



HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2012

Domiciled in Malaysia.
Registered Office :
2, Leboh Ampang,
50100 Kuala Lumpur

HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the half year ended 30 June 2012 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Guidelines on Financial Reporting for Licenced Islamic Banks and Circular on the Application of FRS and Revised Financial Reporting for Islamic Banks issued by Bank Negara Malaysia in 2012.

SAW SAY PIN
Chief Financial Officer

Date : 26 July 2012

HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	<i>Note</i>	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated	1 Jan 2011 RM'000 Restated
Assets				
Cash and short-term funds	10	2,415,324	1,536,792	1,508,998
Financial Assets Held-for-Trading	11	256,948	216,716	148,006
Financial Investments Available-for-Sale	12	674,999	422,086	330,665
Financing and advances	13	8,687,833	7,774,866	4,810,143
Other assets	15	358,055	204,466	56,586
Statutory deposits with Bank Negara Malaysia		293,062	228,562	34,729
Equipment		17,171	18,926	16,425
Intangible assets		225	461	1,499
Deferred tax assets		34,882	29,623	32,383
Total Assets		12,738,499	10,432,498	6,939,434
Liabilities				
Deposits from customers	16	7,539,602	5,470,095	3,783,026
Deposits and placements from banks and other financial institutions	17	3,823,390	3,740,525	2,084,599
Bills and acceptances payable		20,374	7,600	5,531
Other liabilities	18	353,576	291,697	236,324
Provision for taxation		42,022	31,248	26,061
Total Liabilities		11,778,964	9,541,165	6,135,541
Shareholder's Equity				
Share capital		50,000	50,000	50,000
Reserves		909,535	841,333	753,893
Total Shareholder's Equity		959,535	891,333	803,893
Total Liabilities and Shareholder's Equity		12,738,499	10,432,498	6,939,434
Commitments and Contingencies	27	6,488,437	5,343,157	1,675,614

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 34 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 26 July 2012.

HSBC AMANAH MALAYSIA BERHAD
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2012**

	<i>Note</i>	Second Quarter Ended		Year-To-Date Ended	
		30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Income derived from investment of depositors' funds and others	19	148,342	106,135	305,090	199,211
Income derived from investment of shareholder's funds	20	31,739	22,974	59,444	46,632
Impairment losses on financing	21	(36,290)	(25,328)	(61,465)	(44,228)
Total distributable income		143,791	103,781	303,069	201,615
Income attributable to depositors	22	(58,929)	(35,700)	(119,826)	(65,438)
Total net income		84,862	68,081	183,243	136,177
Personnel expenses	23	(9,642)	(5,322)	(19,124)	(13,351)
Other overheads and expenditures	24	(46,221)	(36,938)	(84,204)	(64,592)
Profit before taxation		28,999	25,821	79,915	58,234
Taxation		(4,980)	(3,628)	(17,725)	(11,144)
Profit for the period		24,019	22,193	62,190	47,090
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve					
Change in fair value		824	185	485	(186)
Income tax relating to components of other comprehensive income		(206)	(46)	(121)	46
Other comprehensive income for the period, net of tax		618	139	364	(140)
Total comprehensive income for the period		24,637	22,332	62,554	46,950
Profit attributable to the owner of the Bank		24,019	22,193	62,190	47,090
Total comprehensive income attributable to owner of the Bank		24,637	22,332	62,554	46,950
Basic earnings per RM0.50 ordinary share		24 sen	22.2 sen	62.2 sen	47.1 sen

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 34 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2012

	←		Non-distributable			→		Distributable	Total
	Share capital	Share premium	Statutory reserve	Available-for-sale reserve	Capital contribution reserve	Profit equalisation reserve	Retained profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011									
Balance as at 1 January 2011	50,000	610,000	50,000	(136)	335	-	74,652	784,851	
Effect of convergence to MFRS	-	-	-	-	-	-	19,042	19,042	
Balance as at 1 January 2011, restated	50,000	610,000	50,000	(136)	335	-	93,694	803,893	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	47,090	47,090	
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	
Other comprehensive income, net of income tax									
Fair value reserve:									
Net change in fair value	-	-	-	(140)	-	-	-	(140)	
Total other comprehensive income	-	-	-	(140)	-	-	-	(140)	
Total comprehensive income for the period	-	-	-	(140)	-	-	47,090	46,950	
Transactions with ultimate holding company, recorded directly in equity									
Share based payment transactions	-	-	-	-	166	-	-	166	
Balance as at 30 June 2011	50,000	610,000	50,000	(276)	501	-	140,784	851,009	
2012									
Balance as at 1 January 2012 (restated)	50,000	610,000	50,000	148	695	-	153,216	864,059	
Effect of convergence to MFRS	-	-	-	-	-	-	27,274	27,274	
Balance as at 1 January 2012, restated	50,000	610,000	50,000	148	695	-	180,490	891,333	
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	62,190	62,190	
Other comprehensive income, net of income tax									
Fair value reserve:									
Net change in fair value	-	-	-	364	-	-	-	364	
Total other comprehensive income	-	-	-	364	-	-	-	364	
Total comprehensive income for the period	-	-	-	364	-	-	62,190	62,554	
Transactions with ultimate holding company, recorded directly in equity									
Share based payment transactions	-	-	-	-	288	-	-	288	
Other transactions, recorded directly in equity									
Reclassification from other liabilities to equity	-	-	-	-	-	5,360*	-	5,360	
Balance as at 30 June 2012	50,000	610,000	50,000	512	983	5,360	242,680	959,535	

* Refer to Note 2(a)(iv)

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 34 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2012

	30 Jun 2012	30 Jun 2011
	RM'000	RM'000
		Restated
Profit before taxation	79,915	58,234
Adjustments for non-operating and non-cash items	9,840	3,350
Operating profit before working capital changes	<u>89,755</u>	<u>61,584</u>
Changes in working capital:		
Net changes in operating assets	(1,171,288)	(1,102,392)
Net changes in operating liabilities	2,227,025	1,188,423
Taxation paid	(13,000)	(8,000)
Net cash generated from operating activities	<u>1,132,492</u>	<u>139,615</u>
Net cash used in financing activities	(253,960)	(8,840)
Net changes in cash and cash equivalents	878,532	130,775
Cash and cash equivalents at beginning of the period	1,536,792	1,508,998
Cash and cash equivalents at end of the period	<u>2,415,324</u>	<u>1,639,773</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	<u>2,415,324</u>	<u>1,639,773</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 34 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 26 July 2012.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2012

1 General Information

HSBC Amanah Malaysia Berhad (“the Bank”) incorporated on 26 February 2008, is a licensed Islamic Bank under the Islamic Banking Act, 1983. The registered office of the Bank is at No. 2, Leboh Ampang, 50100 Kuala Lumpur.

The principal activities of the Bank are Islamic banking and related financial services.

There were no significant changes in these activities during the financial period.

2 Basis of Preparation

The unaudited condensed interim financial statements for the half year ended 30 June 2012 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), as modified by Bank Negara Malaysia’s (“BNM”) guidelines. The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2011. The explanatory notes attached in the unaudited condensed 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.

The audited financial statements of the Bank as at and for the year ended 31 December 2011 were prepared under Financial Reporting Standards (FRSs). 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. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 2 a) Changes in Accounting Policies.

This is the Bank’s first half year financial statements covered by the MFRS framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The MFRS did not result in any material financial impact to the Bank other than the financial impact arising from the change in accounting policy on i) the impairment of collectively assessed financing and advances, ii) the fair valuation of structured deposits and iii) recognition of securities pledged on Islamic repurchase agreements, as the accounting policies previously adopted under FRS framework were already in line with the requirements of the MFRS framework. The above changes in accounting policy are described in Note 2(a), together with other accounting policy changes resulting from new/revised Bank Negara Malaysia’s (“BNM”) guidelines. A detailed explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Bank is provided in Note 28.

The Bank has early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

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

2 Basis of Preparation (Cont'd)

The Bank has not applied the following accounting standards, amendments and interpretations that have been issued by the MASB as they are either not applicable or not yet effective:

Effective for annual periods commencing on or after 1 January 2013

- Amendments to MFRS 1, Government Loans
- Amendments to MFRS 7, Disclosures-Offsetting Financial Assets and Financial Liabilities
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (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)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

Effective for annual periods commencing on or after 1 January 2014

- Amendments to MFRS 132, Financial Instruments: Presentation (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)

The Bank plans to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning 1 January 2013, except for Amendments to MFRS 132 and MFRS 9 (2009 & 2010) that would apply for the annual period beginning on or after 1 January 2014 and 1 January 2015 respectively.

The initial application of a standard that will be applied prospectively or which requires extended disclosures is not expected to have any financial impact to the current and prior period's financial statements upon their first adoption.

The adoption of MFRS 9 will result in a change in accounting policy. IC Interpretation 20 is not expected to have any impact on the financial statements of the Bank as it is not relevant to the operations of the Bank. The initial application of the other standards and amendments are not expected to have any material financial impact on the financial statements of the Bank.

(a) Change in accounting policy

(i) Impairment of collectively assessed financing and advances

Prior to the transition to MFRS 139, the Bank had maintained collective impairment provision at 1.5% of total outstanding financing and advances, net of individual impairment provision, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the adoption of MFRS 139 on 1 January 2012, these transitional provisions were removed and the Bank has applied the requirements of MFRS 139 in the determination of collective impairment provision, of which the revised accounting policy is described below.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective allowance for impairment charged in the income statement and a write-back of collective allowance to the opening retained profits and opening collective impairment allowance in the statement of financial position. A summary of the financial impact of the change in accounting policy on the financial statements of the Bank is reflected in Note 28.

2 Basis of Preparation (Cont'd)

(a) Change in accounting policy (Cont'd)

(i) Impairment of collectively assessed financing and advances (Cont'd)

Impairment is assessed on a collective basis in two circumstances:

- to cover losses which have been incurred but not yet been identified on financing subject to individual assessment; and
- for homogeneous groups of financing that are not considered individually significant.

Losses incurred but not yet identified on individually significant financing and advances

Individually assessed financing for which no evidence of impairment has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective impairment. These credit risk characteristics may include type of products offered, industry sector, or other relevant factors. As soon as information becomes available which identifies losses on individual financing within the group, those financing are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics (for example, by industry sector, financing grade or product);
- the estimated period between impairment occurring and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual financing;
- the period between a loss occurring and its identification is estimated for each identified portfolio; and
- management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the balance sheet date is likely to be greater or less than that suggested by historical experience.

Homogeneous groups of financing and advances

Statistical methods are used to determine impairment losses on a collective basis for homogeneous groups of financing that are not considered individually significant, because individual financing assessment is impracticable. Losses in these groups of financing are recorded on an individual basis only when individual financing are written off, at which point they are removed from the group. Two alternative methods are used to calculate allowances on a collective basis:

When appropriate empirical information is available, roll rate methodology is applied. This methodology employs statistical analyses of historical data and experience of delinquency and default to estimate the amount of financing that will eventually be written off as a result of the events occurring before the balance sheet date which the Bank are not able to identify on an individual financing basis, and that can be reliably estimated. Under this methodology, financing are grouped into ranges according to the number of days past due and statistical analysis is used to estimate the likelihood that financing in each range will progress through the various stages of delinquency, and ultimately prove irrecoverable. In addition to the delinquency groupings, financing are segmented according to their credit characteristics as described above. Current economic conditions are also evaluated when calculating the appropriate level of allowance required to cover inherent loss.

When the portfolio size is small or when information is insufficient or not reliable enough to adopt a roll rate methodology, a basic formulaic approach based on historical loss rate experience is adopted.

In normal circumstances, historical experience provides the most objective and relevant information from which to assess inherent loss within each portfolio, though sometimes it provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, when there have been changes in economic, regulatory or behavioural conditions which result in the most recent trends in portfolio risk factors being not fully reflected in the statistical models. In these circumstances, the risk factors are taken into account by adjusting the impairment allowances derived solely from historical loss experience.

Roll rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Financing (and related allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised financing, when the proceeds from the realisation of security have been received.

2 Basis of Preparation (Cont'd)

(a) Change in accounting policy (Cont'd)

(i) Impairment of collectively assessed financing and advances (Cont'd)

Regulatory Reserves

In addition to the collective impairment and individual impairment allowances, the Bank maintains a regulatory reserve to satisfy local regulatory requirements for prudential supervision purposes. The regulatory reserves are overlay provisions on top of the collective impairment allowance, based on collective impairment models. In accordance with updated guidance from BNM, the regulatory reserve has been increased to RM88.5m (31Dec11: RM74.6m).

(ii) Fair valuation of structured deposits

Prior to the transition to MFRS 139, derivatives embedded in structured deposits were bifurcated and marked to market separately from the deposits portion. After the transition to MFRS 139, the entire structured deposits are classified as “trading liabilities” and fair valued on a totality basis if this is permitted under MFRS 139. This change in accounting policy has been accounted for retrospectively and a summary of the financial impact on the financial statements of the Bank is reflected in Note 28.

(iii) Contracts under Islamic Sell and Buyback Agreements (“SBBA”)

Prior to its convergence to the MFRS framework, the BNM Guidelines on Financial Reporting for Islamic Banking Institutions requires securities sold in a SBBA to be derecognised from the financial statements and the buy back commitment to be recognised as an off balance sheet liability. However, BNM recently issued a revised Guidance Note on SBBA that allows financial institutions to account for SBBA as per the approved accounting standards by the Malaysian Accounting Standards Board. With this, the securities sold via SBBA will no longer be derecognised from the financial statements and the buy-back commitment is now recognised as an on balance sheet liability. This change in accounting policy has been accounted for retrospectively and a summary of the financial impact on the financial statements of the Bank is reflected in Note 28.

(iv) Profit Equalisation Reserves (PER)

PER refers to the amount appropriated out of total gross income in order to maintain an acceptable level of return to depositors as stipulated by BNM’s “The Framework of Rate of Return”. PER is a provision shared by both the depositors and the Bank.

During the financial period, as stipulated by BNM’s “Guidelines on Profit Equalisation Reserve”, effective 1 January 2012, PER has been segregated into the portion belonging to the depositors and the Bank based on the contractual profit sharing ratio. The portion belonging to the depositors continues to be recognised as other liabilities but the portion belonging to the Bank is disclosed as a separate reserve in equity.

3 Auditors’ Report On Preceding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2011 was not subject to any qualification.

4 Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the half year ended 30 June 2012.

6 Changes in Estimates

The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to the calculation of collective impairment allowances, the valuation of financial instruments and the impairment allowance of available-for-sale financial investments

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the half year ended 30 June 2012, except for those arising from the change in accounting treatment as disclosed in Note 28.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the half year ended 30 June 2012.

8 Dividend

No dividend was declared nor paid during the half year ended 30 June 2012.

9 Significant Events

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

10 Cash and Short-Term Funds

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Cash and balances with banks and other financial institutions	104,668	113,412
Money at call and interbank placements maturing within one month	2,310,656	1,423,380
	<u>2,415,324</u>	<u>1,536,792</u>

11 Financial Assets Held-for-Trading

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Islamic bonds	6,507	216,716
Malaysian Government treasury bills	250,441	-
	<u>256,948</u>	<u>216,716</u>

12 Financial Investments Available-for-Sale

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Islamic bonds	598,470	397,082
Negotiable instruments of deposit	24,996	25,004
Bankers' acceptances and Islamic accepted bills	51,533	-
	<u>674,999</u>	<u>422,086</u>
 The maturity structure of money market instruments held as financial investments available-for-sale is as follows:		
Maturing within one year	137,000	206,016
More than one year to three years	507,998	216,070
Three years to five years	30,001	-
	<u>674,999</u>	<u>422,086</u>

13 Financing And Advances

(i) By type

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Cash line	57,836	49,753
Term financing		
House financing	1,765,847	1,272,351
Hire purchase receivables	305,831	258,634
Lease receivables	102	129
Other term financing	5,281,253	4,629,180
Trust receipts	22,320	25,137
Claims on customers under acceptance credits	912,010	1,247,279
Staff financing	29,589	20,378
Credit/ charge cards	390,426	365,947
Revolving credit	187,569	168,726
	<u>8,952,783</u>	<u>8,037,514</u>
Less: Unearned income	<u>(109,969)</u>	<u>(114,198)</u>
	<u>8,842,814</u>	<u>7,923,316</u>
Less: Allowance for impaired financing:		
- Collectively assessed	(43,821)	(40,911)
- Individually assessed	(22,679)	(32,981)
- Regulatory reserves	(88,481)	(74,558)
Total net financing and advances	<u>8,687,833</u>	<u>7,774,866</u>

(ii) By contract

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Bai Bithaman Ajil (<i>deferred payment sale</i>)	497,835	496,370
Ijarah (<i>lease</i>)	97	123
Ijarah Thumma Al-Bai (AITAB) (<i>hire purchase</i>)	280,105	234,425
Murabahah (<i>cost-plus</i>)	3,392,983	2,853,393
Musharakah (<i>profit and loss sharing</i>)	2,659,722	1,707,395
Bai Al-Inah (<i>sell and buy back</i>)	1,154,529	1,573,752
Bai Al-Dayn (<i>sale of debt</i>)	270,309	292,850
Ujrah (<i>fee-based</i>)	587,234	765,008
	<u>8,842,814</u>	<u>7,923,316</u>

(iii) By type of customer

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Domestic business enterprises		
Small medium enterprises	1,795,175	1,864,749
Others	2,843,187	2,402,235
Government and statutory bodies	21,490	25,086
Individuals	3,716,662	3,217,167
Other domestic entities	2,642	2,934
Foreign entities	463,658	411,145
	<u>8,842,814</u>	<u>7,923,316</u>

13 Financing And Advances (Cont'd)

(iv) By profit rate sensitivity	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Fixed rate		
House financing	12,334	14,812
Hire purchase receivables	280,105	234,425
Other financing	2,647,213	3,269,277
Variable rate		
House financing	2,134,962	1,309,663
Other financing	3,768,200	3,095,139
	<u>8,842,814</u>	<u>7,923,316</u>
(v) By maturity structure	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Maturing within one year	4,074,750	4,069,410
More than one year to three years	424,383	674,185
More than three years to five years	1,035,062	1,173,785
Over five years	3,308,619	2,005,936
	<u>8,842,814</u>	<u>7,923,316</u>
(vi) By sector	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Agriculture, hunting, forestry & fishing	468,101	495,346
Mining and quarrying	177,347	158,056
Manufacturing	1,439,887	1,636,587
Electricity, gas and water	96,796	82,353
Construction	256,399	270,145
Real estate	772,426	394,054
Wholesale & retail trade, restaurants & hotels	508,774	431,776
Transport, storage and communication	400,036	409,556
Finance, insurance and business services	362,441	183,116
Household - Retail	3,954,241	3,360,543
Others	406,366	501,784
	<u>8,842,814</u>	<u>7,923,316</u>
(vii) By purpose	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Purchase of landed property:		
Residential	1,740,479	1,254,170
Non-residential	66,196	63,002
Purchase of transport vehicles	1,356	1,578
Purchase of fixed assets excluding land & building	47,919	57,469
Consumption Credit	2,209,933	2,102,850
Construction	256,399	256,840
Working Capital	4,270,373	3,891,707
Other Purpose	250,159	295,700
	<u>8,842,814</u>	<u>7,923,316</u>

13 Financing And Advances (Cont'd)

(viii) By geographical distribution

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Northern Region	1,620,279	1,498,872
Southern Region	1,308,883	1,138,794
Central Region	5,383,904	4,441,080
Eastern Region	529,748	844,570
	<u>8,842,814</u>	<u>7,923,316</u>

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Pahang, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Malacca and Negri Sembilan.

The Central region consists of the state of Selangor and the Federal Territory of Kuala Lumpur.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

Concentration by location for financing and advances is based on the location of the customer.

14 Impaired Financing

(i) Movements in impaired financing and advances

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
At beginning of period/year	125,688	70,810
Classified as impaired during the period/year	109,539	169,700
Reclassified as performing	(8,948)	(492)
Amount recovered	(80,027)	(40,326)
Amount written off	(2,515)	(83,291)
Other movements	(41,588)	9,287
At end of period/year	<u>102,149</u>	<u>125,688</u>
Less: Individual allowances for impairment	(22,679)	(32,981)
Collective allowance for impairment	(14,249)	(14,538)
Net impaired financing and advances	<u>65,221</u>	<u>78,169</u>

(ii) Movements in allowance for impaired financing

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Collective allowance for impairment		
At beginning of period/year	115,300	70,655
- effect of convergence to MFRS	(74,389)	(37,303)
At beginning of period/year, restated	<u>40,911</u>	<u>33,352</u>
Made during the period/year	56,585	85,903
Amount released	(1,938)	(5,435)
Amount written off	(49,009)	(72,533)
Discount unwind	(57)	(376)
Other movement	(2,671)	-
At end of period/year	<u>43,821</u>	<u>40,911</u>

14 Impaired Financing (Cont'd)

(ii) Movements in allowance for impaired financing (Cont'd)	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Individual allowance for impairment		
At beginning of period/year	69,269	41,858
- effect of convergence to MFRS	(36,288)	(26,282)
At beginning of period/year, restated	32,981	15,576
Made during the period/year	9,953	13,397
Amount recovered	(4,952)	(2,488)
Amount written off	(472)	(3,097)
Other movement	(14,621)	9,287
Discount unwind	(210)	306
At end of period/year	22,679	32,981
Regulatory reserves		
At beginning of period/year	74,558	-
- effect of convergence to MFRS	-	37,252
At beginning of period/year, restated	74,558	37,252
Made during the period/year	13,923	37,306
At end of period/year	88,481	74,558
(iii) By contract	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	652	779
Ijarah Thumma Al-Bai (AITAB) (<i>hire purchase</i>)	4,994	4,552
Murabahah (<i>cost-plus</i>)	8,481	7,420
Musharakah (<i>profit and loss sharing</i>)	28,656	19,385
Bai Al-Inah (<i>sell and buy back</i>)	43,154	83,315
Ujrah (<i>fee-based</i>)	16,212	10,237
	102,149	125,688
(iv) By sector	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	156	-
Manufacturing	10,304	9,068
Wholesale & retail trade, restaurants & hotels	4,277	4,281
Transport, storage and communication	688	-
Finance, insurance and business services	2,474	-
Household - Retail	84,250	112,339
	102,149	125,688
(v) By purpose	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Purchase of landed property:		
Residential	26,273	19,032
Non-residential	111	111
Consumption credit	57,975	93,304
Working Capital	17,460	12,910
Other purpose	330	331
	102,149	125,688
(vi) By geographical distribution	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Northern Region	26,909	32,022
Southern Region	21,627	23,057
Central Region	48,128	64,135
Eastern Region	5,485	6,474
	102,149	125,688

15 Other Assets

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Derivative financial assets (Note 27)	33,363	20,451
Income receivable	7,841	6,691
Amount due from holding company	296,737	161,007
Other receivables, deposits and prepayments	20,114	16,317
	<u>358,055</u>	<u>204,466</u>

16 Deposits From Customers

(i) By type of deposit

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Non-Mudharabah Fund		
Demand deposits	934,771	673,829
Savings deposits	837,141	822,480
Term deposits	5,271,702	3,780,189
Negotiable instruments of deposits	68,534	15,400
Others	427,454	178,197
	<u>7,539,602</u>	<u>5,470,095</u>

The maturity structure of term deposits and negotiable instruments of deposits is as follows:

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Due within six months	4,662,595	3,217,397
More than six months to one year	583,096	548,110
More than one year to three years	94,545	30,082
	<u>5,340,236</u>	<u>3,795,589</u>

(ii) By type of customer

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Government and statutory bodies	86,815	86,624
Business enterprises	2,117,990	1,690,893
Individuals	4,408,404	3,070,475
Others	926,393	622,103
	<u>7,539,602</u>	<u>5,470,095</u>

17 Deposits and Placements from Banks and Other Financial Institutions

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Mudharabah Fund		
Licensed banks	3,823,390	3,261,118
Bank Negara Malaysia	-	48,405
Other financial institutions	-	431,002
	<u>3,823,390</u>	<u>3,740,525</u>

18 Other Liabilities

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
		Restated
Derivative financial liabilities	19,998	6,794
Profit payable	31,571	16,503
Amounts due to holding company/ related companies	60,457	17,742
Profit equalisation reserve	1,340	6,700
Other creditors and accruals	<u>240,210</u>	<u>243,958</u>
	353,576	291,697

Included in other creditors and accruals is undistributed charity funds of RM70,000 (2011: Nil). The source of this fund is from excess compensation account.

19 Income Derived from Investment of Depositors' Funds and Others

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Income derived from investment of:				
(i) general investment deposits	110,205	73,756	215,815	139,503
(ii) specific investment deposits	18,612	14,881	49,277	25,136
(iii) other deposits	19,525	17,498	39,998	34,572
	<u>148,342</u>	<u>106,135</u>	<u>305,090</u>	<u>199,211</u>

(i) Income derived from investment of general investment deposits

	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	98,260	66,940	191,779	125,903
- Recoveries from impaired financing	58	(321)	163	(313)
Financial investments available-for-sale	3,088	-	4,361	-
Money at call and deposit with financial institutions	8,799	7,137	19,512	13,913
	<u>110,205</u>	<u>73,756</u>	<u>215,815</u>	<u>139,503</u>

19 Income Derived from Investment of Depositors' Funds and Others (Cont'd)

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012 RM'000	30 Jun 2011 RM'000 Restated	30 Jun 2012 RM'000	30 Jun 2011 RM'000 Restated
(ii) Income derived from investment of specific investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	7,578	4,438	14,983	9,138
Financial investments available-for-sale	1,179	2,591	3,874	5,154
Accretion of discount less amortisation of premium	70	(4)	-	(55)
	<u>8,827</u>	<u>7,025</u>	<u>18,857</u>	<u>14,237</u>
<u>Other operating income</u>				
Fees and commission	758	181	1,169	387
Net gain from dealing in foreign currency	3,800	1,878	7,289	3,118
Net gain from sale of financial assets held-for-trading and other financial instruments	5,139	1,097	22,460	1,866
Net gain from derivatives	2,651	4,151	2,285	4,510
Net unrealised (loss) from revaluation of financial assets held-for-trading	(1,976)	(12)	(1,316)	(165)
Net (loss)/ profit earned from financial assets held-for-trading	(587)	561	(1,467)	1,183
	<u>9,785</u>	<u>7,856</u>	<u>30,420</u>	<u>10,899</u>
	<u>18,612</u>	<u>14,881</u>	<u>49,277</u>	<u>25,136</u>
The above fees and commissions were derived from the following major contributors:				
Guarantee fees	281	-	564	-
Service charges and fees	130	181	298	387
Credit facilities	98	-	247	-
	<u>509</u>	<u>181</u>	<u>1,109</u>	<u>387</u>
	<u>30 Jun 2012 RM'000</u>	<u>30 Jun 2011 RM'000 Restated</u>	<u>30 Jun 2012 RM'000</u>	<u>30 Jun 2011 RM'000 Restated</u>
(iii) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	17,415	15,890	35,544	31,202
- Recoveries from impaired financing	10	(80)	30	(78)
Financial investments available-for-sale	561	-	808	-
Money at call and deposit with financial institutions	1,539	1,688	3,616	3,448
	<u>19,525</u>	<u>17,498</u>	<u>39,998</u>	<u>34,572</u>

20 Income Derived from Investment of Shareholder's Funds

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012 RM'000	30 Jun 2011 RM'000 Restated	30 Jun 2012 RM'000	30 Jun 2011 RM'000 Restated
<u>Finance income and hibah:</u>				
Financing and advances				
- Profit earned other than recoveries from impaired financing	8,647	10,918	20,943	22,298
- Recoveries from impaired financing	4	(56)	18	(55)
Financial investments available-for-sale	309	-	476	-
Money at call and deposit with financial institutions	722	1,156	2,131	2,464
	9,682	12,018	23,568	24,707
<u>Other operating income</u>				
Fees and commission	18,165	10,377	31,228	20,781
Shared-service fees from holding company	3,837	530	4,517	1,038
Net gain on disposal of equipment	-	2	-	2
Other income	55	47	131	104
	22,057	10,956	35,876	21,925
	31,739	22,974	59,444	46,632
The above fees and commissions were derived from the following major contributors:				
Service charges and fees	4,130	3,489	8,141	7,742
Cards	6,076	3,260	10,104	6,593
Agency fees	4,236	1,885	6,638	3,621

21 Impairment Losses on Financing

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Impairment charges on financing:				
(a) Individual impairment				
- Provided	6,780	3,017	9,953	3,989
- Written back	(3,396)	(345)	(4,952)	(661)
(b) Collective impairment				
- Provided	28,346	18,932	56,585	37,575
- Written back	(318)	(2,078)	(1,938)	(3,527)
(c) Regulatory reserve				
- Provided	10,637	8,570	13,923	12,313
Impaired financing				
- Recovered	(5,822)	(5,508)	(12,315)	(10,352)
- Written off	63	2,740	209	4,891
	36,290	25,328	61,465	44,228

22 Income Attributable to Depositors

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Deposits from customers				
- Mudharabah Fund	-	11,773	-	23,916
- Non-Mudharabah Fund	44,746	11,154	87,832	18,577
Deposits and placements of banks and other financial institutions				
- Mudharabah Fund	13,890	12,613	31,572	22,821
Others	293	160	422	124
	58,929	35,700	119,826	65,438

23 Personnel Expenses

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	7,543	4,062	15,048	10,812
Employees Provident Fund contributions	1,211	693	2,261	1,712
Other staff related costs	888	567	1,815	827
	9,642	5,322	19,124	13,351

24 Other Overheads and Expenditures

	Second Quarter Ended		Year-To-Date ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
Promotion and marketing related expenses				
Advertising and promotion	3,494	1,074	5,353	1,903
Marketing	853	812	3,597	242
Promotion and marketing related expenses	4,347	1,886	8,950	2,145
Establishment related expenses				
Depreciation of equipment	1,675	1,323	3,412	2,633
Amortisation of intangible assets	121	140	255	279
Information technology costs	272	83	498	234
Hire of Equipment	14	20	26	32
Rental of premises	1,874	1,275	3,632	2,501
Others	667	293	1,098	207
	4,623	3,134	8,921	5,886
General administrative expenses				
Shared-service fees to immediate holding company	27,603	27,158	53,258	49,636
Auditors' remuneration				
<u>Audit fees</u>				
KPMG Malaysia	42	25	85	50
<u>Non-audit services</u>				
KPMG Malaysia	42	47	75	60
Professional fees	424	43	777	523
Others	9,140	4,645	12,138	6,292
	37,251	31,918	66,333	56,561
	46,221	36,938	84,204	64,592

25 Credit exposure to connected parties

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:

	30 Jun 2012	31 Dec 2011
Aggregate value of outstanding credit exposures to connected parties (RM'000)	92,370	165,813
As a percentage of total credit exposures	0.87%	1.57%
Aggregate value of outstanding credit exposures to connected parties which is non-performing or in default (RM'000)	-	-
As a percentage of total credit exposures	-	-

26 Capital Adequacy

	30 Jun 2012 RM'000	31 Dec 2011 RM'000 Restated
Tier 1 capital		
Paid-up ordinary share capital	50,000	50,000
Share premium	610,000	610,000
Retained profits	242,680	180,490
Statutory reserve	50,000	50,000
	952,680	890,490
Deferred tax adjustments	(35,052)	(678)
Total Tier 1 capital	917,628	889,812
Tier 2 capital		
Collective impairment allowance (unimpaired portion)	29,572	26,373
Regulatory Reserves	88,481	74,558
Total Tier 2 capital	118,053	100,931
Capital base	1,035,681	990,743
Core capital ratio	9.5%	10.8%
Risk-weighted capital ratio	10.7%	12.0%

The capital ratios have been computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB).

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

	30 Jun 2012		31 Dec 2011	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	14,488,401	8,917,505	11,629,129	7,546,956
Total RWA for market risk	-	79,040	-	100,942
Total RWA for operational risk	-	656,019	-	580,027
	14,488,401	9,652,564	11,629,129	8,227,925

26 Capital adequacy (Cont'd)

30 Jun 2012

Exposure Class	Gross Exposures (RM'000)	Net Exposures (RM'000)	Risk Weighted Assets (RWA) (RM'000)	Total RWA after PSIA (RM'000)	Capital Requirement (RM'000)
Credit Risk					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	3,212,063	3,212,063	-	-	-
Banks, Development Financial Institutions & MDBs	619,726	619,726	143,751	143,751	11,500
Corporates	4,127,101	4,079,665	4,044,868	4,044,868	323,589
Regulatory Retail	2,234,160	2,214,025	1,679,468	1,679,468	134,357
House Financing	2,362,371	2,360,674	1,271,391	1,271,391	101,711
Other Assets	173,559	173,559	122,300	122,300	9,784
Defaulted Exposures	109,496	107,713	141,654	141,654	11,332
Total for On-Balance Sheet	12,838,476	12,767,425	7,403,432	7,403,432	592,273
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	152,286	152,286	84,876	84,876	6,790
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,572,144	1,562,868	1,420,199	1,420,199	113,616
Defaulted Exposures	6,076	5,822	8,998	8,998	720
Total for Off-Balance Sheet Exposures	1,730,506	1,720,976	1,514,073	1,514,073	121,126
Total On and Off-Balance Sheet Exposures	14,568,982	14,488,401	8,917,505	8,917,505	713,399
Large Exposures Risk Requirement					
	-	-	-	-	-
Market Risk					
	<u>Long position</u>	<u>Short position</u>			
Profit Rate Risk	2,584,339	2,376,341	207,997	72,995	5,840
Foreign Currency Risk	3,025	6,016	3,025	6,045	484
Total market risk	2,587,364	2,382,357	211,022	79,040	6,324
Operational Risk	-	-	-	656,019	52,482
Total RWA and Capital Requirement	-	-	-	9,652,564	772,205

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market large exposure risk and operational risk of the Bank as at reporting date. This requirement came into effect since 2008 with the adoption of the Basel II Standardised Approach under the Risk Weighted Capital Adequacy Framework "RWCAF".

Note:

PSIA - Profit Sharing Investment Account
MDBs - Multilateral Development Banks
OTC - Over the counter

26 Capital adequacy (Cont'd)

31 Dec 2011 (Restated)

Exposure Class	Gross Exposures	Net Exposures	Risk Weighted Assets (RWA)	Total RWA after PSIA	Capital Requirement
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Credit Risk					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	2,056,773	2,056,773	-	-	-
Banks, Development Financial Institutions & MDBs	676,593	676,593	137,297	137,297	10,984
Corporates	3,678,692	3,627,730	3,590,443	3,590,443	287,235
Regulatory Retail	2,392,019	2,368,664	1,786,161	1,786,161	142,893
House Financing	1,368,576	1,367,594	723,970	723,970	57,918
Other Assets	183,074	183,074	109,967	109,967	8,797
Defaulted Exposures	62,405	61,055	76,543	76,543	6,123
Total for On-Balance Sheet	10,418,132	10,341,483	6,424,381	6,424,381	513,950
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	100,545	100,545	50,550	50,550	4,044
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,200,036	1,186,657	1,071,357	1,071,357	85,709
Defaulted Exposures	445	445	668	668	53
Total for Off-Balance Sheet Exposures	1,301,026	1,287,647	1,122,575	1,122,575	89,806
Total On and Off-Balance Sheet Exposures	11,719,158	11,629,130	7,546,956	7,546,956	603,756
Large Exposures Risk Requirement					
	-	-	-	-	-
Market Risk					
	<u>Long position</u>	<u>Short position</u>			
Profit Rate Risk	1,664,488	1,429,512	234,976	93,387	7,471
Foreign Currency Risk	2,381	7,536	2,381	7,555	604
Total market risk	1,666,869	1,437,048	237,357	100,942	8,075
Operational Risk	-	-	580,027	580,027	46,402
Total RWA and Capital Requirement	-	-	8,227,925	8,227,925	658,233

The table above discloses the gross and net exposures, risk weighted assets and capital requirements for credit risk, market large exposure risk and operational risk of the Bank as at reporting date. This requirement came into effect since 2008 with the adoption of the Basel II Standardised Approach under the Risk Weighted Capital Adequacy Framework "RWCAF".

Note:

PSIA - Profit Sharing Investment Account
MDBs - Multilateral Development Banks
OTC - Over the counter

26 Capital adequacy (Cont'd)

30 Jun 2012

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	3,212,063	-	2,102	2,660	-	51,259	3,268,084	-
20%	-	608,123	41,502	560	-	-	650,185	130,037
35%	-	-	-	-	917,203	-	917,203	321,022
50%	-	179,128	88,575	24,549	528,934	-	821,186	410,593
75%	-	-	-	2,337,341	915,212	-	3,252,553	2,439,415
100%	-	-	5,236,725	119,453	26,216	122,300	5,504,694	5,504,694
150%	-	706	5,128	68,536	126	-	74,496	111,744
Total Risk Weight	-	-	-	-	-	-	14,488,401	8,917,505
Average Risk Weight	-	-	-	-	-	-	804,911	-
Deduction from Capital Base	-	-	-	-	-	-	-	-

31 Dec 2011

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	2,056,773	-	1,501	780	-	73,107	2,132,161	-
20%	-	693,839	45,692	694	-	-	740,225	148,045
35%	-	-	-	-	552,615	-	552,615	193,415
50%	-	79,026	107,466	2,075	322,716	-	511,283	255,642
75%	-	-	1,785	2,541,505	492,500	-	3,035,790	2,276,843
100%	-	-	4,444,910	50,908	19,357	109,967	4,625,142	4,625,142
150%	-	-	166	31,747	-	-	31,913	47,869
Total Risk Weight	-	-	-	-	-	-	11,629,129	7,546,956
Average Risk Weight	-	-	-	-	-	-	646,063	-
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weights of the Bank as at reporting date. This disclosure requirement came into effect since 2008 with the adoption of Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

27 Commitments and Contingencies

The table below shows the contract or underlying principal amounts, positive fair value of derivative contracts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions as at balance sheet date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
30 Jun 2012				
Direct credit substitutes	760,859	-	760,859	709,061
Transaction-related contingent items	632,155	-	316,078	287,809
Short-term self-liquidating trade-related contingencies	31,865	-	6,373	4,928
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	1,240,635	-	248,127	232,518
- Maturity exceeding one year	92,344	-	46,172	44,423
Unutilised credit card lines	1,003,054	-	200,611	150,458
Equity related contracts				
- One year to less than five years	510,745	15,408	46,392	17,948
Profit rate related contracts				
- One year to less than five years	1,524,906	13,630	67,086	37,182
- Over five years	550,000	2,788	35,788	27,538
Foreign exchange related contracts				
- Less than one year	141,874	1,537	3,020	2,208
	6,488,437	33,363	1,730,506	1,514,073

Note 15

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
31 Dec 2011				
		Restated		
Direct credit substitutes	461,660	-	461,660	404,287
Transaction-related contingent items	531,060	-	265,530	257,691
Short-term self-liquidating trade-related contingencies	32,928	-	6,586	4,745
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	1,314,320	-	262,864	246,185
- Maturity exceeding one year	133,435	-	26,687	26,251
Unutilised credit card lines	885,773	-	177,155	132,866
Equity related contracts				
- One year to less than five years	206,474	5,192	21,710	5,138
Profit rate related contracts				
- One year to less than five years	1,551,362	13,568	73,052	41,410
Foreign exchange related contracts				
- Less than one year	226,145	1,691	5,783	4,003
	5,343,157	20,451	1,301,027	1,122,576

Note 15

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

28 Explanation of transition to MFRSs

As stated in note 2, these are the Bank's first interim financial statements prepared in accordance with MFRSs.

In preparing its opening MFRS statement of financial position, the Bank has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSS. An explanation of how the transition from previous FRSS to the new MFRSs has affected the Bank's financial position is set out in the following table and notes that accompany these tables.

(i) Reconciliation of financial position

		FRSs	Effect of transition to MFRSs 31 Dec 2011	MFRSs
	<i>Note</i>	RM'000	RM'000	RM'000
Assets				
Cash and short-term funds		1,536,792	-	1,536,792
Financial Assets Held-for-Trading		216,716	-	216,716
Financial Investments Available-for-Sale		422,086	-	422,086
Financing and advances	28(iv)(a)	7,546,346	228,520	7,774,866
Other assets	28(iv)(b)	212,308	(7,842)	204,466
Statutory deposits with Bank Negara Malaysia		228,562	-	228,562
Equipment		18,926	-	18,926
Intangible assets		461	-	461
Deferred tax assets	28(iv)(c)	15,182	14,441	29,623
Total Assets		<u>10,197,379</u>	<u>235,119</u>	<u>10,432,498</u>
Liabilities				
Deposits from customers	28(iv)(b)	5,476,252	(6,157)	5,470,095
Deposits and placements from banks and other financial institutions		3,740,525	-	3,740,525
Bills and acceptances payable		7,600	-	7,600
Other liabilities	28(iv)(b)	102,105	189,592	291,697
Provision for taxation	28(iv)(c)	6,838	24,410	31,248
Total Liabilities		<u>9,333,320</u>	<u>207,845</u>	<u>9,541,165</u>
Shareholder's Equity				
Share capital		50,000	-	50,000
Reserves	28(iv)(d)	814,059	27,274	841,333
Total Shareholder's Equity		<u>864,059</u>	<u>27,274</u>	<u>891,333</u>
Total Liabilities and Shareholder's Equity		<u>10,197,379</u>	<u>235,119</u>	<u>10,432,498</u>
Commitments and Contingencies	28(iv)(a)	<u>5,535,558</u>	<u>(192,401)</u>	<u>5,343,157</u>

28 Explanation of transition to MFRSs

(i) Reconciliation of financial position (Cont'd)

		FRSs	Effect of transition to MFRSs 30 Jun 2011	MFRSs
	<i>Note</i>	RM'000	RM'000	RM'000
Assets				
Cash and short-term funds		1,639,773	-	1,639,773
Financial Assets Held-for-Trading		136,451	-	136,451
Financial Investments Available-for-Sale		338,334	-	338,334
Financing and advances	28(iv)(a)	5,465,454	210,001	5,675,455
Other assets	28(iv)(b)	211,228	(7,339)	203,889
Statutory deposits with Bank Negara Malaysia		136,061	-	136,061
Equipment		14,990	-	14,990
Intangible assets		735	-	735
Deferred tax assets	28(iv)(c)	21,268	14,833	36,101
Total Assets		7,964,294	217,495	8,181,789
Liabilities				
Deposits from customers	28(iv)(b)	4,317,668	(5,509)	4,312,159
Deposits and placements from banks and other financial institutions		2,660,846	-	2,660,846
Bills and acceptances payable		5,716	-	5,716
Other liabilities	28(iv)(b)	143,118	176,064	319,182
Provision for taxation	28(iv)(c)	9,678	23,199	32,877
Total Liabilities		7,137,026	193,754	7,330,780
Shareholder's Equity				
Share capital		50,000	-	50,000
Reserves	28(iv)(d)	777,268	23,741	801,009
Total Shareholder's Equity		827,268	23,741	851,009
Total Liabilities and Shareholder's Equity		7,964,294	217,495	8,181,789
Commitments and Contingencies	28(iv)(a)	3,053,141	(179,752)	2,873,389

28 Explanation of transition to MFRSs (Cont'd)

(i) Reconciliation of financial position (Cont'd)

		FRSs	Effect of transition to MFRSs 1 Jan 2011	MFRSs
	<i>Note</i>	RM'000	RM'000	RM'000
Assets				
Cash and short-term funds		1,508,998	-	1,508,998
Financial Assets Held-for-Trading		148,006	-	148,006
Financial Investments Available-for-Sale		330,665	-	330,665
Financing and advances	28(iv)(a)	4,636,276	173,867	4,810,143
Other assets	28(iv)(b)	59,035	(2,449)	56,586
Statutory deposits with Bank Negara Malaysia		34,729	-	34,729
Equipment		16,425	-	16,425
Intangible assets		1,499	-	1,499
Deferred tax assets	28(iv)(c)	18,002	14,381	32,383
Total Assets		<u>6,753,635</u>	<u>185,799</u>	<u>6,939,434</u>
Liabilities				
Deposits from customers	28(iv)(b)	3,782,536	490	3,783,026
Deposits and placements from banks and other financial institutions		2,084,599	-	2,084,599
Bills and acceptances payable		5,531	-	5,531
Other liabilities	28(iv)(b)	91,670	144,654	236,324
Provision for taxation	28(iv)(c)	4,448	21,613	26,061
Total Liabilities		<u>5,968,784</u>	<u>166,757</u>	<u>6,135,541</u>
Shareholder's Equity				
Share capital		50,000	-	50,000
Reserves	28(iv)(d)	734,851	19,042	753,893
Total Shareholder's Equity		<u>784,851</u>	<u>19,042</u>	<u>803,893</u>
Total Liabilities and Shareholder's Equity		<u>6,753,635</u>	<u>185,799</u>	<u>6,939,434</u>
Commitments and Contingencies	28(iv)(a)	<u>1,823,148</u>	<u>(147,534)</u>	<u>1,675,614</u>

28 Explanation of transition to MFRSs (Cont'd)

(ii) Reconciliation of profit or loss and other comprehensive income

		FRSs	Effect of transition to MFRSs three months ended 30 Jun 2011	MFRSs
	<i>Note</i>	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28(iv)(e)	107,477	(1,342)	106,135
Income derived from investment of shareholder's funds	28(iv)(e)	22,608	366	22,974
Impairment losses on financing	28(iv)(f)	(26,739)	1,411	(25,328)
Total distributable income		<u>103,346</u>	<u>435</u>	<u>103,781</u>
Income attributable to depositors	28(iv)(g)	(37,448)	1,748	(35,700)
Total net income		<u>65,898</u>	<u>2,183</u>	<u>68,081</u>
Personnel expenses		(5,322)	-	(5,322)
Other overheads and expenditures		(36,938)	-	(36,938)
Profit before taxation		<u>23,638</u>	<u>2,183</u>	<u>25,821</u>
Taxation	28(iv)(h)	(3,597)	(31)	(3,628)
Profit for the period		<u><u>20,041</u></u>	<u><u>2,152</u></u>	<u><u>22,193</u></u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Fair value reserve				
Change in fair value		185	-	185
Income tax relating to components of other comprehensive income		(46)	-	(46)
Other comprehensive income for the period, net of tax		<u>139</u>	<u>-</u>	<u>139</u>
Total comprehensive income for the period		<u><u>20,180</u></u>	<u><u>2,152</u></u>	<u><u>22,332</u></u>
Profit attributable to the owner of the Bank		20,041		22,193
Total comprehensive income attributable to owner of the Bank		20,180		22,332
Basic earnings per RM0.50 ordinary share		<u>20 sen</u>		<u>22.2 sen</u>

28 Explanation of transition to MFRSs (Cont'd)

(ii) Reconciliation of profit or loss and other comprehensive income (Cont'd)

		FRSs	Effect of transition to MFRSs six months ended 30 Jun 2011	MFRSs
	<i>Note</i>	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28(iv)(e)	201,156	(1,945)	199,211
Income derived from investment of shareholder's funds	28(iv)(e)	45,945	687	46,632
Impairment losses on financing	28(iv)(f)	(47,954)	3,726	(44,228)
Total distributable income		<u>199,147</u>	<u>2,468</u>	<u>201,615</u>
Income attributable to depositors	28(iv)(g)	(68,803)	3,365	(65,438)
Total net income		<u>130,344</u>	<u>5,833</u>	<u>136,177</u>
Personnel expenses		(13,351)	-	(13,351)
Other overheads and expenditures		(64,592)	-	(64,592)
Profit before taxation		<u>52,401</u>	<u>5,833</u>	<u>58,234</u>
Taxation	28(iv)(h)	(10,010)	(1,134)	(11,144)
Profit for the period		<u>42,391</u>	<u>4,699</u>	<u>47,090</u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Fair value reserve				
Change in fair value		(186)	-	(186)
Income tax relating to components of other comprehensive income		<u>46</u>	<u>-</u>	<u>46</u>
Other comprehensive income for the period, net of tax		<u>(140)</u>	<u>-</u>	<u>(140)</u>
Total comprehensive income for the period		<u>42,251</u>	<u>4,699</u>	<u>46,950</u>
Profit attributable to the owner of the Bank		42,391		47,090
Total comprehensive income attributable to owner of the Bank		42,251		46,950
Basic earnings per RM0.50 ordinary share		<u>42.4 sen</u>		<u>47.1 sen</u>

28 Explanation of transition to MFRSs (Cont'd)

(iii) Reconciliation of Cash Flow Statement

	FRSs	Effect of transition to MFRSs 30 Jun 2011	MFRSs
<i>Note</i>	RM'000	RM'000	RM'000
Profit before taxation	52,401	5,833	58,234
Adjustments for non-operating and non-cash items	3,184	166	3,350
Operating profit before working capital changes	<u>55,585</u>	<u>5,999</u>	<u>61,584</u>
Changes in working capital:			
Net changes in operating assets	(1,071,147)	(31,245)	(1,102,392)
Net changes in operating liabilities	1,163,177	25,246	1,188,423
Taxation paid	(8,000)	-	(8,000)
Net cash generated from operating activities	<u>139,615</u>	<u>(5,999)</u>	<u>139,615</u>
Net cash generated from financing activities	(8,840)	-	(8,840)
Net changes in cash and cash equivalents	130,775	-	130,775
Cash and cash equivalents at beginning of the period	<u>1,508,998</u>	-	<u>1,508,998</u>
Cash and cash equivalents at end of the period	<u>1,639,773</u>	<u>-</u>	<u>1,639,773</u>
Analysis of cash and cash equivalents			
Cash and short-term funds	<u>1,639,773</u>	<u>-</u>	<u>1,639,773</u>

The comparative cash flow statements have been restated for the effects of the change in accounting policies as disclosed in Note 2a) Changes in Accounting Policies. However, the differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs are not material.

28 Explanation of transition to MFRSs (Cont'd)

(iv) Explanation of transition to MFRSs

Notes to reconciliation of statement of financial position

	Note	31 Dec 2011 RM'000	30 Jun 2011 RM'000	1 Jan 2011 RM'000
(a) Financing and advances				
Decrease in collective impairment ("CIP")	14(ii)	74,389	49,110	37,303
Decrease in individual impairment ("IIP")	14(ii)	36,288	30,704	26,282
Increase in regulatory reserves ("RRP")	14(ii)	<u>(74,558)</u>	<u>(49,565)</u>	<u>(37,252)</u>
<i>Adjustment to increase retained earnings</i>	28(iv)(d)	36,119	30,249	26,333
Islamic repurchase agreements		<u>192,401</u>	<u>179,752</u>	<u>147,534</u>
		<u>228,520</u>	<u>210,001</u>	<u>173,867</u>

In the previous years, collective impairment provisions were based on a percentage (1.5%) of the total outstanding financing portfolio net of individual impairment provisions to cover future potential losses from the financing and advances portfolio. Upon transition to MFRSs, the Bank adopted a MFRS compliant CIP model where collective impairment provisions are set aside to cover financing losses incurred but the financing has not been individually identified as impaired at reporting date. Additionally, impairment provisions for homogeneous groups of financing that are not considered individually significant are now computed under appropriate CIP models instead of being individually assessed. The accounting policy for collective impairment of financing and advances after the transition to MFRSs is disclosed in Note 2(a)(i).

Please refer to Note 2(a)(iv) for the change in accounting policy on disclosure on Islamic repurchase agreements.

(b) Other assets, other liabilities and deposits from customers

		31 Dec 2011 RM'000	30 Jun 2011 RM'000	1 Jan 2011 RM'000
Other assets:				
Decrease in derivative financial assets	15	(7,842)	(7,339)	(2,449)
Other liabilities:				
Decrease in derivative financial liabilities	18	2,809	3,688	2,880
Deposit from customers:				
Decrease/(Increase) in structured deposits	16(i)	<u>6,157</u>	<u>5,509</u>	<u>(490)</u>
<i>Adjustment to increase retained earnings</i>	28(iv)(d)	1,124	1,858	(59)
Other liabilities:				
Islamic repurchase agreements	28(iv)(a)	<u>192,401</u>	<u>179,752</u>	<u>147,534</u>
		<u>193,525</u>	<u>181,610</u>	<u>147,475</u>

In the previous years, structured deposits were measured at amortised cost using the effective profit method. Upon transition to MFRSs, structured deposits are classified as "trading liabilities" and measured at fair value. The accounting policy for the fair value measurement of structured deposits is as disclosed in the audited financial statements of the Bank as at and for the financial year ended 31 December 2011, under Note 3(e)(vi).

28 Explanation of transition to MFRSs (Cont'd)

(iv) Explanation of transition to MFRSs

Notes to reconciliation of statement of financial position

	Note	31 Dec 2011 RM'000	30 Jun 2011 RM'000	1 Jan 2011 RM'000
(c) Deferred tax assets and provision for taxation				
Deferred tax assets				
(Decrease)/Increase in deferred tax assets on collective impairment allowance		(834)	5,326	8,059
Increase in deferred tax assets on RRP increase		15,275	9,507	6,322
Provision for taxation				
Increase/(Decrease) in provision for tax liability upon fair valuation of structured deposits		(281)	(464)	15
Increase in provision for tax liability upon decrease in CIP and IIP		(24,129)	(22,735)	(21,628)
<i>Adjustment to decrease retained earnings</i>	28(iv)(d)	<u>(9,969)</u>	<u>(8,366)</u>	<u>(7,232)</u>

The (increase)/decrease in collective impairment provision resulted in (lower)/higher deferred tax assets recognised.

The increase in regulatory reserve provision resulted in higher deferred tax assets recognised.

Provision for tax liability increased upon positive fair valuation of structured deposits and decrease in CIP and IIP.

(d) Retained earnings

		31 Dec 2011 RM'000	30 Jun 2011 RM'000	1 Jan 2011 RM'000
Financing and advances	28(iv)(a)	36,119	30,249	26,333
Other assets, other liabilities and deposits from customers	28(iv)(b)	1,124	1,858	(59)
Deferred tax assets and provision for taxation	28(iv)(c)	<u>9,969</u>	<u>8,366</u>	<u>7,232</u>
<i>Adjustment to increase retained earnings</i>		<u>47,212</u>	<u>40,473</u>	<u>33,506</u>

Notes to reconciliation of profit or loss and other comprehensive income

	Note	3 months ended 30 Jun 2011 RM'000	6 months ended 30 Jun 2011 RM'000	Year ended 31 Dec 2011 RM'000
(e) Total income derived from investment of funds				
Increase in finance income and hibah		91	191	377
Decrease in other income		<u>(1,067)</u>	<u>(1,449)</u>	<u>(4,258)</u>
<i>Adjustment to decrease profit or loss</i>		<u>(976)</u>	<u>(1,258)</u>	<u>(3,881)</u>
(f) Impairment losses on financing				
Adjustment to collective impairment ("CIP")		(5,575)	(15,728)	(21,788)
Adjustment to individual impairment ("IIP")		15,556	31,767	68,502
Increase in regulatory reserves		<u>(8,570)</u>	<u>(12,313)</u>	<u>(37,306)</u>
<i>Adjustment to increase profit or loss</i>		<u>1,411</u>	<u>3,726</u>	<u>9,408</u>
(g) Income attributable to depositors				
Effect of fair valuation of derivative financial liabilities		<u>1,748</u>	<u>3,365</u>	<u>5,442</u>
<i>Adjustment to increase profit or loss</i>		<u>1,748</u>	<u>3,365</u>	<u>5,442</u>
(h) Taxation				
Effect of fair valuation of structured deposits		(171)	(479)	(296)
Decrease in impairment provisions		(401)	(1,107)	(2,501)
Deferred taxation on increase in CIP		(1,990)	(2,733)	(8,893)
Deferred taxation on provision for regulatory reserve		<u>2,531</u>	<u>3,185</u>	<u>8,953</u>
<i>Adjustment to decrease profit or loss</i>		<u>(31)</u>	<u>(1,134)</u>	<u>(2,737)</u>

29 Performance Review

The Bank recorded a profit before taxation of RM79.9 million for the half year ended 30 June 2012, an increase of RM21.7m or 37.2% against history. Total income derived from the investment of depositors and shareholders fund increased by RM118.7 million or 48.3%, offset by higher income attributable to depositors (RM54.4 million or 83.1%) and operating expenses (RM25.4 million or 32.6%).

The improvement in income from investment of depositors and shareholder's fund was principally due to a RM3.1 billion or 53.0% growth in gross financing and advances from June 2011. Higher customer deposits (RM3.2 billion or 74.8% from June 2011) contributed to the increase in income attributable to depositors.

Balance sheet size increased by RM4.6 billion or 55.7% against 30 June 2011, mainly on higher financing and advances and deposits. The introduction of new and improved products and services coupled with an expanded branch network contributed to this growth.

30 Business Prospects

The challenges affecting the global economic landscape show little signs of abating in the remaining part of the year. The still unresolved Eurozone sovereign debt crisis is expected to affect the rate of recovery of the global economy, and while structural issues are likely to restrain growth in the advanced economies, a general softening of growth has also been forecasted for the emerging and developing nations.

In Q1 2012, the Malaysian economy recorded a growth rate of 4.7%, well within the higher end of the forecasted domestic growth spectrum of between 4% to 5% for 2012, driven mainly by domestic demand in view of weaker external economic conditions. Domestic demand is likely to remain strongly resilient, and is expected to continue being the anchor for growth in the coming months on expected sustained 10 Malaysia Plan (MP) spending and the ongoing implementation of projects under the Economic Transformation Programme (ETP). Additionally, domestic demand is also expected to benefit from the upwards revision of public sector wages and the one-off financial assistance to low and middle-income groups as announced in the 2012 Budget as well as from private investments from domestic-oriented industries.

In 2012, the focus will remain on growing the Premier and Advance propositions. The Bank intends to increase its current share of high quality assets via the relationship-based approach, by increasing value-added offerings, building on cross referrals and cross selling of various banking products (with emphasis on wealth management services) to the Bank's existing customers, while delivering quality customer service at the same time.

As at 30 Jun 2012, the Bank has 19 branches, with more branches expected to be opened progressively during the year.

The Bank endeavours to maintain a strict cost discipline at all times to ensure sustainable growth is achieved amidst the increasingly challenging and competitive environment.

Barring unforeseen circumstances, the Bank expects to register a satisfactory performance for the current financial year.