 September 2012 RM'000	31 December 2011 RM'000
<u>At amortised cost</u>		
(i) By type		
Cash financing	921,697	866,761
Term financing:		
- House financing	189,932	162,431
- Syndicated term financing	180,666	201,402
- Hire purchase receivables	636,427	624,848
- Other term financing	1,392,825	920,621
Bills receivable	16,322	30,503
Revolving credit	903,405	593,888
Claims on customer under acceptance credits	241,070	203,725
Other financing	13,684	29,610
Less : Unearned income	<u>(420,684)</u>	<u>(384,101)</u>
Gross financing and advances	4,075,344	3,249,688
Allowance for financing and advances		
- Individual impairment	(30,599)	(28,811)
- Collective impairment	<u>(39,234)</u>	<u>(31,564)</u>
Net financing and advances	<u>4,005,511</u>	<u>3,189,313</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****13. FINANCING AND ADVANCES (continued)**

	30 September 2012 RM'000	31 December 2011 RM'000
(ii) By concept		
Ijarah Thumma Al Bai	579,348	567,789
Bai' Bithaman Ajil	915,993	909,782
Bai' Inah	687,086	643,302
Murabahah	639,150	256,403
Ijarah Muntahiah Bi Al-Tamlik	884,763	572,301
Musharakah	235,404	173,314
Other principles	133,600	126,797
	<u>4,075,344</u>	<u>3,249,688</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(iii) By type of customer		
Domestic business enterprises		
- Small and medium enterprises	819,012	579,072
- Others	2,354,143	1,853,036
Individuals	897,143	800,760
Foreign entities	5,046	16,820
	<u>4,075,344</u>	<u>3,249,688</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(iv) By profit rate sensitivity		
Fixed rate		
- House financing	47,747	37,647
- Hire purchase receivables	579,349	567,789
- Other fixed rate financing	1,441,557	1,292,623
Variable rate		
- BFR plus	235,404	173,314
- Cost plus	1,771,287	1,178,315
	<u>4,075,344</u>	<u>3,249,688</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****13. FINANCING AND ADVANCES (continued)**

	30 September 2012 RM'000	31 December 2011 RM'000
(v) By sector		
Agriculture	414,183	364,130
Mining and quarrying	224,119	294,597
Manufacturing	897,112	845,094
Electricity, gas and water	86,026	100,317
Construction	118,417	99,276
Real Estate	768,096	251,133
Wholesale & retail trade and restaurants & hotels	319,086	205,292
Transport, storage and communication	157,176	181,447
Finance, insurance and business services	63,719	58,739
Community, social and personal services	81,882	46,341
Household, of which:		
- Purchase of residential properties	184,017	142,884
- Purchase of non-residential properties	9,318	5,326
- Others	708,854	655,079
Others	43,339	33
	<u>4,075,344</u>	<u>3,249,688</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(vi) By geographical distribution		
Malaysia	3,701,368	3,235,397
Other ASEAN	124	14,291
Rest of the world	373,852	-
	<u>4,075,344</u>	<u>3,249,688</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(vii) By residual contractual maturity		
Maturity within one year	2,052,778	1,612,560
One year to five years	1,211,486	1,091,422
More than five years	811,080	545,706
	<u>4,075,344</u>	<u>3,249,688</u>

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

(a) Movements in impaired financing and advances

	30 September 2012 RM'000	31 December 2011 RM'000
Balance at 1 January	47,484	45,444
Classified as impaired	54,450	49,985
Reclassified as performing	(9,304)	(8,353)
Amount recovered	(15,524)	(13,582)
Amount written off	(28,268)	(26,010)
Balance at 30 September / 31 December	<u>48,838</u>	<u>47,484</u>
Individual impairment allowance	(30,599)	(28,811)
Collective impairment allowance	(177)	(183)
Net impaired financing and advances	<u>18,062</u>	<u>18,490</u>

	30 September 2012 RM'000	31 December 2011 RM'000
(i) By sector		
Agriculture	70	126
Manufacturing	14,024	21,386
Construction	4,187	4,468
Real estate	247	-
Wholesale & retail trade and restaurants & hotels	6,167	4,955
Transport, storage and communication	729	353
Finance, insurance and business services	2,583	1,641
Community, social and personal services	671	1,033
Household, of which:		
- Purchase of residential properties	3,373	2,087
- Others	16,787	11,435
	<u>48,838</u>	<u>47,484</u>

	30 September 2012 RM'000	31 December 2011 RM'000
(ii) By geographical distribution		
Malaysia	<u>48,838</u>	<u>47,484</u>

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

(b) Movements in allowance on financing and advances

	30 September 2012 RM'000	31 December 2011 RM'000
<u>Individual impairment allowance</u>		
Balance at 1 January	28,811	31,088
Made during the period	42,300	37,580
Amount written back	(13,280)	(13,801)
Amount written off	(27,232)	(26,010)
Profit income recognised on impaired financing	-	(46)
Balance at 30 September / 31 December	<u>30,599</u>	<u>28,811</u>
	30 September 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	7,670	6,823
Balance at 30 September / 31 December	<u>39,234</u>	<u>31,564</u>
As % of gross financing and advances less individual impairment allowance	<u>0.97%</u>	<u>0.98%</u>

15. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	<u>30 September 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	619,770	2,007	1,993	1,005,936	12,217	12,203
- Swaps	1,216,062	3,537	3,538	59	3	-
- Options	11,532	105	104	88,363	1,230	1,227
	<u>1,847,364</u>	<u>5,649</u>	<u>5,635</u>	<u>1,094,358</u>	<u>13,450</u>	<u>13,430</u>

16. OTHER ASSETS

	30 September 2012 RM'000	31 December 2011 RM'000
Profit receivable	15,043	13,315
Other debtors, deposits and prepayments	3,414	5,590
Shared service fees receivable from holding company	137	110
Amount due from holding company	-	27,604
	<u>18,594</u>	<u>46,619</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****17. DEPOSITS FROM CUSTOMERS**

	30 September 2012 RM'000	31 December 2011 RM'000
(i) By type of deposit		
Non-Mudharabah Fund:		
Demand deposits	1,696,564	1,352,875
Savings deposits	343,099	328,745
General investment deposits	7,066	7,224
Negotiable instruments of deposit	71,039	68,546
Structured investments	46,321	47,228
Wakala short term deposits	234,728	145,712
	<u>2,398,817</u>	<u>1,950,330</u>
Mudharabah Fund:		
General investment deposits	2,628,699	2,358,312
Islamic short term Mudharabah Investment	-	138,454
	<u>2,628,699</u>	<u>2,496,766</u>
 Total deposits from customers	 <u>5,027,516</u>	 <u>4,447,096</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(ii) By type of customer		
Government and statutory bodies	225,148	784,332
Business enterprises	2,852,245	2,709,068
Individuals	1,416,090	553,041
Foreign entities	17,938	11,585
Others	516,095	389,070
	<u>5,027,516</u>	<u>4,447,096</u>
	30 September 2012 RM'000	31 December 2011 RM'000
(iii) By maturity structure		
Maturity within six months	4,691,195	3,653,106
More than six months to one year	237,112	696,812
More than one year to three years	42,362	42,059
More than three years to five years	92	166
More than five years	56,755	54,953
	<u>5,027,516</u>	<u>4,447,096</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	30 September 2012 RM'000	31 December 2011 RM'000
Non-Mudharabah Fund:		
Licensed banks	545,653	330,536
Mudharabah Fund:		
Licensed banks	504,651	276,115
Other financial institutions	42,630	-
Total deposits and placements of banks and other financial institutions	<u>1,092,934</u>	<u>606,651</u>

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 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 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

	30 September 2012 RM'000	31 December 2011 RM'000
Profit payable	48,307	18,465
Other accruals and charges	45,128	64,272
Shared service fees payable to holding company	5,405	4,921
Other amounts due to holding company	5,000	-
	<u>103,840</u>	<u>87,658</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Income derived from investment of:				
(i) General investment deposits	35,945	24,976	115,359	57,444
(ii) Other funds	47,522	36,258	134,419	108,811
	<u>83,467</u>	<u>61,234</u>	<u>249,778</u>	<u>166,255</u>
(i) Income derived from investment of general investment deposits				
<u>Finance income and hibah</u>				
Financing and advances	26,615	18,006	82,535	41,187
Financial investments available-for-sale	8,764	4,445	26,160	10,427
Deposits and placements with banks and other financial institutions	568	1,918	6,318	4,647
	<u>35,947</u>	<u>24,369</u>	<u>115,013</u>	<u>56,261</u>
<u>Other operating income</u>				
Net gain from sale of financial assets available-for-sale	7	566	304	1,001
Others	(9)	41	42	182
	<u>35,945</u>	<u>24,976</u>	<u>115,359</u>	<u>57,444</u>
Of which:				
Financing income earned on impaired financing	-	2	-	15

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(ii) Income derived from investment of other funds				
<u>Finance income and hibah</u>				
Financing and advances	35,186	26,215	96,378	78,015
Financial investments available-for-sale	11,588	6,384	30,623	19,752
Deposits and placements with banks and other financial institutions	750	2,704	7,042	8,803
	<u>47,524</u>	<u>35,303</u>	<u>134,043</u>	<u>106,570</u>
<u>Other operating income</u>				
Net gain from sale of financial investments available-for-sale	10	925	333	1,896
Others	(12)	30	43	345
	<u>47,522</u>	<u>36,258</u>	<u>134,419</u>	<u>108,811</u>
Of which:				
Financing income earned on impaired financing	-	(2)	-	28

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****22. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
<u>Finance income and hibah</u>				
Financing and advances	4,598	2,659	11,215	8,353
Financial investments available-for-sale	1,515	645	3,573	2,115
Deposits and placements with banks and other financial institutions	98	273	778	943
	<u>6,211</u>	<u>3,577</u>	<u>15,566</u>	<u>11,411</u>
<u>Other operating income</u>				
Net gain from sale of financial investments available-for-sale	1	96	36	203
Others	(2)	2	4	37
<u>Other trading income</u>				
Net gain/(loss) on instruments held-for-trading				
- Foreign currency	(199)	1,785	1,884	3,606
- Trading derivatives	1,801	64	4,594	17
- Revaluation of derivatives	9	(178)	(868)	(148)
<u>Fee and commission income</u>				
Commission	3,018	2,839	9,301	7,955
Service charges and fees	4,852	1,736	7,936	5,997
	<u>15,691</u>	<u>9,921</u>	<u>38,453</u>	<u>29,078</u>
Of which:				
Financing income earned on impaired financing	-	-	-	3

23. IMPAIRMENT ALLOWANCE ON FINANCING AND ADVANCES

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Individual impairment allowance				
- Made during the period	12,390	8,547	42,300	28,439
- Written back	(3,247)	(3,284)	(13,280)	(11,031)
Collective impairment allowance				
- Made during the period	3,216	2,269	7,670	2,544
Impaired financing recovered	(2,383)	(1,654)	(6,204)	(4,891)
	<u>9,976</u>	<u>5,878</u>	<u>30,486</u>	<u>15,061</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****24. INCOME ATTRIBUTABLE TO DEPOSITORS**

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Deposits from customers				
- Mudharabah Fund	28,131	17,589	88,407	45,097
- Non Mudharabah Fund	8,016	5,595	23,725	18,004
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	2,571	840	10,521	4,002
- Non Mudharabah Fund	2,109	2,846	3,488	8,138
	<u>40,827</u>	<u>26,870</u>	<u>126,141</u>	<u>75,241</u>

25. PERSONNEL AND OTHER OPERATING EXPENSES

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Personnel expenses	8,215	10,414	27,542	25,875
Establishment expenses	2,241	1,872	5,423	4,706
Marketing expenses	1,258	688	2,171	1,375
Administrative and general expenses	21,370	17,654	57,760	50,085
	<u>33,084</u>	<u>30,628</u>	<u>92,896</u>	<u>82,041</u>

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(i) Personnel expenses	8,215	10,414	27,542	25,875
Wages, salaries and bonus	6,128	8,099	21,108	20,268
Defined contribution plan (EPF)	1,038	1,195	3,748	3,071
Equity compensation benefits	54	44	164	157
Other personnel costs	995	1,076	2,522	2,379
(ii) Establishment expenses	2,241	1,872	5,423	4,706
Rental of premises	470	467	1,303	1,236
Depreciation of property, plant and equipment	433	625	1,411	1,932
Repair and maintenance	97	76	277	197
Others	1,241	704	2,432	1,341
(iii) Marketing expenses	1,258	688	2,171	1,375
Transport and travelling	156	131	420	348
Advertising and business promotion	1,089	528	1,712	977
Others	13	29	39	50

OCBC AL-AMIN BANK BERHAD

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****25. PERSONNEL AND OTHER OPERATING EXPENSES (continued)**

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(iv) Administrative and general expenses	21,370	17,654	57,760	50,085
Printing and stationery	247	177	528	456
Postage and courier	165	126	390	316
Telephone, telex and fax	204	147	608	398
Legal and consultancy fees	121	133	357	351
Shared service fees to holding company	16,391	13,109	43,491	37,260
Transaction processing fees	3,891	3,806	11,364	10,390
Other administrative and general expenses	351	156	1,022	914
Total Expenses	33,084	30,628	92,896	82,041

26. INCOME TAX EXPENSE

	Quarter Ended		Year-To-Date Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Malaysian income tax:				
- Current period	4,060	3,228	10,425	7,162
- Overprovision in prior year	(1,472)	-	(1,472)	-
Deferred tax:				
- Origination and reversal of temporary differences	(1,481)	(1,198)	(2,208)	(1,143)
- Underprovision in prior year	1,690	-	1,690	-
	2,797	2,030	8,435	6,019

27. CAPITAL COMMITMENTS

	30 September 2012 RM'000	31 December 2011 RM'000
Capital expenditure in respect of property, plant and equipment		
- Authorised and contracted for	1,445	1,091
- Authorised but not contracted for	11,929	11,240
	13,374	12,331

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012 (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.

	30 September 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	2,424		2,424	1,587	-		-	-
Transaction-related contingent items	70,565		35,282	29,109	100,171		50,086	38,660
Short-term self-liquidating trade-related contingencies	31,664		6,333	4,271	29,245		5,849	3,263
Forward asset purchases	-		-	-	30,000		30,000	27,887
Foreign exchange related contracts:								
- Less than one year	1,841,703	6,168	33,381	6,127	1,050,322	17,255	29,334	9,951
- More than one year to five years	525	421	469	469	3,806	2,579	2,921	2,922
Formal standby facilities and credit lines:								
- Maturity not exceeding one year	2,013		1,763	1,008	1,894		1,894	984
- Maturity exceeding one year	106,261		81,941	27,335	27,099		27,099	7,360
Other unconditionally cancellable commitments	698,781		4,802	2,263	650,110		13,693	6,869
	2,753,936	6,589	166,395	72,169	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.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2012 (continued)****29. CAPITAL ADEQUACY**

	30 September 2012 RM'000	31 December 2011 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	115,000	85,000
Share premium	230,000	170,000
Retained profit	41,394	41,394
Other reserves	30,596	30,596
	<u>416,990</u>	<u>326,990</u>
Less: Deferred tax assets	(3,269)	(3,269)
Eligible Tier 1 capital	<u>413,721</u>	<u>323,721</u>
<u>Tier 2 capital</u>		
Collective impairment allowance under Standardised Approach*	7,126	6,687
Subordinated bond	200,000	161,861
Excess of Expected Loss over Eligible Provisions under IRB Approach	<u>(10,057)</u>	<u>(16,947)</u>
Eligible Tier 2 capital	<u>197,069</u>	<u>151,601</u>
Capital base	<u>610,790</u>	<u>475,322</u>

* Excluding collective impairment allowance on impaired financing and advances.

Capital Ratios before the effects of PSIA

Core-capital ratio	9.36%	8.76%
Risk-weighted capital ratio	13.82%	12.86%

Capital Ratios after the effects of PSIA

Core-capital ratio	9.75%	9.27%
Risk-weighted capital ratio	14.39%	13.61%

The capital adequacy ratios of the Bank are 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 ("IRB") 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 30 due to the effects of the change in accounting policy on collective impairment allowance for financing and advances.

	30 September 2012 RM'000	31 December 2011 RM'000
Breakdown of risk-weighted assets ("RWA") in the various categories of risk weights:		
Credit risk RWA	3,933,313	3,229,929
Market risk RWA	14,323	8,498
Operational risk RWA	296,734	254,471
Total RWA	<u>4,244,370</u>	<u>3,492,898</u>

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012 (continued)**30. 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 September 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	375,591	-	375,591	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	1,738,523	-	1,738,523	1,892,691	-	1,892,691
Financing and advances	30(iv)(a)	2,486,706	13,198	2,499,904	2,742,438	14,479	2,756,917	3,172,564	16,749	3,189,313
Derivative financial assets		7,640	-	7,640	11,521	-	11,521	13,450	-	13,450
Other assets		45,833	-	45,833	63,631	-	63,631	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	141,000	-	141,000	159,400	-	159,400
Property, plant and equipment		7,822	-	7,822	6,149	-	6,149	6,092	-	6,092
Deferred tax assets	30(iv)(b)	10,171	(5,381)	4,790	11,154	(5,701)	5,453	2,723	(888)	1,835
Total assets		4,305,378	9,177	4,314,555	5,090,007	8,778	5,098,785	5,710,136	12,561	5,722,697

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

30. TRANSITION TO MFRS (continued)

(i) Statement of Financial Position (continued)

	Note	1 January 2011			30 September 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	3,954,432	-	3,954,432	4,447,096	-	4,447,096
Deposits and placements of banks and other financial institutions		799,846	-	799,846	496,958	-	496,958	606,651	-	606,651
Bills and acceptances payable		11,107	-	11,107	29,776	-	29,776	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	11,556	-	11,556	13,430	-	13,430
Other liabilities		69,505	-	69,505	79,702	-	79,702	87,658	-	87,658
Tax payable and zakat		1,898	(1,898)	-	5,645	(3,258)	2,387	20	-	20
Total liabilities		4,010,874	(1,898)	4,008,976	4,778,069	(3,258)	4,774,811	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	1,542	-	1,542	4,302	-	4,302
Retained earnings	30(iv)(c)	18,819	11,075	29,894	34,814	12,036	46,850	28,833	12,561	41,394
Total equity		294,504	11,075	305,579	311,938	12,036	323,974	318,731	12,561	331,292
Total liabilities and equity		4,305,378	9,177	4,314,555	5,090,007	8,778	5,098,785	5,710,136	12,561	5,722,697

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

30. TRANSITION TO MFRS (continued)

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

	Note	Quarter Ended 30 September 2011			Year-To-Date Ended 30 September 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		61,234	-	61,234	166,255	-	166,255	231,686	-	231,686
Income derived from investment of shareholder's funds		9,921	-	9,921	29,078	-	29,078	38,664	-	38,664
Impairment allowance on financing and advances	30(iv)(d)	(7,082)	1,204	(5,878)	(16,342)	1,281	(15,061)	(27,661)	3,551	(24,110)
Total distributable income		64,073	1,204	65,277	178,991	1,281	180,272	242,689	3,551	246,240
Income attributable to depositors		(26,870)	-	(26,870)	(75,241)	-	(75,241)	(105,402)	-	(105,402)
Total net income		37,203	1,204	38,407	103,750	1,281	105,031	137,287	3,551	140,838
Personnel and other operating expenses		(30,628)	-	(30,628)	(82,041)	-	(82,041)	(113,516)	-	(113,516)
Profit before income tax expense and zakat		6,575	1,204	7,779	21,709	1,281	22,990	23,771	3,551	27,322
Income tax expense	30(iv)(e)	(1,729)	(301)	(2,030)	(5,699)	(320)	(6,019)	(3,723)	(2,065)	(5,788)
Zakat		(5)	-	(5)	(15)	-	(15)	(20)	-	(20)
Profit for the period		4,841	903	5,744	15,995	961	16,956	20,028	1,486	21,514
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		2,224	-	2,224	5,019	-	5,019	8,702	-	8,702
- Amount transferred to profit or loss		(1,587)	-	(1,587)	(3,100)	-	(3,100)	(3,103)	-	(3,103)
Income tax expense relating to components of other comprehensive income		(159)	-	(159)	(480)	-	(480)	(1,400)	-	(1,400)
Other comprehensive income for the period, net of tax		478	-	478	1,439	-	1,439	4,199	-	4,199
Total comprehensive income for the period		5,319	903	6,222	17,434	961	18,395	24,227	1,486	25,713

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

30. TRANSITION TO MFRS (continued)

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

	Quarter Ended 30 September 2011			Year-To-Date Ended 30 September 2011			Year-To-Date Ended 31 December 2011		
	Effect of transition to MFRS		MFRS	Effect of transition to MFRS		MFRS	Effect of transition to MFRS		MFRS
	FRS	RM'000		FRS	RM'000		FRS	RM'000	
Profit attributable to shareholder of the Bank	4,841	903	5,744	15,995	961	16,956	20,028	1,486	21,514
Total comprehensive income attributable to shareholder of the Bank	5,319	903	6,222	17,434	961	18,395	24,227	1,486	25,713
Basic earnings per ordinary share (sen)	5.70	-	6.76	18.82	-	19.95	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 September 2011			31 December 2011		
	Effect of transition to MFRS		MFRS	Effect of transition to MFRS		MFRS	Effect of transition to MFRS		MFRS
	FRS	RM'000		FRS	RM'000		FRS	RM'000	
Gross financing and advances	2,555,733	-	2,555,733	2,817,691	-	2,817,691	3,249,688	-	3,249,688
Impairment allowance:									
- Individual impairment	(31,088)	-	(31,088)	(33,489)	-	(33,489)	(28,811)	-	(28,811)
- Collective impairment	(37,939)	13,198	(24,741)	(41,764)	14,479	(27,285)	(48,313)	16,749	(31,564)
Net financing and advances	2,486,706	13,198	2,499,904	2,742,438	14,479	2,756,917	3,172,564	16,749	3,189,313

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

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(a) Financing and advances (continued)

Movements in allowance on financing and advances

	30 September 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	3,825	(1,281)	2,544	10,374	(3,551)	6,823
Balance at 30 September / 31 December	<u>41,764</u>	<u>(14,479)</u>	<u>27,285</u>	<u>48,313</u>	<u>(16,749)</u>	<u>31,564</u>

(b) Deferred tax assets

	1 January 2011			30 September 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)	(846)	(2)	(848)	(840)	-	(840)
Collective impairment on financing and advances	9,485	(9,485)	-	10,441	(9,805)	636	2,594	(888)	1,706
Changes in fair value of financial instruments	(34)	-	(34)	(514)	-	(514)	(1,434)	-	(1,434)
Other temporary differences	1,728	4,106	5,834	2,073	4,106	6,179	2,403	-	2,403
	<u>10,171</u>	<u>(5,381)</u>	<u>4,790</u>	<u>11,154</u>	<u>(5,701)</u>	<u>5,453</u>	<u>2,723</u>	<u>(888)</u>	<u>1,835</u>

Movements in deferred tax assets are as follows:

	30 September 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 on financing and advances</u>						
At 1 January	9,485	(9,485)	-	9,485	-	9,485
Recognised in profit or loss	956	(320)	636	(6,891)	(888)	(7,779)
At 30 September / 31 December	<u>10,441</u>	<u>(9,805)</u>	<u>636</u>	<u>2,594</u>	<u>(888)</u>	<u>1,706</u>

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012 (continued)**30. TRANSITION TO MFRS (continued)**

(iv) Explanatory Notes (continued)

(c) Retained earnings

	1 January 2011 RM'000	30 September 2011 RM'000	31 December 2011 RM'000
Collective impairment allowance on financing and advances	13,198	14,479	16,749
Tax effect of collective impairment allowance on financing and advances	(3,300)	(3,620)	(4,188)
Adjustment of underprovision of deferred tax in prior years provided in 2011	(5,381)	(5,381)	-
Adjustment of overprovision of taxation in prior years provided in 2011	6,558	6,558	-
	<u>11,075</u>	<u>12,036</u>	<u>12,561</u>

(d) Movements in impairment allowance on financing and advances

	Quarter Ended 30 September 2011			Year-To-Date Ended 30 September 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	8,547	-	8,547	28,439	-	28,439	37,580	-	37,580
- Written back	(3,284)	-	(3,284)	(11,031)	-	(11,031)	(13,801)	-	(13,801)
Collective impairment									
- Made/(written back) during the period	3,473	(1,204)	2,269	3,825	(1,281)	2,544	10,374	(3,551)	6,823
Impaired financing recovered	(1,654)	-	(1,654)	(4,891)	-	(4,891)	(6,492)	-	(6,492)
	<u>7,082</u>	<u>(1,204)</u>	<u>5,878</u>	<u>16,342</u>	<u>(1,281)</u>	<u>15,061</u>	<u>27,661</u>	<u>(3,551)</u>	<u>24,110</u>

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

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(e) Income tax expense

	Quarter Ended 30 September 2011			Year-To-Date Ended 30 September 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
Malaysian income tax:									
- Current period	3,228	-	3,228	7,162	-	7,162	4,233	-	4,233
- Overprovision in prior years	-	-	-	-	-	-	(6,558)	6,558	-
	3,228	-	3,228	7,162	-	7,162	(2,325)	6,558	4,233
Deferred tax:									
- Origination and reversal of temporary differences	(1,499)	301	(1,198)	(1,463)	320	(1,143)	667	888	1,555
- Underprovision in prior years	-	-	-	-	-	-	5,381	(5,381)	-
	(1,499)	301	(1,198)	(1,463)	320	(1,143)	6,048	(4,493)	1,555
	1,729	301	2,030	5,699	320	6,019	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%