AmIslamic Bank Berhad

(Company No. 295576–U)
(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2012 to
30 September 2012

(In Ringgit Malaysia)

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	30 September 2012 RM'000	31 March 2012 (Restated) RM'000	1 April 2011 (Restated) RM'000
ASSETS				
Cash and short-term funds		2,364,017	2,328,883	4,738,758
Deposits and placements with banks and other financial institutions		288,383	1,118,383	250,000
Derivative financial assets		17,005	10,925	3,258
Financial assets held-for-trading	A8	3,035,900	1,522,183	991,136
Financial investments available-for-sale	A9	1,104,530	320,117	715,937
Financial investment held-to-maturity	A10	822,149	822,222	-
Financing and advances	A11	19,639,511	16,846,171	13,256,139
Statutory deposit with Bank Negara Malaysia		731,000	559,000	-
Deferred tax asset		62,333	36,158	118,406
Other assets	A12	194,922	319,223	124,657
Property and equipment		523	582	654
Intangible assets		66	120	278
TOTAL ASSETS		28,260,339	23,883,967	20,199,223
LIABILITIES AND EQUITY				
Deposits and placements of banks and other financial institutions	A13	2,710,149	1,481,305	1,467,556
Derivative financial liabilities		16,952	10,896	3,254
Deposits from customers	A14	20,727,577	18,271,858	15,249,655
Term funding		987,553	854,804	550,000
Bills and acceptances payable		926,868	518,422	879,522
Subordinated Sukuk Musharakah		800,000	800,000	400,000
Other liabilities	A15	247,263	229,780	249,261
Provision for zakat		1,875	1,323	559
Total Liabilities		26,418,237	22,168,388	18,799,807
Share capital		428,038	428,038	403,038
Reserves		1,414,064	1,287,541	996,378
Equity attributable to equity holder of the Bank		1,842,102	1,715,579	1,399,416
TOTAL LIABILITIES AND EQUITY		28,260,339	23,883,967	20,199,223
COMMITMENTS AND CONTINGENCIES	A26	9,694,973	7,783,532	7,595,982
NET ASSETS PER SHARE (RM)		4.30	4.01	3.47

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2012.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

		Individual Quarter		Cumulative Quarter	
		30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A16	369,189	310,854	716,654	612,664
Income derived from investment of shareholder's funds	A17	32,494	36,242	75,044	70,671
Allowance for impairment on financing and advances	A18	(44,230)	(52,003)	(70,351)	(95,394)
Impairment writeback on financing investments		-	18	-	18
Write back/(provision) for commitments and contingencies		1,001	(252)	(3,711)	(704)
Transfer to profit equalisation reserve		(4,446)	(6,182)	(4,842)	(1,424)
Total distributable income		354,008	288,677	712,794	585,831
Income attributable to the depositors	A19	(182,999)	(146,109)	(351,430)	(288,166)
Total net income		171,009	142,568	361,364	297,665
Other operating expenses	A20	(89,487)	(74,610)	(173,070)	(145,438)
Finance cost		(14,782)	(10,835)	(29,435)	(21,531)
Profit before zakat and taxation		**66,740**	**57,123**	**158,859**	**130,696**
Zakat		(337)	(365)	(552)	(869)
Taxation		(10,963)	(13,684)	(34,914)	(32,821)
Profit for the period		**55,440**	**43,074**	**123,393**	**97,006**
Earnings per share (sen) - basic/fully diluted	A21	**12.95**	**10.69**	**28.83**	**24.07**

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2012.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	55,440	43,074	123,393	97,006
Other comprehensive income/(loss):				
Net movement on financial investments available-for-sale	288	627	2,492	(71)
Income tax relating to the components of other comprehensive income	(72)	(156)	(623)	18
Other comprehensive income/(loss) for the period, net of tax	216	471	1,869	(53)
Total comprehensive income for the period	55,656	43,545	125,262	96,953

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2012.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Attributable to Equity Holder of the Bank				
		Non-distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000
At 1 April 2011					
As previously stated	403,038	534,068	297,992	162,515	1,397,613
Effect of change in accounting policy (Note A30)	-	-	-	1,803	1,803
As restated	403,038	534,068	297,992	164,318	1,399,416
Profit for the period	-	-	-	97,006	97,006
Other comprehensive loss	-	-	(53)	-	(53)
Total comprehensive income/(loss) for the year	-	-	(53)	97,006	96,953
Transfer of ESS shares recharged - difference on purchase price of shares vested	-	-	-	(26)	(26)
At 30 September 2011	403,038	534,068	297,939	261,298	1,496,343
At 1 April 2012					
As previously stated	428,038	609,068	350,503	328,654	1,716,263
Effect of change in accounting policy (Note A30)	-	-	-	(684)	(684)
As restated	428,038	609,068	350,503	327,970	1,715,579
Profit for the period	-	-	-	123,393	123,393
Other comprehensive income	-	-	1,869	-	1,869
Total comprehensive income for the year	-	-	1,869	123,393	125,262
Transfer to profit equalisation reserve under the previous guideline	-	-	1,495	-	1,495
Net transfer to profit equalisation reserve for the period	-	-	422	(422)	-
Transfer of ESS shares recharged - difference on purchase price of shares vested	-	-	-	(234)	(234)
At 30 September 2012	428,038	609,068	354,289	450,707	1,842,102

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2012.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	30 September 2012 RM'000	30 September 2011 (Restated) RM'000
Profit before zakat and taxation	158,859	130,696
Adjustments for non-operating and non-cash items	95,095	96,460
Operating profit before working capital changes	253,954	227,156
Changes in working capital:		
Net changes in operating assets	(3,634,775)	(1,802,357)
Net changes in operating liabilities	4,236,183	(556,376)
Taxation paid	(47,611)	(43,844)
Zakat	-	(303)
Net cash generated/(used in) from operating activities	807,751	(2,175,724)
Net cash (used in)/generated from investing activities	(772,617)	44,853
Net cash generated from financing activities	-	600,000
Net increase/(decrease) in cash and cash equivalents	35,134	(1,530,871)
Cash and cash equivalents at beginning of the period	2,328,883	4,738,758
Cash and cash equivalents at end of the period	2,364,017	3,207,887

For purposes of Statement of Cash Flows, cash and cash equivalents comprise cash and bank balances and deposit placements maturing within one month ("Cash and short-term funds").

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2012.

Explanatory Notes

A1. BASIS OF PREPARATION

Changes in accounting policies and disclosures

1. Transition to Malaysian Financial Reporting Standards ("MFRS") Framework

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). These condensed interim financial statements also comply with IAS 34, Interim Financial Statements issued by the International Accounting Standards Board ("IASB").

Since the previous annual audited financial statements for the year ended 31 March 2012 (which were prepared under Financial Reporting Standards ("FRS")) 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 April 2012.

The MFRS Framework is fully International Financial Reporting Standards ("IFRS") compliant and the key differences between FRSs and MFRSs are that in the former; (a) FRS 201_{2004} Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15; and (b) there is no equivalent standard to MFRS 141.

As these condensed interim financial statements form part of the period covered by the Bank's first annual financial statements prepared under the MFRS framework, the Bank has applied MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in its transition to the MFRS framework.

In preparing its opening MFRS statements of financial position as at 1 April 2011, the Bank has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS to reflect the financial effects from adoption of the MFRS framework.

The adoption of the MFRS framework also resulted in a change in the accounting for collective assessment.

Up until the financial year ended 31 March 2012, the Bank's collective assessment allowance for financing and advances was determined based on the transitional provision prescribed in Bank Negara Malaysia's ("BNM") Guidelines on Classification and Impairment Provisions for Loans/ Financing ("the Guidelines"), modified to reflect the Bank's historical loss experience.

A1. BASIS OF PREPARATION (CONTD.)

This transitional provision has since been removed so as to align to the requirements of MFRS 139, Financial Instruments: Recognition and Measurement.

Under MFRS 139, financing and advances which are not individually significant are collectively assessed using the incurred loss approach. If it is determined that no objective evidence of impairment exists for an individually assessed financing or advance, the financing or advance is also included in the group of financing and advances with similar credit risk characteristics for collective impairment assessment. The future cash flows of each group of financing with similar credit risk characteristics are estimated on the basis of historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of financing and advances.

This change in accounting policy has been applied retrospectively in accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial effects on the Bank's financial position and financial performance on adoption of the MFRS framework are set out in Note A30. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2. BNM Guidelines on Profit Equalisation Reserve

BNM issued the revised Guidelines on Profit Equalisation Reserve ("PER Guidelines"), which became effective for the Bank from 1 April 2012.

On adoption of the PER Guidelines, the Bank continues to set aside a portion of its profits into a Profit Equalisation Reserve ("PER"). The PER of the Investment Account Holder continues to be classified as a liability and is recognised at cost, with subsequent apportionments being recognised in the income statement.

The PER of the Islamic Banking Institution is now classified as a separate reserve in equity and subsequent apportionments to and distributions from retained earnings are treated as a transfer between reserves.

This change in accounting policy has been applied prospectively in accordance with the transitional provisions in the PER Guidelines.

A1. BASIS OF PREPARATION (CONTD.)

3 New and amended standards and interpretations

(a) Standards effective for financial year ending 31 March 2013

The accounting policies adopted are consistent with those of the previous financial year, except as disclosed above and the following new and amended MFRSs and Interpretation Committee (“IC”) Interpretations which became effective for the Bank from 1 April 2012:

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

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

The adoption of these new and amended MFRSs and IC Interpretations did not have any significant impact on the financial position or performance of the Bank.

(b) Standards issued but not yet effective

The following are MFRSs and IC Interpretations issued by MASB that will be effective for the Bank in future years. The Bank intends to adopt those standards when they become effective.

A1. BASIS OF PREPARATION (CONTD.)

3 New and amended standards and interpretations (Contd.)

(i) Standards effective for financial year ending 31 March 2014:

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- 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 (as amended in November 2011)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27, Consolidated and Separate Financial Statements revised by IASB in December 2003)
- MFRS 127, Separate Financial Statements (as amended in November 2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

(i) Standards effective for financial year ending 31 March 2014 (Contd.):

- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled “Annual Improvements 2009–2011 Cycle"

(b) Standards issued but not yet effective (Contd.)

(ii) Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities

(iii) Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2012 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter and period.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 September 2012 other than as disclosed in Note A29 Changes in accounting policies and comparatives.

A6. ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter and period.

There were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 September 2012 and no dividends were paid in the current financial quarter and period.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 September 2012 RM'000	31 March 2012 RM'000
At Fair Value		
Money Market Instruments:		
Islamic Treasury bills	-	4,715
Malaysian Government Investment Issues	459,446	288,275
Bank Negara Monetary Notes	2,142,715	929,449
	2,602,161	1,222,439
Unquoted securities in Malaysia:		
Private debt securities	433,739	299,744
Total financial assets held-for-trading	3,035,900	1,522,183

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2012 RM'000	31 March 2012 RM'000
At Fair Value		
Money Market Instruments:		
Negotiable instruments of deposit	748,125	-
Quoted securities in Malaysia:		
Unit trusts	-	30,000
Unquoted securities in Malaysia:		
Private debt securities	356,405	290,117
Total financial investments available-for-sale	1,104,530	320,117

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 September 2012 RM'000	31 March 2012 RM'000
At Amortised Cost:		
Unquoted securities in Malaysia:		
Private debt securities	822,149	822,222
Total financial investments held-to-maturity	822,149	822,222

A11. FINANCING AND ADVANCES

	30 September 2012	31 March 2012 (Restated)
At Amortised Cost:	RM'000	RM'000
Cash lines	708,093	522,780
Term financing	5,968,139	6,046,290
Revolving credit	2,063,409	1,095,887
House financing	704,621	598,260
Hire-purchase receivables	10,727,021	9,264,472
Credit card receivables	319,578	316,677
Bills receivables	200	-
Trust receipts	82,996	63,366
Claims on customers under acceptance credit	1,073,259	1,060,425
	21,647,316	18,968,157
Less: Islamic financing sold to Cagamas Berhad	(1,512,516)	(1,645,251)
Gross financing and advances	20,134,800	17,322,906
Allowance for impairment on financing and advances		
- Collective allowance	(481,455)	(460,411)
- Individual allowance	(13,834)	(16,324)
Net financing and advances	19,639,511	16,846,171

A11. FINANCING AND ADVANCES (CONTD.)

A11a. Gross financing and advances analysed by contract are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Bai' Bithaman Ajil	4,154,433	4,371,717
Ijarah/Al-Ijarah Thumma Al-Bai'	9,301,841	7,619,215
Musyarakah	1,640	663
Murabahah	1,260,297	1,207,148
Other Islamic contracts	5,416,589	4,124,163
Gross financing and advances	20,134,800	17,322,906

A11b. Gross financing and advances analysed by type of customer are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Domestic non-bank financial institutions	89,088	78,669
Domestic business enterprises		
- Small medium enterprises	2,339,043	2,089,792
- Others	5,622,256	4,365,672
Government and statutory bodies	657,740	1,059,717
Individuals	11,407,397	9,713,326
Other domestic entities	10,697	9,016
Foreign entities	8,579	6,714
Gross financing and advances	20,134,800	17,322,906

A11c. All financing and advances reside in Malaysia.

A11. FINANCING AND ADVANCES (CONTD.)

A11d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Fixed rate		
- House financing	248,210	263,341
- Hire-purchase receivables	7,725,288	6,088,243
- Other financing	4,899,835	5,103,242
Variable rate		
- Base financing rate plus	3,175,622	2,974,390
- Cost plus	4,085,845	2,893,690
Gross financing and advances	20,134,800	17,322,906

A11e. Gross financing and advances analysed by sector are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Agriculture	417,468	254,252
Mining and quarrying	41,390	43,316
Manufacturing	2,180,194	2,075,445
Electricity, gas and water	130,520	130,884
Construction	1,048,357	464,438
Wholesale, retail trade, restaurant and hotel	732,573	622,716
Transport, storage and communication	842,965	836,582
Finance and insurance	89,088	78,669
Real estate	1,571,857	1,254,628
Business activities	488,374	333,451
Education and health	571,506	505,421
Household of which :	12,928,492	11,365,288
- purchase of residential properties	696,739	594,931
- purchase of transport vehicles	10,049,130	8,537,897
- others	2,182,623	2,232,460
Others	604,532	1,003,067
Less: Islamic financing sold to Cagamas Berhad	(1,512,516)	(1,645,251)
Gross financing and advances	20,134,800	17,322,906

A11. FINANCING AND ADVANCES (CONTD.)

A11f. Gross financing and advances analysed by residual contractual maturity are as follow:

	30 September 2012 RM'000	31 March 2012 RM'000
Maturing within one year	3,577,521	2,830,309
One year to three years	2,601,262	1,806,838
Over three years to five years	2,506,363	2,591,252
Over five years	11,449,654	10,094,507
Gross financing and advances	20,134,800	17,322,906

A11g. All impaired financing and advances reside in Malaysia.

A11h. Impaired financing and advances by sector

	30 September 2012 RM'000	31 March 2012 RM'000
Agriculture	349	471
Mining and quarrying	82	83
Manufacturing	22,060	23,994
Electricity, gas and water	143	78
Construction	2,799	1,743
Wholesale, retail trade, restaurant and hotel	4,855	3,708
Transport, storage and communication	342	511
Real estate	452	-
Business activities	713	262
Education and health	14,005	14,065
Household of which :	217,179	192,809
- purchase of residential properties	25,205	23,142
- purchase of transport vehicles	144,515	123,484
- others	47,459	46,183
Others	4	-
Impaired financing and advances	262,983	237,724

A11. FINANCING AND ADVANCES (CONTD.)

A11i. Movements in impaired financing and advances are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	237,724	320,418
Impaired during the period/year	186,597	245,594
Reclassified as non-impaired	(49,659)	(59,847)
Amount recovered	(19,794)	(38,106)
Amount written off	(91,885)	(230,335)
Balance at end of financial period/year	262,983	237,724
Gross financing and advances	20,134,800	17,322,906
Add: Islamic financing sold to Cagamas Berhad	1,512,516	1,645,251
Gross financing and advances (including Islamic financing sold to Cagamas Berhad)	21,647,316	18,968,157
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	1.2%	1.3%
Financing loss coverage (excluding collateral values)	188.3%	200.5%

A11. FINANCING AND ADVANCES (CONTD.)

A11j. Movements in the allowances for impaired financing and advances are as follows:

		30 September 2012 RM'000	31 March 2012 RM'000
Collective allowance			
Balance at beginning of financial year			
As previously stated		463,433	479,010
Effect of change in accounting policy	Note A30	(3,022)	(9,063)
As restated		460,411	469,947
Allowance made during the period/year		105,052	205,859
Amount written off		(84,008)	(215,395)
Balance at end of financial period/year		481,455	460,411
As % of gross financing and advances (including Islamic financing sold to Cagamas Berhad) less individual allowance		2.2%	2.4%
Individual allowance			
Balance at beginning of financial year		16,324	25,447
Allowance made during the period/year - net		4,634	5,933
Amount written off		(7,124)	(15,056)
Balance at end of financial period/year		13,834	16,324

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A12. OTHER ASSETS

	30 September 2012 RM'000	31 March 2012 (Restated) RM'000
Other receivables and prepayments	79,349	206,334
Profit receivable	29,413	22,351
Tax recoverable	-	15,969
Deferred charges	86,160	74,569
	194,922	319,223

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2012 RM'000	31 March 2012 RM'000
Non-Mudharabah		
Licensed banks	820,610	806,330
Licensed investment banks	189,338	173,895
Other financial institutions	269,852	123,491
Bank Negara Malaysia	21,691	17,749
	1,301,491	1,121,465
Mudharabah		
Licensed investment banks	-	100
Other financial institutions	1,408,658	359,740
	1,408,658	359,840
Total	2,710,149	1,481,305

A14. DEPOSITS FROM CUSTOMERS

(i) By type of deposit:

	30 September 2012 RM'000	31 March 2012 RM'000
Non-Mudharabah		
Demand deposits	3,320,631	2,874,181
Savings deposits	1,631,002	1,541,959
Negotiable instruments of deposits	25,381	25,184
Term deposits	552,636	167,181
	5,529,650	4,608,505
Mudharabah		
Demand deposits	27,440	19,512
Savings deposits	6,133	5,945
General investment deposits	15,024,059	13,453,942
Structured deposits	140,295	183,954
	15,197,927	13,663,353
Total	20,727,577	18,271,858

(ii) The deposits are sourced from the following types of customers:

	30 September 2012 RM'000	31 March 2012 RM'000
Government and other statutory bodies	3,818,707	4,128,278
Business enterprises	11,657,778	9,645,362
Individuals	4,417,526	3,835,369
Others	833,566	662,849
	20,727,577	18,271,858

(iii) The maturity structure of negotiable instruments of deposits, term deposits, general investment deposits and structured deposits is as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Due within six months	14,262,899	12,566,527
Over six months to one year	1,099,205	806,224
Over one year to three years	339,260	404,005
Over three years to five years	41,007	53,505
	15,742,371	13,830,261

A15. OTHER LIABILITIES

	30 September 2012 RM'000	31 March 2012 (Restated) RM'000
Profit payable	117,687	115,460
Other creditors and accruals	82,448	74,013
Advance rental	10,914	11,635
Profit equalisation reserve *	2,325	3,294
Amount due to related companies	38	38
Provision for commitments and contingencies	29,050	25,340
Provision for taxation	4,801	-
	247,263	229,780

* There is no shareholder's portion of the profit equalisation reserve as at 30 September 2012 (31 March 2012: RM1,495,000).

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	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:				
- General investment deposits	252,895	201,138	484,037	401,485
- Other deposits	116,294	109,716	232,617	211,179
	369,189	310,854	716,654	612,664

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

	Individual Quarter		Cumulative Quarter	
	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 general investment deposits				
Finance income and hibah:				
Financing and advances				
- Financing income	232,441	157,048	436,446	317,126
- Financing income on impaired financing	82	(1)	161	46
Financial assets held-for-trading	10,470	7,433	18,510	12,481
Financial investments held-to-maturity	11	-	957	-
Deposits with financial institutions	-	23,266	-	47,205
Total finance income and hibah	243,004	187,746	456,074	376,858
Other operating income:				
Fee and commission income:				
- Commission	2,634	1,491	4,583	2,822
- Other fee	7,866	5,869	21,369	12,130
Foreign exchange	865	65	2,653	92
Gain from sale of financial assets held-for-trading	1,652	4,869	3,517	6,220
Gain/(loss) on revaluation of financial assets held-for-trading	(3,117)	1,087	(4,145)	3,345
Others	(9)	11	(14)	18
Total other operating income	9,891	13,392	27,963	24,627
Total	252,895	201,138	484,037	401,485

A16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

	Individual Quarter		Cumulative Quarter	
	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 other deposits				
Finance income and hibah:				
Financing and advances				
- Financing income	69,112	85,737	137,170	166,806
- Financing income on impaired financing	25	-	51	24
Financial assets held-for-trading	5,408	4,007	8,784	6,564
Financial investments held-to-maturity	9,972	-	18,902	-
Deposits with financial institutions	29,934	12,705	59,763	24,829
Total finance income and hibah	114,451	102,449	224,670	198,223
Other operating income:				
Fee and commission income:				
- Commission	790	811	1,440	1,484
- Other fee	2,211	3,209	6,716	6,381
Foreign exchange	238	36	834	49
Gain from sale of financial assets held-for-trading	727	2,588	1,507	3,272
Gain/(loss) on revaluation of financial assets held-for-trading	(2,119)	617	(2,545)	1,760
Others	(4)	6	(5)	10
Total other operating income	1,843	7,267	7,947	12,956
Total	116,294	109,716	232,617	211,179

A17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	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				
- Financing income	18,023	27,043	53,143	47,863
Financial investments available-for-sale	10,140	5,227	14,745	11,642
Total finance income and hibah	28,163	32,270	67,888	59,505
<u>Other operating income:</u>				
Fee and commission income:				
- Commission	979	699	1,867	1,680
- Other fee	1,716	3,180	3,707	7,048
Gain from sale of financial investments available-for-sale	1,636	93	1,582	2,438
Total other operating income	4,331	3,972	7,156	11,166
Total	32,494	36,242	75,044	70,671

A18. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 (Restated) RM'000	30 September 2012 RM'000	30 September 2011 (Restated) RM'000
Allowance for impaired financing and advances:				
Individual allowance, net	154	(629)	4,634	2,370
Collective allowance	64,171	63,104	105,052	115,426
Impaired financing and advances recovered, net	(20,095)	(10,472)	(39,335)	(22,402)
Total	44,230	52,003	70,351	95,394

A19. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Deposit from customers				
- Mudharabah fund	125,125	103,336	239,814	204,404
- Non-Mudharabah fund	16,095	9,167	31,860	17,564
	141,220	112,503	271,674	221,968
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	6,378	2,789	9,893	5,565
- Non-Mudharabah fund	13,911	11,604	27,104	22,454
	20,289	14,393	36,997	28,019
Others	21,490	19,213	42,759	38,179
Total	182,999	146,109	351,430	288,166

A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Personnel costs				
– Salaries, allowances and bonuses	1,608	1,406	3,849	3,344
– Shares and options granted under Executives' Share Scheme	378	273	446	332
– Others	760	392	1,278	839
	2,746	2,071	5,573	4,515
Establishment costs				
– Amortisation of intangible assets	17	42	57	85
– Cleaning, maintenance and security	9	10	17	19
– Computerisation cost	13	1	15	3
– Depreciation	37	52	80	107
– Rental	150	149	300	324
– Others	81	21	163	38
	307	275	632	576
Marketing and communication expenses				
– Communication, advertising and marketing	1,639	1,749	2,402	2,313
– Others	41	40	77	113
	1,680	1,789	2,479	2,426
Administration and general expenses	1,068	1,597	1,837	2,934
Service transfer pricing expenses	83,686	68,878	162,549	134,987
Total	89,487	74,610	173,070	145,438

A21. EARNINGS PER SHARE (EPS)

Basic/Diluted

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to equity holder of the Bank by the weighted average number of ordinary shares in issue during the financial period.

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holder of the Bank by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period.

	Individual Quarter		Cumulative Quarter	
	30 September	30 September (Restated)	30 September	30 September (Restated)
	2012	2011	2012	2011
Net profit attributable to equity holder of the Bank (RM'000)	55,440	43,074	123,393	97,006
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	428,038	403,038	428,038	403,038
Basic/Diluted earnings per share (sen)	**12.95**	**10.69**	**28.83**	**24.07**

A22. BUSINESS SEGMENT ANALYSIS

For the period ended 30 September 2012

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	299,489	99,536	239,526	14,323	138,824	791,698
Net income	245,963	71,898	38,530	8,089	46,353	410,833
Other operating expenses	(117,061)	(14,337)	(3,105)	(2,296)	(36,271)	(173,070)
Profit before provision	128,902	57,561	35,425	5,793	10,082	237,763
Provisions - (charge)/writeback	(71,389)	8,241	(6,786)	16	(8,986)	(78,904)
Profit before zakat and taxation	57,513	65,802	28,639	5,809	1,096	158,859
Zakat and taxation	(14,378)	(16,451)	(7,160)	(1,452)	3,975	(35,466)
Profit for the period	43,135	49,351	21,479	4,357	5,071	123,393

Other information

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
Cost to income ratio	47.6%	19.9%	8.1%	28.4%	78.2%	42.1%
Gross financing and advances	14,018,163	4,859,308	2,825,096	-	(1,567,767)	20,134,800
Net financing and advances	13,740,833	4,793,701	2,808,244	-	(1,703,267)	19,639,511
Impaired financing and advances	256,406	4,394	-	-	2,183	262,983
Deposits	5,430,577	1,993,824	14,564,138	290,295	1,158,892	23,437,726

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

A22. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 30 September 2011

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	272,310	73,302	174,414	31,184	132,125	683,335
Net income	227,107	52,309	18,376	28,492	47,354	373,638
Other operating expenses	(101,171)	(9,357)	(1,088)	(1,694)	(32,128)	(145,438)
Profit before provision	125,936	42,952	17,288	26,798	15,226	228,200
Provisions - (charge)/writeback	(80,448)	(13,187)	9,036	264	(13,169)	(97,504)
Profit/(loss) before zakat and taxation	45,488	29,765	26,324	27,062	2,057	130,696
Zakat and taxation	(11,372)	(7,442)	(6,581)	(6,766)	(1,529)	(33,690)
Profit/(loss) for the period	34,116	22,323	19,743	20,296	528	97,006
Other information						
Cost to income ratio	44.5%	17.9%	5.9%	5.9%	67.8%	38.9%
Gross financing and advances	11,229,486	3,711,098	1,112,413	-	(1,532,474)	14,520,523
Net financing and advances	10,961,619	3,645,994	1,106,150	-	(1,664,678)	14,049,085
Impaired financing and advances	211,489	18,244	-	-	20	229,753
Deposits	4,524,821	1,502,104	9,094,127	187,500	1,253,970	16,562,522

Note:

1 The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.

2 Certain comparative figures have been restated due to changes in accounting policies as mentioned in Note A30 and to conform with current period's presentation.

A23a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2012

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM158.9 million for the period ended 30 September 2012 compared to RM130.7 million for the corresponding restated period in the previous year.

The increase in Pre-tax profit was mainly due to higher net finance income and hibah and lower allowances for impaired financing and advances offset by lower other operating income, higher other operating expenses and finance cost.

The increase in income derived from investment of depositor's funds and others and income derived from investment of shareholder's funds was mainly due to higher financing income of RM95.0 million or increase of 17.9% attributable to growth in financing and higher income of RM31.2 million from holding of larger portfolio of securities. The lower allowance from impaired loans and advances was due to lower collective provision and higher recoveries from financing written-off.

The lower other operating income was attributable to lower trading and investment income mainly due to securities revaluation. The higher other operating expenses was mainly due to increase in business volume during the current financial period.

In the opinion of the Directors, the results of the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

A23b. PROSPECTS FOR 31 MARCH 2013

In the first half of 2012, the Malaysian economy grew 5.1% predominantly driven by robust private and government consumption. Looking ahead, domestic economic growth is expected to moderate with lower household spending. However, business and government spending should provide support for economic activities, together with accommodative policy rates, continued rollout of Entry Point Projects (EPPs) under the Government's Economic Transformation Programme (ETP) and incentives under Budget 2013.

In the domestic banking front, the new Responsible Lending Guideline and consumer's wait-and-see approach, especially in response to developments in the Malaysian property and auto industry, have moderated consumer loans/financing growth. In addition, ongoing competition for loans/financing and deposits will continue to impact margins.

While the Group is optimistic about the domestic economic growth prospects, we recognise that there are downside risks in the global economy and will remain vigilant. Over the next three years, we intend to aggressively invest, optimise and leverage connectivity to deliver growth. Our strategic priorities for FY2013 – 2015 will be to accelerate growth and business mix changes, strengthen customer centricity and connectivity, increase productivity and efficiency, and acquire and integrate in-fill acquisitions and strategic tie-ups. This will propel us towards achieving our Vision – As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

A24. VALUATION OF PROPERTY AND EQUIPMENT

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Bank for the current period.

A26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Bank's assets.

	30 September 2012 RM'000	31 March 2012 RM'000
Contingent Liabilities		
Direct credit substitutes	137,327	134,712
Transaction related contingent items	569,152	487,700
Short-term self liquidating trade-related contingencies	80,731	79,444
Asset sold with recourse	1,512,516	1,645,251
Obligations under underwriting agreements	100,000	100,000
	2,399,726	2,447,107
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,734,569	3,085,277
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	824,068	957,923
Unutilised credit card lines	474,259	482,204
Forward asset purchase	42,638	125,825
	6,075,534	4,651,229
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	632,637	310,584
Equity and commodity related contracts:		
- One year or less	166,300	78,630
- Over one year to five years	420,776	295,982
	1,219,713	685,196
Total	9,694,973	7,783,532

A27. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Bank both for client solutions generating revenue for future as well as to manage the Bank's own market risk exposure. The Bank's involvement in financial derivatives is currently focused on equity, foreign exchange and profit rate derivatives.

The principal foreign exchange rate contracts used are forward foreign exchange contracts. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. The principal equity contracts used are equity option. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). The principal profit rate contracts used are profit rate swaps. Profit rate swap transactions generally involve the exchange of fixed and floating profit payment obligations without the exchange of the underlying principal amounts.

The Bank maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective profit rate, equity and foreign exchange rate exposures. Derivative transactions generate income for the Bank from the buy-sell spreads. The Bank also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Bank uses derivatives to manage the Bank's market risk exposure. As the value of these financial derivatives are principally driven by profit rate and foreign exchange rate factors, the Bank uses them to reduce the overall profit rate and foreign exchange rate exposures of the Bank. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Bank. The Bank manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Bank.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same types of market and credit risk as other financial instruments, and the Bank manages these risks in a consistent manner under the overall risk management framework.

A27. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Bank's exposure. The markets covered by this treatment include profit rates, foreign exchange and equities.

For counterparty credit risk, the general approach is to calculate the exposure as the sum of the mark-to-market value of the exposure, plus the sum of the notional principal multiplied by the potential credit risk exposure ("PCRE") factor for the exposure.

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive ("in the money"), the Bank has credit exposure against the counterparty; if it is negative, ("out of the money"), the value used in calculation is zero.

- The PCRE factors recognize that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Bank Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Bank's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Bank's or a counterparty's external rating were downgraded, the Bank or the counterparty would likely be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

A27. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the-counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, profit rate swaps and foreign exchange options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Bank, arising from the need to post collateral (for example, like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral is not posted, the counterparty can close out their position and claim such mark-to-market loss from the Bank. This would also result in the Bank no longer being hedged).

Generally, the Bank measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Bank's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

A27. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised at fair value upon inception in the statement of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Bank enters into derivative transactions for hedging purposes. For all derivatives, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Bank applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Bank formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Bank discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

A27. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

Derivative financial instruments and hedge accounting (Contd.)

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

A28. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Bank are as follows:

	30 September 2012	31 March 2012
Core capital ratio	8.1%	9.0%
Risk-weighted capital ratio	13.4%	15.2%

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

A28. CAPITAL ADEQUACY (CONTD.)

(b) The components of Tier 1 and Tier 2 capital of the Bank are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Tier 1 capital		
Paid-up ordinary share capital	428,038	428,038
Share premium	609,068	609,068
Statutory reserve	359,716	359,716
Retained earnings	451,129	328,654
	1,847,951	1,725,476
Less: Deferred tax asset	(59,885)	(32,258)
Total Tier 1 capital	1,788,066	1,693,218
Tier 2 capital		
Subordinated Sukuk Musharakah	800,000	800,000
Collective allowance on impaired financing and advances *	361,700	370,964
Total Tier 2 capital	1,161,700	1,170,964
Capital base	2,949,766	2,864,182

* Excludes collective allowance on impaired financing and advances restricted from Tier 2 capital of the Bank of RM119,755,000 as at 30 September 2012 (31 March 2012: RM92,469,000).

The breakdown of the risk weighted assets in various categories of risk are as follows:

	30 September 2012 RM'000	31 March 2012 RM'000
Credit risk	19,848,944	17,095,915
Market risk	745,756	384,044
Operational risk	1,380,792	1,327,826
Total risk weighted assets	21,975,492	18,807,785

A29. Credit Exposures Arising From Credit Transactions With Connected Parties

	30 September 2012	31 March 2012
Outstanding credit exposures with connected parties (RM'000)	329,903	273,267
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	1.4%	1.4%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.0%	0.1%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A30. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES

a. Transition to MFRSs

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below.

i. Reconciliation of equity

	As previously reported RM'000	Effect of transition to MFRSs RM'000	As restated RM'000
As at 1 April 2011			
Financing and advances	13,247,076	9,063	13,256,139
Other liabilities	242,001	7,260	249,261
Reserves	994,575	1,803	996,378
As at 31 March 2012			
Financing and advances	16,843,149	3,022	16,846,171
Deferred tax asset	35,329	829	36,158
Other assets	319,824	(601)	319,223
Other liabilities	225,846	3,934	229,780
Reserves	1,288,225	(684)	1,287,541

ii. Reconciliation of income statement and statement of comprehensive income

	As previously reported RM'000	Effect of transition to MFRSs RM'000	As restated RM'000
Income statement for the period ended 30 September 2011			
Allowance for impairment on financing and advances	(92,374)	(3,020)	(95,394)
(Provision)/writeback of provision for commitments and contingencies	(2,066)	1,362	(704)
Taxation	(33,235)	414	(32,821)