Company No. 295576–U

AmIslamic Bank Berhad

(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2013 to
30 June 2013

(In Ringgit Malaysia)

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30 June 2013 RM'000	31 March 2013 RM'000
ASSETS			
Cash and short-term funds		3,948,944	3,540,872
Deposits and placements with banks and other financial institutions		418,382	1,548,383
Derivative financial assets		9,386	7,924
Financial assets held-for-trading	A8	673,722	1,216,381
Financial investments available-for-sale	A9	1,550,097	1,197,335
Financial investments held-to-maturity	A10	2,001,926	1,920,361
Financing and advances	A11	21,715,039	21,987,307
Statutory deposit with Bank Negara Malaysia		794,500	771,000
Other assets	A12	367,646	315,118
Property and equipment		458	479
Intangible assets		44	50
TOTAL ASSETS		31,480,144	32,505,210
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A13	2,343,831	2,504,721
Recourse obligation on financing sold to Cagamas Berhad		2,072,480	2,073,691
Derivative financial liabilities		9,352	7,893
Deposits from customers	A14	22,464,900	23,211,242
Term funding		550,000	550,000
Bills and acceptances payable		510,225	722,821
Subordinated Sukuk Musharakah		1,000,000	1,000,000
Deferred tax liability		15,078	15,945
Other liabilities	A15	302,973	290,319
Provision for zakat		2,120	1,639
TOTAL LIABILITIES		29,270,959	30,378,271
Share capital		462,922	462,922
Reserves		1,746,263	1,664,017
Equity attributable to equity holder of the Bank		2,209,185	2,126,939
TOTAL LIABILITIES AND EQUITY		31,480,144	32,505,210
COMMITMENTS AND CONTINGENCIES	A26	8,106,794	8,475,511
NET ASSETS PER SHARE (RM)		4.77	4.59

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

		Individual Quarter		Cumulative Quarter	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A16	399,880	347,465	399,880	347,465
Income derived from investment of shareholder's funds	A17	35,487	42,550	35,487	42,550
Allowance for impairment on financing and advances	A18	(16,807)	(26,121)	(16,807)	(26,121)
Provision for commitments and contingencies		(283)	(4,712)	(283)	(4,712)
Transfer to profit equalisation reserve		(7,209)	(396)	(7,209)	(396)
Total distributable income		411,068	358,786	411,068	358,786
Income attributable to the depositors	A19	(198,585)	(168,431)	(198,585)	(168,431)
Total net income		212,483	190,355	212,483	190,355
Other operating expenses	A20	(89,800)	(83,583)	(89,800)	(83,583)
Finance cost		(16,866)	(14,653)	(16,866)	(14,653)
Profit before zakat and taxation		**105,817**	**92,119**	**105,817**	**92,119**
Zakat		(481)	(215)	(481)	(215)
Taxation		(24,170)	(23,951)	(24,170)	(23,951)
Profit for the period		**81,166**	**67,953**	**81,166**	**67,953**
Earnings per share (sen) Basic/Diluted	A21	**17.53**	**15.88**	**17.53**	**15.88**

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

	Individual Quarter		Cumulative Quarter	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	81,166	67,953	81,166	67,953
Other comprehensive income:				
Net change in revaluation of financial investments available-for-sale	1,472	2,204	1,472	2,204
Income tax relating to the components of other comprehensive income	(368)	(551)	(368)	(551)
Other comprehensive income for the period, net of tax	1,104	1,653	1,104	1,653
Total comprehensive income for the period	82,270	69,606	82,270	69,606

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

	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 2012	428,038	609,068	350,503	327,970	1,715,579
Profit for the period	-	-	-	67,953	67,953
Other comprehensive income	-	-	1,653	-	1,653
Total comprehensive income for the period	-	-	1,653	67,953	69,606
Transfer to profit equalisation reserve of the Bank	-	-	1,495	-	1,495
Net utilisation of profit equalisation reserve	-	-	(94)	94	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	(183)	(183)
At 30 June 2012	428,038	609,068	353,557	395,834	1,786,497
At 1 April 2013	462,922	724,185	418,323	521,509	2,126,939
Profit for the period	-	-	-	81,166	81,166
Other comprehensive income	-	-	1,104	-	1,104
Total comprehensive income for the period	-	-	1,104	81,166	82,270
Net utilisation of profit equalisation reserve	-	-	6,087	(6,087)	-
Transfer of AMMB ESS shares recharged - difference on purchase price of shares vested	-	-	-	(24)	(24)
At 30 June 2013	462,922	724,185	425,514	596,564	2,209,185

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2013.

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	RM'000	RM'000
Profit before zakat and taxation	105,817	92,119
Adjustments for non-operating and non-cash items	23,165	41,206
Operating profit before working capital changes	128,982	133,325
Changes in working capital:		
Net changes in operating assets	1,833,533	(1,199,510)
Net changes in operating liabilities	(1,115,875)	2,245,984
Taxation paid	(22,109)	(16,377)
Net cash generated from operating activities	824,531	1,163,422
Net cash used in investing activities	(416,459)	(845,512)
Net increase in cash and cash equivalents	408,072	317,910
Cash and cash equivalents at beginning of the financial year	3,540,872	2,328,883
Cash and cash equivalents at end of the period	3,948,944	2,646,793

For purposes of Statement of Cash Flows, cash and cash equivalents comprise cash and bank balances and deposit and 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 2013.

Explanatory Notes

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the financial year ended 31 March 2013.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013 except for the adoption of the following financial reporting standards, which did not have any impact on the accounting policies, financial position or performance of the Bank.

Changes in accounting policies and disclosures

1. Standards effective for financial year ending 31 March 2014:

- MFRS 13, Fair Value Measurement
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled "Annual Improvements 2009–2011 Cycle"

2. Standards issued but not yet effective

The following are financial reporting standards issued by MASB that will be effective for the Bank in future years. The Bank intends to adopt the relevant standards when they become effective.

a. Standards effective for financial year ending 31 March 2015:
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

b. Standards effective for financial year ending 31 March 2016:
- MFRS 9, Financial Instruments

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2013 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter.

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

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

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.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2013 and no dividends were paid in the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 June 2013 RM'000	31 March 2013 RM'000
At fair value		
Money Market Instruments:		
Government Investment Issues	138,235	278,127
Bank Negara Monetary Notes	215,112	374,810
	353,347	652,937
Unquoted Securities:		
In Malaysia:		
Private debt securities	259,573	502,660
Outside Malaysia:		
Private debt securities	60,802	60,784
	673,722	1,216,381

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2013 RM'000	31 March 2013 RM'000
At fair value		
Money Market Instruments:		
Government Investment Issues	79,040	-
Negotiable instruments of deposit	1,026,378	746,570
	1,105,418	746,570
Unquoted Securities:		
In Malaysia:		
Private debt securities	444,679	425,210
Outside Malaysia:		
Private debt securities	-	25,555
	1,550,097	1,197,335

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 June 2013 RM'000	31 March 2013 RM'000
At amortised cost:		
Money Market Instruments:		
Bank Negara Monetary Notes	700,737	697,390
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,301,189	1,222,971
	2,001,926	1,920,361

A11. FINANCING AND ADVANCES

At amortised cost:	30 June 2013 RM'000	31 March 2013 RM'000
Cash lines	669,817	718,718
Term financing	6,515,625	6,557,431
Revolving credit	1,978,114	2,037,140
Housing financing	891,521	826,510
Hire purchase receivables	10,766,334	10,884,005
Bills receivables	611	468
Credit card receivables	322,963	328,326
Trust receipts	56,117	49,329
Claims on customers under acceptance credit	998,959	1,090,241
Gross financing and advances*	22,200,061	22,492,168
Allowance for impairment on financing and advances		
- Collective allowance	(479,260)	(490,410)
- Individual allowance	(5,762)	(14,451)
Net financing and advances	21,715,039	21,987,307

* Included in financing and advances are exposures to the Restricted Profit Sharing Investment Accounts ("RPSIA"), an arrangement between the Bank and AmBank (M) Berhad ("AmBank") whereby the profit is shared based on pre-agreed ratio. AmBank is exposed to the risks and rewards on the RPSIA financing and it shall account for all allowances for impairment arising from the RPSIA financing.

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 2013 RM'000	31 March 2013 RM'000
Bai' Bithaman Ajil	4,994,833	4,931,567
Ijarah/Al-Ijarah Thumma Al-Bai'	10,766,991	10,969,715
Musyarakah	7,887	7,934
Murabahah	1,171,728	1,254,362
Other Islamic contracts	5,258,622	5,328,590
Gross financing and advances	22,200,061	22,492,168

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

	30 June 2013 RM'000	31 March 2013 RM'000
Domestic non-bank financial institutions	13,498	13,597
Domestic business enterprises		
- Small medium enterprises	2,939,708	2,799,718
- Others	5,807,014	6,125,067
Government and statutory bodies	383,157	381,005
Individuals	13,038,700	13,154,413
Other domestic entities	9,709	10,044
Foreign entities	8,275	8,324
Gross financing and advances	22,200,061	22,492,168

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 June 2013 RM'000	31 March 2013 RM'000
Fixed rate		
- Housing financing	227,068	235,394
- Hire purchase receivables	9,421,149	9,497,105
- Other fixed rate financing	5,270,372	5,108,570
Variable rate		
- Base financing rate plus	3,532,910	3,369,148
- Cost plus	3,748,562	4,281,951
Gross financing and advances	22,200,061	22,492,168

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

	30 June 2013 RM'000	31 March 2013 RM'000
Agriculture	700,191	539,450
Mining and quarrying	46,789	38,274
Manufacturing	2,311,245	2,339,470
Electricity, gas and water	136,836	129,920
Construction	913,155	1,377,520
Wholesale and retail trade and hotel and restaurants	840,176	782,493
Transport, storage and communication	612,097	610,273
Finance and insurance	13,498	13,597
Real estate	2,000,419	1,884,837
Business activities	559,271	564,052
Education and health	719,914	746,870
Household of which :	13,040,415	13,161,741
- purchase of residential properties	887,658	823,587
- purchase of transport vehicles	10,105,132	10,214,396
- others	2,047,625	2,123,758
Others	306,055	303,671
Gross financing and advances	22,200,061	22,492,168

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 2013 RM'000	31 March 2013 RM'000
Maturing within one year	3,985,595	4,138,935
Over one year to three years	2,349,302	2,639,831
Over three years to five years	3,192,525	3,108,537
Over five years	12,672,639	12,604,865
Gross financing and advances	22,200,061	22,492,168

A11g. Movements in impaired financing and advances are as follows:

	30 June 2013 RM'000	31 March 2013 RM'000
Balance at beginning of financial year	268,443	237,724
Impaired during the period/year	173,021	296,001
Reclassified as non-impaired	(47,510)	(51,999)
Recoveries	(18,820)	(32,716)
Amount written off	(56,817)	(180,567)
Balance at end of financial period/year	318,317	268,443
Gross impaired financing and advances as % of gross financing and advances	1.4%	1.2%
Financing loss coverage (excluding collateral values)	152.4%	188.1%

A11h. All impaired financing and advances reside in Malaysia.

A11. FINANCING AND ADVANCES (CONTD.)

A11i. Impaired financing and advances by sector are as follows:

	30 June 2013 RM'000	31 March 2013 RM'000
Agriculture	370	359
Mining and quarrying	-	22
Manufacturing	50,911	16,725
Electricity, gas and water	41	106
Construction	2,040	1,997
Wholesale and retail trade and hotel and restaurants	8,673	7,599
Transport, storage and communication	1,509	211
Real estate	5,900	9,124
Business activities	4,128	4,375
Education and health	17,050	13,017
Household of which :	227,695	214,908
- purchase of residential properties	32,479	31,339
- purchase of transport vehicles	164,865	149,502
- others	30,351	34,067
Impaired financing and advances	318,317	268,443

A11. FINANCING AND ADVANCES (CONTD.)

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

	30 June 2013 RM'000	31 March 2013 RM'000
Collective allowance		
Balance at beginning of financial year	490,410	460,411
Allowance made during the period/year, net	39,127	195,964
Transferred to AmBank *	-	(1,871)
Amount written off	(50,277)	(164,094)
Balance at end of financial period/year	479,260	490,410
Collective allowance as % of gross financing and advances (excluding RPSIA financing) less individual allowance	2.2%	2.2%
Individual allowance		
Balance at beginning of financial year	14,451	16,324
Allowance during the period/year, net	(2,204)	13,171
Amount written off	(6,485)	(15,044)
Balance at end of financial period/year	5,762	14,451

* As at 30 June 2013, the gross exposure and collective allowance relating to the RPSIA financing amounted to RM489.9 million and RM2.6 million respectively (31 March 2013: RM500.9 million and RM2.1 million respectively). The collective allowance was recognised in the financial statements of AmBank.

There was no individual allowance provided on the RPSIA financing.

A12. OTHER ASSETS

	30 June 2013 RM'000	31 March 2013 RM'000
Other receivables and prepayments	95,503	40,534
Amount due from originators	122,394	123,610
Profit receivable	40,925	35,517
Tax recoverable	28,093	31,391
Deferred charges	80,731	84,066
	367,646	315,118

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2013 RM'000	31 March 2013 RM'000
Non-Mudharabah		
Licensed banks	340,718	341,234
Licensed investment banks	142	173
Other financial institutions	151,208	154,046
Bank Negara Malaysia	36,891	35,133
	528,959	530,586
Mudharabah		
Licensed Islamic banks	50,000	50,000
Licensed bank	541,617	500,397
Licensed investment banks	179,879	191,584
Other financial institutions	1,043,376	1,232,154
	1,814,872	1,974,135
	2,343,831	2,504,721

The Mudharabah deposits from a licensed bank includes the RPSIA placed by AmBank on 28 December 2012 for tenure of 490 days. These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, that is, investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne solely by the investor.

A14. DEPOSITS FROM CUSTOMERS

	30 June 2013 RM'000	31 March 2013 RM'000
(i) By type of deposit:		
Non-Mudharabah		
Demand deposits	5,097,346	4,865,376
Savings deposits	1,807,121	1,738,366
Negotiable instruments of deposits	20,722	20,560
Term deposits	1,210,793	1,020,285
	8,135,982	7,644,587
Mudharabah		
Demand deposits	29,435	30,621
Savings deposits	6,074	5,586
General investment deposits	14,205,124	15,396,062
Structured deposits	88,285	134,386
	14,328,918	15,566,655
	22,464,900	23,211,242

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

	30 June 2013 RM'000	31 March 2013 RM'000
Government and other statutory bodies	3,877,810	4,410,332
Business enterprises	11,827,836	12,404,273
Individuals	6,138,910	5,771,131
Others	620,344	625,506
	22,464,900	23,211,242

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

	30 June 2013 RM'000	31 March 2013 RM'000
Due within six months	13,594,042	14,593,080
Over six months to one year	1,643,852	1,659,410
Over one year to three years	269,284	306,670
Over three years to five years	17,746	12,133
	15,524,924	16,571,293

A15. OTHER LIABILITIES

	30 June 2013 RM'000	31 March 2013 RM'000
Profit payable	151,460	143,880
Other creditors and accruals	107,221	107,692
Advance rental	8,488	9,563
Profit equalisation reserve	8,868	1,659
Amount due to related companies	615	1,486
Provision for commitments and contingencies	26,321	26,039
	302,973	290,319

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

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of:				
- General investment deposits	263,662	231,142	263,662	231,142
- Special investment deposits	7,020	-	7,020	-
- Other deposits	129,198	116,323	129,198	116,323
	399,880	347,465	399,880	347,465

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

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of general investment deposits				
Finance income and hibah:				
Financing and advances				
- Financing income	243,601	204,005	243,601	204,005
- Financing income on impaired financing	34	79	34	79
Financial assets held-for-trading	6,176	8,067	6,176	8,067
Financial investments held-to-maturity	164	919	164	919
Total finance income and hibah	249,975	213,070	249,975	213,070
Other operating income:				
Fee and commission income:				
- Brokerage fees, commission and rebates	6	4	6	4
- Fees on financing, advances and securities	6,286	10,978	6,286	10,978
- Guarantee fees	1,671	1,311	1,671	1,311
- Remittances	18	14	18	14
- Service charges and fees	371	366	371	366
- Underwriting commission	123	107	123	107
- Others	969	2,672	969	2,672
Foreign exchange	1,341	1,788	1,341	1,788
Gain from sale of financial assets held-for-trading	18,411	1,865	18,411	1,865
Loss on revaluation of financial assets held-for-trading	(15,507)	(1,028)	(15,507)	(1,028)
Others	(2)	(5)	(2)	(5)
Total other operating income	13,687	18,072	13,687	18,072
Total	263,662	231,142	263,662	231,142

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

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of specific investment deposits				
Finance income and hibah:				
Financing and advances				
- Financing income	7,020	-	7,020	-
Total finance income and hibah	7,020	-	7,020	-

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of other deposits				
Finance income and hibah:				
Financing and advances				
- Financing income	65,879	68,058	65,879	68,058
- Financing income on impaired financing	9	26	9	26
Financial assets held-for-trading	2,629	3,385	2,629	3,385
Financial investments held-to-maturity	19,121	8,921	19,121	8,921
Deposits and placements with banks and other financial institutions	38,047	29,829	38,047	29,829
Total finance income and hibah	125,685	110,219	125,685	110,219

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

Income derived from investment of other deposits (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	**30 June 2012 RM'000**	**30 June 2013 RM'000**	**30 June 2012 RM'000**
Other operating income:				
Fee and commission income:				
- Brokerage fees, commission and rebates	2	1	2	1
- Fees on financing, advances and securities	1,700	3,663	1,700	3,663
- Guarantee fees	452	437	452	437
- Remittances	5	5	5	5
- Service charges and fees	100	122	100	122
- Underwriting commission	33	35	33	35
- Others	262	892	262	892
Foreign exchange	363	596	363	596
Gain from sale of financial assets held-for-trading	5,532	780	5,532	780
Loss on revaluation of financial assets held-for-trading	(4,935)	(426)	(4,935)	(426)
Others	(1)	(1)	(1)	(1)
Total other operating income	3,513	6,104	3,513	6,104
Total	129,198	116,323	129,198	116,323

A17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Finance income and hibah:				
Financing and advances				
- Financing income	18,724	35,120	18,724	35,120
Financial investments available-for-sale	12,596	4,605	12,596	4,605
Total finance income and hibah	31,320	39,725	31,320	39,725
Other operating income:				
Fee and commission income:				
- Bancassurance commission	990	882	990	882
- Brokerage fees, commission and rebates	4	6	4	6
- Fees on financing, advances and securities	1	1	1	1
- Remittances	1,413	46	1,413	46
- Service charges and fees	1,636	1,938	1,636	1,938
- Others	7	6	7	6
Gain/(Loss) from sale of financial investments available-for-sale	116	(54)	116	(54)
Total other operating income	4,167	2,825	4,167	2,825
Total	35,487	42,550	35,487	42,550

A18. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Allowance/(Writeback of allowance) for impairment on financing and advances:				
Individual allowance, net	(2,204)	4,480	(2,204)	4,480
Collective allowance	39,127	40,881	39,127	40,881
Impaired financing and advances recovered, net	(20,116)	(19,240)	(20,116)	(19,240)
Total	16,807	26,121	16,807	26,121

A19. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Deposit from customers				
- Mudharabah fund	121,384	113,119	121,384	113,119
- Non-Mudharabah fund	32,867	17,369	32,867	17,369
	154,251	130,488	154,251	130,488
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	16,666	6,070	16,666	6,070
- Non-Mudharabah fund	5,158	10,604	5,158	10,604
	21,824	16,674	21,824	16,674
Others	22,510	21,269	22,510	21,269
Total	198,585	168,431	198,585	168,431

A20. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	**30 June 2012 RM'000**	**30 June 2013 RM'000**	**30 June 2012 RM'000**
Personnel costs				
– Pension costs - defined contribution plan	393	359	393	359
– Salaries, allowances and bonuses	2,511	2,241	2,511	2,241
– Shares and options granted under AMMB ESS	115	68	115	68
– Social security cost	11	11	11	11
– Others	178	148	178	148
	3,208	2,827	3,208	2,827
Establishment costs				
– Amortisation of intangible assets	9	40	9	40
– Cleaning, maintenance and security	10	8	10	8
– Computerisation expenses	18	2	18	2
– Depreciation of property and equipment	36	43	36	43
– Rental of premises	150	150	150	150
– Others	115	82	115	82
	338	325	338	325
Marketing and communication expenses				
– Communication, advertising and marketing	1,021	763	1,021	763
– Others	28	36	28	36
	1,049	799	1,049	799
Administration and general expenses	2,117	769	2,117	769
Service transfer pricing expenses	83,088	78,863	83,088	78,863
	89,800	83,583	89,800	83,583

A21. EARNINGS PER SHARE (EPS)

Basic/Diluted

Basic earnings per share is calculated by dividing the net profit attributable to the 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 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 June 2013	30 June 2012	30 June 2013	30 June 2012
Net profit attributable to equity holder of the Bank (RM'000)	81,166	67,953	81,166	67,953
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	462,922	428,038	462,922	428,038
Basic/Diluted earnings per share (sen)	**17.53**	**15.88**	**17.53**	**15.88**

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

A22. BUSINESS SEGMENT ANALYSIS

For the period ended 30 June 2013

	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Total operating revenue	159,085	52,781	140,742	9,611	73,148	435,367
Net income	123,961	37,923	30,681	7,310	20,041	219,916
Other operating expenses	(56,526)	(8,487)	(2,140)	(1,283)	(21,364)	(89,800)
Profit/(Loss) before provision	67,435	29,436	28,541	6,027	(1,323)	130,116
Provision - (charge)/writeback	(11,245)	4,430	25	3	(17,512)	(24,299)
Profit/(Loss) before zakat and taxation	56,190	33,866	28,566	6,030	(18,835)	105,817
Zakat and taxation	(14,047)	(8,467)	(7,141)	(1,508)	6,512	(24,651)
Profit/(Loss) for the period	42,143	33,866	21,425	4,522	(12,323)	81,166

Other information

	Retail Banking	Business Banking	Corporate and Institutional Banking	Markets	Group Functions and Others	Total
Cost to income ratio	45.6%	22.4%	7.0%	17.6%	106.6%	40.8%
Gross financing and advances	14,090,773	5,111,253	3,058,507	-	(60,472)	22,200,061
Net financing and advances	13,814,865	5,061,532	3,046,738	-	(208,096)	21,715,039
Impaired financing and advances	266,050	11,508	40,759	-	-	318,317
Deposits	6,443,659	2,260,160	14,611,155	238,285	1,255,472	24,808,731

Company No. 295576–U

AmIslamic Bank Berhad
(Incorporated in Malaysia)

A22. BUSINESS SEGMENT ANALYSIS (CONTD.)

For the period ended 30 June 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	151,557	49,297	109,901	9,948	69,312	390,015
Net income	124,378	35,767	17,874	7,148	21,764	206,931
Other operating expenses	(56,054)	(6,515)	(1,659)	(1,069)	(18,286)	(83,583)
Profit before provision	68,324	29,252	16,215	6,079	3,478	123,348
Provision - (charge)/writeback	(43,117)	11,272	(195)	65	746	(31,229)
Profit before zakat and taxation	25,207	29,252	16,020	6,144	4,224	92,119
Zakat and taxation	(6,302)	(10,131)	(4,005)	(1,536)	(2,192)	(24,166)
Profit for the period	18,905	29,252	12,015	4,608	2,032	67,953
Other information						
Cost to income ratio	45.1%	18.2%	9.3%	15.0%	84.0%	40.4%
Gross financing and advances	13,266,349	4,589,660	2,447,902	-	(46,899)	20,257,012
Net financing and advances	12,987,572	4,522,689	2,436,554	-	(171,716)	19,775,099
Impaired financing and advances	245,114	11,258	-	-	2142	258,514
Deposits	5,176,657	1,937,841	13,023,903	332,003	1,143,744	21,614,148

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 to conform with current period's presentation.

A23a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2013

The Bank recorded a profit before zakat and taxation ("Pre-tax profit") of RM105.8 million for the period ended 30 June 2013 compared to RM92.1 million for the corresponding period in the previous year.

The increase in Pre-tax profit was mainly due to higher net financing income 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 was mainly due to higher financing income of RM44.4 million or 16.3% attributable to growth in financing and higher finance income and hibah of RM15.0 million from financial assets held-for-trading, financial investments held-to-maturity and deposits and placement with banks and other financial institutions.

The lower allowance from impaired financing and advances was due to lower allowances and higher recoveries from financing written-off. The lower other operating income was mainly due to lower fee income from financing, advances and securities.

The higher other operating expenses was mainly due to increase in service transfer pricing expenses charged for the current period.

The Bank's risk weighted capital adequacy ratio remains strong at 15.0% as at the end of the current financial period.

A23b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014

The domestic economy registered a slower growth of 4.1% year-on-year in first quarter 2013 (6.5% year-on-year growth in fourth quarter 2012) supported by domestic demand despite the weaker external demand environment. Consumption benefitted from a slew of targeted fiscal policy and people friendly measures implemented as a result of Budget 2013. Investments continued its strong growth as a result of progress of Economic Transformation Programme ("ETP") projects.

Looking ahead, domestic demand is expected to be supported by the low inflationary environment and stable employment. In addition, expansion in private investments would be driven by a pickup in the pace of rollout of ETP projects. External environment, while remaining challenging is expected to gradually improve. Both resilient domestic demand and increased private investments are expected to drive economic growth for Malaysia to circa 5.0% for 2013. Capital markets activities and non-retail lending/financing are expected to remain robust driven by funding requirements generated by ETP projects.

Government policies are expected to focus on sustaining growth momentum, reducing the fiscal deficit and driving progress of long-term economic transformation plans to achieve high-income developed nation status by 2020. Notwithstanding that, the regulatory authorities have recently introduced further measures to ensure responsible and sustainable lending practices, in addressing concerns regarding the nation's high household debt levels. These measures could moderate retail loans/financing growth as the industry adjusts to the new measures. Monetary policy is expected to remain accommodative while managing volatility from capital flows.

Our strategic agenda for FY2014 – 2016 will be to (1) Integrate acquisitions and deliver synergies; (2) Simplify business model and streamline processes; (3) Accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers; (4) Build scale in specialist businesses with strategic partners; and (5) Optimise capital and holding company structures.

A24. VALUATION OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

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 June 2013 RM'000	31 March 2013 RM'000
Contingent Liabilities		
Direct credit substitutes	144,288	121,738
Transaction related contingent items	616,327	580,655
Short-term self liquidating trade-related contingencies	103,927	58,850
Forward purchase commitments	59,677	-
Obligations under underwriting agreements	50,000	80,000
	974,219	841,243
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,428,500	4,896,985
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,074,207	1,066,005
Unutilised credit card lines	462,338	467,164
	5,965,045	6,430,154
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	673,520	623,738
Equity and commodity related contracts:		
- One year or less	66,654	159,844
- Over one year to five years	427,356	420,532
	1,167,530	1,204,114
Total	8,106,794	8,475,511

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 was 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%.

(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.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective profit rate ("EPR"). If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

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 designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the “Cash flow hedge” reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

A28. CAPITAL ADEQUACY

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

	30 June 2013	31 March 2013
Common Equity Tier 1	9.698%	9.470%
Tier 1 Capital Ratio	9.698%	9.470%
Total Capital Ratio	14.951%	14.620%

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements are set out as follows:

	Calender year 2013	Calender year 2014	Calender year 2015 onwards
Common Equity Tier 1 ("CET 1")	3.5%	4.0%	4.5%
Tier 1 Capital Ratio	4.5%	5.5%	6.0%
Total Capital Ratio	8.0%	8.0%	8.0%

A28. CAPITAL ADEQUACY (CONTD.)

(b) The components of Common Equity Tier 1, Additional Tier 1, Tier 2 and Total Capital of the Bank are as follows:

	30 June 2013 RM'000	31 March 2013 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	521,327	521,327
Unrealised losses on available-for-sale ("AFS") financial instruments	(6,152)	(7,256)
Statutory reserve	424,266	424,266
Less : Regulatory adjustments applied on CET1 capital		
- Intangible assets	(44)	(50)
CET1 capital	2,126,504	2,125,394
<u>Additional Tier 1 ("T1") capital</u>		
Additional Tier 1 capital instruments (subject to	-	-
gradual phase-out treatment)	-	-
Less : Regulatory adjustments applied on T1 capital		
T1 capital	2,126,504	2,125,394
<u>Tier 2 ("T2") capital</u>		
Tier 2 capital instruments (subject to gradual phase-out treatment)	900,000	900,000
Collective allowance and regulatory reserves	251,806	255,665
Less : Regulatory adjustments applied on T2 capital	-	-
Tier 2 capital	1,151,806	1,155,665
Total Capital	3,278,310	3,281,059

The breakdown of the risk-weighted assets("RWA") in various categories of risk are as follows:

	30 June 2013 RM'000	31 March 2013 RM'000
Credit RWA	20,634,353	20,954,069
Less : Credit RWA absorbed by Restricted Profit Sharing Investment Account	(489,899)	(500,866)
Total Credit RWA	20,144,454	20,453,203
Market RWA	355,128	583,120
Operational RWA	1,426,943	1,406,226
Total Risk Weighted Assets	21,926,525	22,442,549