

**BIMB HOLDINGS BERHAD (423858-X)**  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position as at 31 March 2012**

		As at 31 March, 2012 RM'000 Unaudited	As at 31 December, 2011 RM'000 Restated	As at 1 January, 2011 RM'000 Restated
	Note			
<b>ASSETS</b>				
Cash and short term funds		1,348,362	3,460,092	2,762,195
Deposits and placements with financial institutions		591,985	1,075,330	412,798
Derivative financial assets	A8	15,097	15,877	80,108
Financial assets held-for-trading	A9	578,493	1,228,952	2,279,891
Financial assets held-to-maturity	A10	330,093	331,486	215,944
Financial assets available-for-sale	A11	12,626,869	11,281,711	12,936,655
Financing, advances and others	A12	14,881,692	14,161,837	11,858,599
Deferred tax assets		40,617	39,429	59,023
Other assets		230,269	181,624	200,727
Current tax assets		5,802	7,718	30,316
Investment in associates		21,721	21,181	1
Statutory deposit with Bank Negara Malaysia		1,017,000	912,000	10,000
Property, plant and equipment		251,028	244,944	220,189
General Takaful and Family Takaful assets		5,500,288	5,310,032	4,786,882
<b>Total assets</b>		<b>37,439,316</b>	<b>38,272,213</b>	<b>35,853,328</b>
<b>LIABILITIES, EQUITY &amp; TAKAFUL FUNDS</b>				
<b>Liabilities</b>				
Deposits from customers	A14	25,986,075	28,208,203	26,798,107
Deposits and placements of banks and other financial institutions	A15	1,489,236	384,628	378,129
Bills and acceptances payable		193,221	259,153	163,191
Other liabilities		598,924	598,117	503,062
Provision for zakat and taxation		55,457	34,107	37,467
Derivative financial liabilities	A8	24,612	23,299	66,708
General Takaful and Family Takaful Equity and Liabilities		5,500,288	5,310,032	4,786,882
<b>Total liabilities</b>		<b>33,847,813</b>	<b>34,817,539</b>	<b>32,733,546</b>
<b>Equity</b>				
Share capital		1,066,790	1,066,790	1,066,790
Reserves		839,322	765,642	587,568
<b>Total equity attributable to shareholders of the Company</b>		<b>1,906,112</b>	<b>1,832,432</b>	<b>1,654,358</b>
Non-controlling interests		1,685,391	1,622,242	1,465,424
<b>Total equity</b>		<b>3,591,503</b>	<b>3,454,674</b>	<b>3,119,782</b>
<b>Total equity and liabilities</b>		<b>37,439,316</b>	<b>38,272,213</b>	<b>35,853,328</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
	A25	<b>9,277,392</b>	<b>9,286,104</b>	<b>13,081,292</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)		<b>1.79</b>	<b>1.72</b>	<b>1.55</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Income Statements  
For the Three Months Financial Period Ended 31 March 2012**

		Quarter ended 31 March 2012 RM'000 Unaudited	Quarter ended 31 March 2011 RM'000 Restated	Year-to-date 3 months ended 31 March 2012 RM'000 Unaudited	Year-to-date 3 months ended 31 March 2011 RM'000 Restated
	Note				
Income derived from investment of depositors' fund	A16	380,439	334,065	380,439	334,065
Income derived from investment of shareholders' fund	A17	202,427	152,428	202,427	152,428
Allowance for impairment on financing, advances and others	A18	(15,289)	(1,821)	(15,289)	(1,821)
Allowance for Impairment on investments and other assets		(8,421)	-	(8,421)	-
Provision for contingent liability		-	(9,279)	-	(9,279)
Other expenses directly attributable to the investment of the depositors' and shareholders' funds		(6,881)	(4,836)	(6,881)	(4,836)
<b>Total distributable income</b>		<b>552,275</b>	<b>470,557</b>	<b>552,275</b>	<b>470,557</b>
Income attributable to depositors	A19	(133,157)	(118,394)	(133,157)	(118,394)
<b>Total net income</b>		<b>419,118</b>	<b>352,163</b>	<b>419,118</b>	<b>352,163</b>
Personnel expenses		(120,563)	(108,651)	(120,563)	(108,651)
Other overhead expenses		(119,333)	(84,986)	(119,333)	(84,986)
Depreciation		(12,424)	(14,570)	(12,424)	(14,570)
<b>Operating profit</b>		<b>166,798</b>	<b>143,956</b>	<b>166,798</b>	<b>143,956</b>
Share in the results of associated companies		540	-	540	-
<b>Profit before zakat and taxation</b>		<b>167,338</b>	<b>143,956</b>	<b>167,338</b>	<b>143,956</b>
Zakat		(1,900)	(1,543)	(1,900)	(1,543)
Tax expense	B5	(45,716)	(40,163)	(45,716)	(40,163)
<b>Profit for the period</b>		<b>119,722</b>	<b>102,250</b>	<b>119,722</b>	<b>102,250</b>
<b>Attributable to:</b>					
Shareholders of the Company		64,906	58,362	64,906	58,362
Non-controlling interests		54,816	43,888	54,816	43,888
<b>Profit for the period</b>		<b>119,722</b>	<b>102,250</b>	<b>119,722</b>	<b>102,250</b>
<b>Earnings Per Share - basic (sen)</b>	B15	<b>6.08</b>	<b>5.47</b>	<b>6.08</b>	<b>5.47</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Three Months Financial Period Ended 31 March 2012**

	Quarter ended 31 March 2012 RM'000 Unaudited	Quarter ended 31 March 2011 RM'000 Restated	Year-to-date 3 months ended 31 March 2012 RM'000 Unaudited	Year-to-date 3 months ended 31 March 2011 RM'000 Restated
Profit for the period	119,722	102,250	119,722	102,250
Other comprehensive income :				
Currency translation differences for foreign operations	7,291	5,772	7,291	5,772
Net gain on revaluation of available for sale financial assets	9,816	24,021	9,816	24,021
<b>Total comprehensive income for the period</b>	<b>136,829</b>	<b>132,043</b>	<b>136,829</b>	<b>132,043</b>
<b>Attributable to:</b>				
Shareholders of the Company	73,680	74,746	73,680	74,746
Non-controlling interests	63,149	57,297	63,149	57,297
<b>Total comprehensive income for the period</b>	<b>136,829</b>	<b>132,043</b>	<b>136,829</b>	<b>132,043</b>

# BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Changes in Equity For the Three Months Financial Period Ended 31 March 2012

Group	Note	Attributable to Equity Holders of the Company					Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Capital Reserve RM'000				
<b>Unaudited</b>										
<b>At 1 January 2011</b>										
- As previously stated		1,066,790	602,978	513,112	77,541	638,370	(1,244,056)	1,654,735	1,465,957	3,120,692
- Effect of change in accounting policy		-	-	-	400	-	(777)	(377)	(533)	(910)
- Restated		1,066,790	602,978	513,112	77,941	638,370	(1,244,833)	1,654,358	1,465,424	3,119,782
Total comprehensive income for the year										
- Net profit for the period		-	-	-	-	-	58,362	58,362	43,888	102,250
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	3,174	-	-	3,174	2,598	5,772
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	13,210	-	-	13,210	10,811	24,021
- Total comprehensive income for the year		-	-	-	16,384	-	58,362	74,746	57,297	132,043
<b>At 31 March 2011</b>		<b>1,066,790</b>	<b>602,978</b>	<b>513,112</b>	<b>94,325</b>	<b>638,370</b>	<b>(1,186,471)</b>	<b>1,729,104</b>	<b>1,522,721</b>	<b>3,251,825</b>
<b>Unaudited</b>										
<b>At 1 January 2012</b>										
- As previously stated		1,066,790	602,978	604,698	94,150	638,370	(1,182,896)	1,824,090	1,614,380	3,438,470
- Effect of change in accounting policy		-	-	-	361	-	7,981	8,342	7,862	16,204
- Restated		1,066,790	602,978	604,698	94,511	638,370	(1,174,915)	1,832,432	1,622,242	3,454,674
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	64,906	64,906	54,816	119,722
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	3,341	-	-	3,341	3,950	7,291
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	5,433	-	-	5,433	4,383	9,816
- Net gain/(loss) on hedge of net investment in foreign operation		-	-	-	-	-	-	-	-	-
		-	-	-	8,774	-	64,906	73,680	63,149	136,829
Set-off of accumulated loss		-	-	(349,011)	-	-	349,011	-	-	-
<b>At 31 March 2012</b>		<b>1,066,790</b>	<b>602,978</b>	<b>255,687</b>	<b>103,285</b>	<b>638,370</b>	<b>(760,998)</b>	<b>1,906,112</b>	<b>1,685,391</b>	<b>3,591,503</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows  
For the Three Months Financial Period Ended 31 March 2012**

	Year-to-date	
	3 months ended 31 March 2012 RM'000 Unaudited	3 months ended 31 March 2011 RM'000 Unaudited
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation	167,338	143,956
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	12,424	14,570
Amortisation of prepaid lease payment	-	76
Reversal of allowance for doubtful debts	(60)	(112)
Allowance for impairment on financing, advances and others	15,289	1,821
Reversal for diminution in value of investments	-	(38)
Allowance for Impairment on investments and other assets	8,421	-
Net gain on disposal of property, plant and equipment	(6)	(4)
Net (gain) / loss on sale of financial assets held-for-trading	(1,282)	76
Net gain on sale of financial assets available-for- sale	(10,416)	(2,051)
Net derivative gain	(6,291)	(2,817)
Share of results of associate company	(540)	-
Operating profit before working capital changes	184,877	155,477
Changes in working capital:		
Deposits and placements of banks and other financial institutions	1,104,608	(40,842)
Financing of customers	(735,144)	(547,923)
Statutory deposits with Bank Negara Malaysia	(105,000)	-
Other receivables	(44,651)	(431,096)
Deposits from customers	(2,222,128)	(2,361,279)
Other payables	1,313	410,443
Bills payable	(65,932)	403,580
Cash (used in)/generated from operations	(1,882,057)	(2,411,640)
Tax paid	(18,311)	(47,438)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,900,368)</b>	<b>(2,459,078)</b>

**BIMB HOLDINGS BERHAD (423858-X)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows, continued  
For the Three Months Financial Period Ended 31 March 2012**

	Year-to-date	
	3 months ended	3 months ended
	31 March	31 March
	2012	2011
	RM'000	RM'000
	Unaudited	Unaudited
<b>Cash flows from investing activities</b>		
Net sales/(purchases) from disposal of securities	(683,490)	2,539,504
Purchase of property, plant and equipment	(18,508)	(10,781)
<b>Net cash generated from/(used in) investing activities</b>	<b>(701,998)</b>	<b>2,528,723</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>(2,602,366)</b>	<b>69,645</b>
<b>Cash and cash equivalents at the beginning of year/period</b>	<b>4,535,422</b>	<b>3,174,993</b>
<b>Foreign exchange differences</b>	<b>7,291</b>	<b>5,772</b>
<b>Cash and cash equivalents at the end of year/period</b>	<b>1,940,347</b>	<b>3,250,410</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	1,348,362	2,560,378
Deposits and placement with financial institutions	591,985	690,032
	<b>1,940,347</b>	<b>3,250,410</b>

**EXPLANATORY NOTES OF FRS 134: INTERIM FINANCIAL REPORTING (PARAGRAPH 16) AND REVISED GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (GP8-i)**

**A1 BASIS OF PREPARATION**

BIMB Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated financial statements of the Group as at and for the three months financial period ended 31 March 2012 comprising that of the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors.

**(1) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 134, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2011.

The audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2011, which were prepared under Financial Reporting Standards (FRSs), are available upon request from the Company's registered office at Level 31, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur.

These are the Group's condensed consolidated interim financial statements for the part of the period covered by the Group's first Malaysian Financial Reporting Standards ("MFRS") framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

Since the previous annual audited financial statements as at and for the financial year ended 31 December 2011 were issued, the Group has adopted the MFRS framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing FRSs framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board ("IASB"). Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of the convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A 25 Changes in Accounting Policies.

The following MFRSs and IC Interpretations have been issued by MASB but are not yet effective, and have yet to be adopted by the Group:

- (i) **Effective for annual periods beginning on or after 1 July 2012**
  - Amendments to MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
- (ii) **Effective for annual periods beginning on or after 1 January 2013**
  - 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 June 2011)
  - MFRS 127, Separate Financial Statements (as amended by IASB in May 2011)
  - MFRS 128, Investment in Associates and Joint Ventures (as amended by IASB in May 2011)
  - IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
  - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)
- (iii) **Effective for annual periods beginning on or after 1 January 2014**
  - Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
- (iv) **Effective for annual periods beginning on or after 1 January 2015**
  - MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
  - MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

During the financial period, the Group's Islamic banking subsidiary, Bank Islam Malaysia Berhad, adopted the Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia ("BNM"), which addresses the management of displaced commercial risk by Islamic banking institutions. A discussion of the financial effects of the adoption of these guidelines is provided in Note A25 Changes in Accounting Policies.

**A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The audited report on the financial statements of the preceding financial year ended 31 December 2011 did not contain any qualification.

**A3 SEASONALITY AND CYCLICALITY OF OPERATIONS**

The operations of the Group were not subject to material seasonal or cyclical effects in the first quarter ended 31 March 2012.

**A4 EXCEPTIONAL OR UNUSUAL ITEMS**

There were no items of an exceptional or unusual nature that may affect the assets, liabilities, equity, net income or cash flows of the Group in the first quarter ended 31 March 2012.

**A5 CHANGES IN ESTIMATES OF AMOUNTS REPORTED PREVIOUSLY**

Other than as disclosed in Note A 25 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that may have a material effect in the first quarter ended 31 March 2012.

**A6 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the first quarter ended 31 March 2012.

**A7 DERIVATIVE FINANCIAL ASSETS**

	Principal amount RM '000	Fair value	
		Assets RM '000	Liabilities RM '000
<b>31.3.2012 - Unaudited</b>			
Forward Contract	1,574,572	3,277	(7,822)
Cross Currency Profit Rate Swaps	171,740	10,053	(10,026)
Profit Rate Swaps	500,000	-	(4,997)
Structured Deposits	116,495	1,767	(1,767)
	<b>2,362,807</b>	<b>15,097</b>	<b>(24,612)</b>
<b>31.12.2011 - Audited</b>			
Forward Contract	1,684,899	5,589	(4,854)
Cross Currency Profit Rate Swaps	171,740	7,549	(7,509)
Profit Rate Swaps	500,000	-	(8,197)
Structured Deposits	137,005	2,739	(2,739)
	<b>2,493,644</b>	<b>15,877</b>	<b>(23,299)</b>

**A8 FINANCIAL ASSETS HELD-FOR-TRADING**

	Unaudited	Audited
	31-Mar-12 RM '000	31-Dec-11 RM '000
<b>At fair value</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	46,745	71,804
Islamic Commercial Papers	-	9,852
Bank Negara Negotiable Notes	510,882	1,116,264
Islamic Debt Securities	20,678	31,032
	<b>578,305</b>	<b>1,228,952</b>
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	188	-
<b>Total financial assets held-for-trading</b>	<b>578,493</b>	<b>1,228,952</b>

**A9 FINANCIAL ASSETS HELD-TO-MATURITY**

	Unaudited	Audited
	31-Mar-12 RM '000	31-Dec-11 RM '000
<b>At amortised cost</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Islamic Debt Securities	288,895	288,432
<u>Quoted securities</u>		
<i>Outside Malaysia</i>		
Bond	61,290	63,369
	350,185	351,801
Less: Impairment losses	(20,092)	(20,315)
<b>Total financial investments held-to-maturity</b>	<b>330,093</b>	<b>331,486</b>

**A10 FINANCIAL ASSETS AVAILABLE-FOR-SALE**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
<b>At fair value</b>		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	2,570,178	2,583,230
Negotiable Islamic Debt Certificate	2,242,028	1,170,238
Islamic Commercial Papers	127,435	208,566
Islamic Debt Securities	7,572,840	7,007,171
Accepted bills	36,478	243,500
Promissory notes	5,108	5,108
Shares	22,506	22,448
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,923	1,923
Unquoted shares	1,688	1,688
	<b>12,580,184</b>	<b>11,243,872</b>
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trust	20,635	15,525
Shares	39,840	36,572
	<b>60,475</b>	<b>52,097</b>
Less:		
Impairment losses	(13,790)	(14,258)
<b>Total financial investments available-for-sale</b>	<b>12,626,869</b>	<b>11,281,711</b>

**A11 FINANCING, ADVANCES AND OTHERS**

(i) **By type**

	Unaudited 31-Mar-12 RM '000	Restated 31-Dec-11 RM '000
Cash line	417,766	406,590
Term financing		
House financing	4,559,998	4,393,020
Syndicated financing	174,718	164,649
Leasing financing	273,381	280,403
Bridging financing	159,047	160,779
Personal financing	4,122,392	3,786,432
Other term financing	3,500,787	3,358,527
Staff financing	158,131	157,510
Credit/charge cards	442,652	451,538
Trade bills discounted	1,376,187	1,309,598
Trust receipts	48,895	48,897
Pawn broking	60,936	47,352
	<b>15,294,890</b>	<b>14,565,295</b>
Less: Allowance for impaired financing, advances and others:		
Collective assessment allowance	(340,719)	(327,688)
Individual assessment allowance	(72,479)	(75,770)
<b>Total net financing, advances and others</b>	<b>14,881,692</b>	<b>14,161,837</b>

(ii) **By contract**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Bai' Bithaman Ajil (deferred payment sale)	7,561,469	7,291,742
Ijarah (operating lease)	284,776	295,881
Ijarah Muntahia Bittamleek / AITAB (finance lease)	24,720	22,648
Mudharabah (profit sharing)	6,000	6,000
Murabahah (cost-plus)	1,380,707	1,316,853
Al Inah Cash Note	4,342,409	3,903,981
Istisna'	1,386,497	1,435,588
At-Tawarruq	247,376	245,250
Ar-Rahn	60,936	47,352
	<b>15,294,890</b>	<b>14,565,295</b>

(iii) **By type of customer**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Domestic non-bank financial institutions	32,367	25,755
Domestic business enterprise	2,972,447	2,683,710
Small medium industries	419,445	391,947
Government and statutory bodies	83,615	129,766
Individuals	11,521,240	10,989,077
Other domestic entities	54,829	73,239
Foreign entities	210,947	271,801
	<b>15,294,890</b>	<b>14,565,295</b>

**A11 FINANCING, ADVANCES AND OTHERS, continued**

**(iv) By profit rate sensitivity**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Fixed rate		
House financing	2,070,372	2,087,060
Others	8,794,497	8,680,517
Floating rate	4,430,021	3,797,718
	<b>15,294,890</b>	<b>14,565,295</b>

**(v) By remaining contractual maturity**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Maturity within one year	2,663,940	2,672,329
More than one year to three years	1,168,665	863,680
More than three years to five years	984,886	818,561
More than five years	10,477,399	10,210,725
	<b>15,294,890</b>	<b>14,565,295</b>

**(vi) By sector**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Primary agriculture	124,495	149,182
Mining and quarrying	42,004	48,249
Manufacturing (including agro-based)	1,088,079	904,779
Electricity, gas and water	8,048	7,221
Construction	1,157,191	756,014
Real estate	350,237	385,261
Household sector	11,559,563	11,016,473
Wholesale and retail trade and restaurants and hotels	415,953	558,811
Transport, storage and communication	208,497	233,766
Finance, insurance and business activities	190,842	180,770
Education, health and others	124,754	122,204
Other sectors	25,227	202,565
	<b>15,294,890</b>	<b>14,565,295</b>

**A12 IMPAIRED FINANCING, ADVANCES AND OTHERS**

**(i) Movements in impaired financing, advances and others  
(including income receivable)**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
<b>At 1 January 2012/ 1 January 2011</b>	379,790	552,221
Classified as impaired during the year / period	103,902	549,075
Reclassified as not impaired during the year / period	(67,800)	(297,191)
Amount recovered	(20,153)	(238,876)
Amount written off	(43,227)	(187,141)
Exchange differences	(1,224)	1,702
<b>At 31 March 2012 / 31 December 2011</b>	<b>351,288</b>	<b>379,790</b>
<b>Gross impaired financing, advances and others as a percentage of gross financing, advances and others</b>	2.29%	2.61%

**(ii) Movements in the allowance for impaired financing, advances and others**

	Unaudited 31-Mar-12 RM '000	Restated 31-Dec-11 RM '000
<b>Collective Assessment Allowance</b>		
<b>At 1 January 2012/ 1 January 2011</b>		
As previously stated	348,555	345,041
Effect of change in accounting policy	(20,867)	2,032
As restated	327,688	347,073
Allowance made during the year / period	35,067	84,268
Amount written off	(22,082)	(100,816)
Exchange differences	46	(2,837)
<b>At 31 March 2012 / 31 December 2011</b>	<b>340,719</b>	<b>327,688</b>

**Individual Assessment Allowance**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
<b>At 1 January 2012/ 1 January 2011</b>	75,770	79,061
Allowance made during the year / period	19,258	119,056
Amount recovered	(2,003)	(31,955)
Amount written off	(20,546)	(90,392)
<b>At 31 March 2012 / 31 December 2011</b>	<b>72,479</b>	<b>75,770</b>

**A12 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued**

(iii) Impaired financing, advances and others by sector

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Primary agriculture	2,727	3,511
Manufacturing (including agro-based)	49,109	42,184
Wholesale and retail trade and restaurants and hotels	21,537	23,606
Construction	71,197	71,680
Real estate	-	1,203
Transport, storage and communication	1,050	1,062
Finance, insurance and business activities	7,371	16,255
Education, health and others	53	71
Household sector	197,891	217,371
Other sectors	353	2,847
	<b>351,288</b>	<b>379,790</b>

**A13 DEPOSITS FROM CUSTOMERS**

(i) By type of deposit

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
<b>Non-Mudharabah Fund:</b>		
Demand deposits	8,329,620	8,412,372
Savings deposits	2,540,610	2,599,243
Negotiable Islamic Debt Certificate (NIDC)	4,492,585	5,622,290
Others	96,380	106,718
	<b>15,459,195</b>	<b>16,740,623</b>
<b>Mudharabah Fund:</b>		
Savings deposits	1,387,300	1,263,591
General investment deposits	1,929,644	1,851,695
Special investment deposits	7,209,936	8,352,294
	<b>10,526,880</b>	<b>11,467,580</b>
	<b>25,986,075</b>	<b>28,208,203</b>

**Total deposits from customers**

Maturity structure of investment deposits and NIDCs are as follows:

Due within six months	10,361,359	13,403,835
More than six months to one year	1,698,485	1,444,323
More than one year to three years	1,431,542	1,020,357
More than three years to five years	140,779	29,404
	<b>13,632,165</b>	<b>15,897,919</b>

(ii) By type of customer

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Government and statutory bodies	7,501,658	7,769,225
Business enterprises	7,880,983	7,188,454
Individuals	4,832,223	4,754,178
Others	5,771,211	8,496,346
	<b>25,986,075</b>	<b>28,208,203</b>

**A14 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
<b>Mudharabah Fund:</b>		
Licensed banks	1,278,115	253,122
Other financial institutions	211,121	131,506
	<b>1,489,236</b>	<b>384,628</b>

A15 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
Income derived from investment of:				
(i) General investment deposits	31,223	34,665	31,223	34,665
(ii) Other deposits	349,216	299,400	349,216	299,400
	<b>380,439</b>	<b>334,065</b>	<b>380,439</b>	<b>334,065</b>

(i) Income derived from investment of general investment deposits

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
<b>Financing income and hibah</b>				
Financing, advances and others	21,110	22,575	21,110	22,575
Financial assets held-for-trading	127	70	127	70
Financial assets held-to-maturity	309	105	309	105
Financial assets available-for-sale	6,904	9,221	6,904	9,221
Money at call and deposit with financial institutions	1,361	1,766	1,361	1,766
	<b>29,811</b>	<b>33,737</b>	<b>29,811</b>	<b>33,737</b>
<i>Of which financing income earned on impaired financing</i>	<b>521</b>	<b>1,108</b>	<b>521</b>	<b>1,108</b>
<b>Other dealing income</b>				
Net gain / (loss) from sale of financial assets held-for-trading	104	(3)	104	(3)
Net gain / (loss) on revaluation of financial assets held-for-trading	434	723	434	723
	<b>538</b>	<b>720</b>	<b>538</b>	<b>720</b>
<b>Other operating income</b>				
Net gain / (loss) from sale of financial assets available-for-sale	874	208	874	208
	<b>874</b>	<b>208</b>	<b>874</b>	<b>208</b>
	<b>31,223</b>	<b>34,665</b>	<b>31,223</b>	<b>34,665</b>

(ii) Income derived from investment of other deposits

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
<b>Financing income and hibah</b>				
Financing, advances and others	236,029	194,848	236,029	194,848
Financial assets held-for-trading	1,423	611	1,423	611
Financial assets held-to-maturity	3,437	911	3,437	911
Financial assets available-for-sale	77,576	79,803	77,576	79,803
Money at call and deposit with financial institutions	15,223	15,197	15,223	15,197
	<b>333,688</b>	<b>291,370</b>	<b>333,688</b>	<b>291,370</b>
<i>Of which financing income earned on impaired financing</i>	<b>5,838</b>	<b>9,554</b>	<b>5,838</b>	<b>9,554</b>
<b>Other dealing income</b>				
Net gain / (loss) from sale of financial assets held-for-trading	1,164	(26)	1,164	(26)
Net gain / (loss) on revaluation of financial assets held-for-trading	4,822	6,213	4,822	6,213
	<b>5,986</b>	<b>6,187</b>	<b>5,986</b>	<b>6,187</b>
<b>Other operating income</b>				
Net gain / (loss) from sale of financial assets available-for-sale	9,542	1,843	9,542	1,843
	<b>9,542</b>	<b>1,843</b>	<b>9,542</b>	<b>1,843</b>
	<b>349,216</b>	<b>299,400</b>	<b>349,216</b>	<b>299,400</b>

**A16 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
<b>Financing income and hibah</b>				
Financing, advances and others	3,062	2,090	3,062	2,090
Financial assets available-for-sale	25,284	22,992	25,284	22,992
Money at call and deposit with financial institutions	1,508	4,330	1,508	4,330
	<b>29,854</b>	<b>29,412</b>	<b>29,854</b>	<b>29,412</b>
<b>Other dealing income</b>				
Net gain from foreign exchange transactions	9,016	6,973	9,016	6,973
Net gain/(loss) from sale of financial assets held-for-trading	14	(47)	14	(47)
Net gain / (loss) on revaluation of financial assets held-for-trading	8	-	8	-
Net derivatives gain/(loss)	6,291	2,817	6,291	2,817
	<b>15,329</b>	<b>9,743</b>	<b>15,329</b>	<b>9,743</b>
<b>Other operating income</b>				
Net gain from sale of financial assets available-for-sale	1,294	1,782	1,294	1,782
Profit on sale of foreign currencies	647	332	647	332
Reversal for diminution in value of investments	-	38	-	38
Reversal of allowance for doubtful debts	60	112	60	112
Profits from General Takaful and Family Takaful funds attributable to the Group	68,933	47,845	68,933	47,845
Gross dividend income from securities				
Quoted in Malaysia	890	601	890	601
Unit trust in Malaysia	43	-	43	-
Unit trust outside Malaysia	-	7	-	7
Unquoted in Malaysia	-	-	-	-
	<b>71,867</b>	<b>50,717</b>	<b>71,867</b>	<b>50,717</b>
<b>Fees and commission</b>				
ATM fees	4,463	4,016	4,463	4,016
Financing fees	3,119	2,738	3,119	2,738
Cheque issued & return, closing account and other fees	2,093	2,021	2,093	2,021
Takaful service fees and commission	2,999	2,179	2,999	2,179
Credit card fees and commission	9,915	9,962	9,915	9,962
Processing fees	273	387	273	387
Commitment fees	376	233	376	233
Commission on MEPS	2,028	1,646	2,028	1,646
Unit trust management fees	1,277	723	1,277	723
Corporate advisory fees	736	695	736	695
Commission on structured products	2	86	2	86
Ta'widi charges	580	16	580	16
Investment income	5,087	6,698	5,087	6,698
Wakalah fees	47,200	26,602	47,200	26,602
Other service charges fees	4,323	4,511	4,323	4,511
	<b>84,471</b>	<b>62,513</b>	<b>84,471</b>	<b>62,513</b>
<b>Other income</b>				
Net gain/(loss) on disposal of property, plant & equipment	6	4	6	4
Rental income	251	7	251	7
Others	649	32	649	32
	<b>906</b>	<b>43</b>	<b>906</b>	<b>43</b>
	<b>202,427</b>	<b>152,428</b>	<b>202,427</b>	<b>152,428</b>

**A17 ALLOWANCE FOR IMPAIRMENT ON FINANCING, ADVANCES AND OTHERS**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Restated Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Restated Year-to-date 3 months ended 31-Mar-11 RM '000
Allowance for impaired financing, advances and others:				
- Collective assessment allowance	35,067	22,375	35,067	22,375
- Individual assessment allowance	17,255	9,459	17,255	9,459
Bad debts and financing recovered	(37,033)	(30,013)	(37,033)	(30,013)
	<b>15,289</b>	<b>1,821</b>	<b>15,289</b>	<b>1,821</b>

**A18 INCOME ATTRIBUTABLE TO DEPOSITORS**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
Deposits from customers:				
- Mudharabah fund	81,241	68,007	81,241	68,007
- Non-Mudharabah fund	48,969	46,352	48,969	46,352
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	2,947	4,035	2,947	4,035
	<b>133,157</b>	<b>118,394</b>	<b>133,157</b>	<b>118,394</b>

**A19 CAPITAL ADEQUACY**

The risk-weighted capital adequacy ratios of a subsidiary, Bank Islam Malaysia Berhad and its subsidiaries are as follows:

	Unaudited 31-Mar-12 RM '000	Restated 31-Dec-11 RM '000
<b>Tier-I capital:</b>		
Paid-up share capital	2,265,490	2,265,490
Share premium	-	500,020
Accumulated losses	22,938	(1,116,731)
Other reserves	290,259	974,594
Less: Deferred tax assets	(23,386)	(23,386)
<b>Total Tier-I capital</b>	<b>2,555,301</b>	<b>2,599,987</b>
<b>Tier-II capital:</b>		
Collective assessment allowance	237,026	224,776
<b>Total Tier-II capital</b>	<b>237,026</b>	<b>224,776</b>
<b>Total capital</b>	<b>2,792,327</b>	<b>2,824,763</b>
Less: Investment in associate	(21,720)	(21,180)
<b>Total capital base</b>	<b>2,770,607</b>	<b>2,803,583</b>
Core capital ratio	14.38%	15.36%
Risk-weighted capital ratio	15.60%	16.56%
Core capital ratio net of proposed dividend	14.38%	15.36%
Risk-weighted capital ratio net of proposed dividend	15.60%	16.56%

## A20 OPERATING SEGMENT INFORMATION

The Group comprises the following main operating segments:

<b>Banking operations</b>	Islamic banking and provision of related services.
<b>Takaful operations</b>	Underwriting of family and general Islamic insurance (Takaful).
<b>Others</b>	Investment holding, currency trading, ijarah leasing, stockbroking and unit trust.

### (i) Information about reportable segments

	3 months ended				Total 31-Mar-12 RM'000
	Banking 31-Mar-12 RM'000	Takaful 31-Mar-12 RM'000	Others 31-Mar-12 RM'000	Elimination 31-Mar-12 RM'000	
<b>Current Year-to-Date (Unaudited)</b>					
Revenue from external customers	456,590	123,458	2,818	-	582,866
Inter-segment revenue	-	215	544	(759)	-
<b>Total revenue</b>	<b>456,590</b>	<b>123,673</b>	<b>3,362</b>	<b>(759)</b>	<b>582,866</b>
Net income from operations (before allowance for impairment on financing)	323,089	123,673	3,362	(415)	449,709
Operating overhead	(169,292)	(86,161)	(4,163)	415	(259,201)
Operating profit / (loss)	153,797	37,512	(801)	-	190,508
Allowance for impairment on financing and advances	(15,289)	-	-	-	(15,289)
Allowance for contingent liability	-	-	-	-	-
Allowance for impairment on investments	(8,421)	-	-	-	(8,421)
Share in the results of associated companies	540	-	-	-	540
<b>Profit / (loss) before zakat and taxation</b>	<b>130,627</b>	<b>37,512</b>	<b>(801)</b>	<b>-</b>	<b>167,338</b>
Segment assets	31,244,374	6,118,022	2,078,898	(2,001,978)	37,439,316
<b>Previous Comparative Year-to-Date (Restated)</b>					
	Banking 31-Mar-11 RM'000	Takaful 31-Mar-11 RM'000	Others 31-Mar-11 RM'000	Elimination 31-Mar-11 RM'000	Total 31-Mar-11 RM'000
<b>Banking operations:</b>					
Revenue from external customers	400,607	84,041	1,845	-	486,493
Inter-segment revenue	-	383	1,095	(1,478)	-
<b>Total revenue</b>	<b>400,607</b>	<b>84,424</b>	<b>2,940</b>	<b>(1,478)</b>	<b>486,493</b>
Net income from operations (before allowance for losses on financing and advances)	278,488	84,424	2,940	2,247	368,099
Operating overhead	(153,698)	(56,307)	(3,413)	375	(213,043)
Operating profit / (loss)	124,790	28,117	(473)	2,622	155,056
Allowance for impairment on financing and advances	(1,821)	-	-	-	(1,821)
Allowance for contingent liability	(9,279)	-	-	-	(9,279)
<b>Profit / (loss) before zakat and taxation</b>	<b>113,690</b>	<b>28,117</b>	<b>(473)</b>	<b>2,622</b>	<b>143,956</b>
Segment assets	28,557,461	5,388,429	1,872,185	(1,776,622)	34,041,453

Performance is measured based on segment profit/(loss) before zakat and taxation, as included in the internal management reports that are reviewed by the Group Managing Director/Chief Executive Officer. Segment profit/(loss) before zakat and taxation is used to measure performance as management believes that such information is the most relevant in evaluating segmental results relative to other entities that operate within these industries.

## A21 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. There was no valuation carried out during the first quarter ended 31 March 2012.

## A22 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Save as disclosed in Note B8, there were no material events subsequent to the end of the interim period ended 31 March 2012.

## A23 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the first quarter ended 31 March 2012.

**A24 CHANGES IN CONTINGENT LIABILITIES SINCE THE LAST ANNUAL BALANCE SHEET DATE**

In the normal course of business, a subsidiary, Bank Islam Malaysia Berhad makes various commitments and incurs certain contingent liabilities with legal recourse to their customers.

Risk Weighted Exposures arising from the commitments and contingencies of this subsidiary as at 31 March 2012 are as follow:

	<b>Unaudited 31 March 2012</b>			
	<b>Principal Amount RM '000</b>	<b>Positive Fair Value of Derivative Contracts RM '000</b>	<b>Credit Equivalent Amount RM '000</b>	<b>Risk Weighted Amount RM '000</b>
<b><u>Credit-related exposures</u></b>				
Direct credit substitutes	511,137		511,137	502,407
Assets sold with recourse	2		2	2
Transaction-related contingent items	844,397		422,198	415,882
Short-term self-liquidating trade related contingencies	238,695		47,739	47,569
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	617,424		308,712	287,939
Unutilized credit card lines	839,459		167,892	125,919
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively for automatic cancellation due to deterioration in a borrower's creditworthiness	3,979,965		-	-
	<b>7,031,080</b>	<b>-</b>	<b>1,457,680</b>	<b>1,379,718</b>
<b><u>Derivative financial instruments</u></b>				
Foreign exchange related contracts				
- less than one year	1,534,328	3,046	11,056	5,526
- one year to less than five years	40,244	231	2,244	1,397
Profit rate related contracts				
- less than one year	271,740	10,053	2,998	600
- one year to less than five years	400,000	-	8,000	1,600
	<b>2,246,312</b>	<b>13,330</b>	<b>24,298</b>	<b>9,123</b>
<b>Total</b>	<b>9,277,392</b>	<b>13,330</b>	<b>1,481,978</b>	<b>1,388,841</b>

	<b>Audited 31 December 2011</b>			
	<b>Principal Amount RM '000</b>	<b>Positive Fair Value of Derivative Contracts RM '000</b>	<b>Credit Equivalent Amount RM '000</b>	<b>Risk Weighted Amount RM '000</b>
<b><u>Credit-related exposures</u></b>				
Direct credit substitutes	452,553		452,553	444,839
Assets sold with recourse	2		2	2
Transaction-related contingent items	884,095		442,048	435,825
Short-term self-liquidating trade related contingencies	288,665		57,733	57,221
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	589,414		294,707	274,384
Unutilized credit card lines	817,113		163,423	122,567
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively for automatic cancellation due to deterioration in a borrower's creditworthiness	3,897,622		-	-
	<b>6,929,465</b>	<b>-</b>	<b>1,410,466</b>	<b>1,334,838</b>
<b><u>Derivative financial instruments</u></b>				
Foreign exchange related contracts				
- less than one year	1,644,655	5,589	14,344	8,409
- one year to less than five years	40,244	-	2,754	1,944
Profit rate related contracts				
- less than one year	171,740	7,549	5,582	1,116
- one year to less than five years	500,000	-	12,000	2,400
	<b>2,356,639</b>	<b>13,138</b>	<b>34,680</b>	<b>13,869</b>
<b>Total</b>	<b>9,286,104</b>	<b>13,138</b>	<b>1,445,146</b>	<b>1,348,707</b>

A25 CHANGES IN ACCOUNTING POLICIES

**(a) Transition to the MFRS Framework**

These unaudited interim financial statements are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group have applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2012. The policy elections made on transition date are listed in the audited financial statements of the Group for the financial year ended 31 December 2011. The MFRS did not result in any financial impact to the Group, other than the financial impact arising from the change in accounting policy on collective assessment allowance, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

The transition to the MFRS framework has resulted in the following changes:

(i) **MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Financing, Advances and others ("Financing")**

Prior to the transition to MFRS 139, the Group's banking subsidiary, Bank Islam Malaysia Berhad ("the Bank"), had maintained their collective assessment allowance at 1.5% of total outstanding financing, net of individual assessment allowance, in line with BNM's transitional provisions under its Guidelines on Classification and Impairment Provision for Loans/Financing. Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Bank has applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on financing and advances which are not individually significant based on the incurred loss approach. Financing and advances which are individually assessed and where there is no objective evidence of impairment are also included in the group of financing and advances for collective assessment. These financing and advances are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the 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 accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statement and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statement of financial position. A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows:

	31 December, 2011 RM'000	1 January, 2011 RM'000
<b>Statement of Financial Position</b>		
<u>Financing, advances and others</u>		
<u>Collective Assessment Allowance</u>		
As previously stated	348,555	345,041
Effect of change in accounting policy	(20,867)	2,032
As restated	<u>327,688</u>	<u>347,073</u>
<u>Retained Losses</u>		
As previously stated	(1,182,896)	(1,244,056)
Effect of change in accounting policy	7,981	(777)
As restated	<u>(1,174,915)</u>	<u>(1,244,833)</u>
		<u>Quarter ended 31 March, 2012 RM'000</u>
<b>Income Statement</b>		
<u>Allowance for Impairment on Financing, Advances and Others</u>		
<u>Collective Assessment Allowance</u>		
As previously stated		7,546
Effect of change in accounting policy		(5,725)
As restated		<u>1,821</u>

(ii) **MFRS 116: Property, Plant and Equipment ("PPE") - Deemed Cost Exemption - Fair Value**

The Group's takaful subsidiary, Syarikat Takaful Malaysia Berhad ("Takaful Malaysia") had reclassified its investment property to PPE, and elected to apply the optional exemption to measure them at fair value at the date of transition to MFRSs and that fair value as deemed cost under MFRS 116.

The aggregate fair value of these property, plant and equipment as at 1 January 2011 and 31 December 2011 were determined to be RM220,189,000 and RM244,944,000 respectively compared to the then carrying amount of RM219,575,000 and 244,390,000 under FRSs.

A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows:

	31 December, 2011 RM'000	1 January, 2011 RM'000
<b>Statement of Financial Position</b>		
<u>Property, Plant and Equipment</u>		
As previously stated	244,390	219,575
Effect of change in accounting policy	554	614
As restated	<u>244,944</u>	<u>220,189</u>
<u>Other Reserves</u>		
As previously stated	94,150	77,541
Effect of change in accounting policy	361	400
As restated	<u>94,511</u>	<u>77,941</u>

**(b) Other Changes in Accounting Policies**

During the financial period, the Group have also adopted the following change in accounting policies:

**(i) Guidelines on Profit Equalisation Reserves issued by Bank Negara Malaysia ("BNM")**

On 19 May 2011, BNM issued its revised Guidelines on Profit Equalisation Reserves ("revised PER Guidelines"), which was effective for annual periods beginning on or after 1 July 2011. Bank Islam Malaysia Berhad, the Islamic banking subsidiary of the Group has adopted these revised PER Guidelines with effect from 1 January 2012 in its management of displaced commercial risk.

Upon the adoption of these revised PER Guidelines, the Group will continue to set aside a portion of its profits into a Profit Equalisation Reserve ("PER"). The PER of the Investment Account Holder ("IAH") continues to be classified as a liability and is recognised at cost, with subsequent apportionments being recognised in the income statement. The eventual distribution of PER as profit distributable to the IAH will be treated as an outflow of funds due to the settlement of the obligation to the IAH. The PER of the Islamic Banking Institution ("IBI") is now classified as a separate reserve in equity and subsequent apportionments to and distributions from retained profits are treated as a transfer between reserves. This change in accounting policy is accounted for prospectively, and hence had no effect on comparative figures.

**(c) Financial Impact of Changes in Accounting Policies**

In the preparation of the Group's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the following tables:

**(i) Statement of Financial Position as at 31 December 2011**

	Under the FRS	Effect of the Transition to MFRSs		Under the MFRS
	Framework	MFRS 139	MFRS 116	Framework
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
Cash and short term funds	3,460,092	-	-	3,460,092
Deposits and placements with financial institutions	1,075,330	-	-	1,075,330
Derivative financial assets	15,877	-	-	15,877
Financial assets held-for-trading	1,228,952	-	-	1,228,952
Financial assets held-to-maturity	331,486	-	-	331,486
Financial assets available-for-sale	11,281,711	-	-	11,281,711
Financing, advances and others	14,140,970	20,867	-	14,161,837
Deferred tax assets	39,429	-	-	39,429
Other assets	181,624	-	-	181,624
Current tax assets	7,718	-	-	7,718
Investment in associates	21,181	-	-	21,181
Statutory deposit with Bank Negara Malaysia	912,000	-	-	912,000
Property, plant and equipment	244,390	-	554	244,944
General Takaful and Family Takaful assets	5,310,032	-	-	5,310,032
<b>Total assets</b>	<b>38,250,792</b>	<b>20,867</b>	<b>554</b>	<b>38,272,213</b>
<b>LIABILITIES, EQUITY &amp; TAKAFUL FUNDS</b>				
<b>Liabilities</b>				
Deposits from customers	28,208,203	-	-	28,208,203
Deposits and placements of banks and other financial institutions	384,628	-	-	384,628
Bills and acceptances payable	259,153	-	-	259,153
Other liabilities	598,117	-	-	598,117
Provision for zakat and taxation	28,890	5,217	-	34,107
Derivative financial liabilities	23,299	-	-	23,299
General Takaful and Family Takaful Equity and Liabilities	5,310,032	-	-	5,310,032
<b>Total liabilities</b>	<b>34,812,322</b>	<b>5,217</b>	<b>-</b>	<b>34,817,539</b>
<b>Equity</b>				
Share capital	1,066,790	-	-	1,066,790
Reserves	757,300	7,981	361	765,642
<b>Total equity attributable to the shareholders</b>	<b>1,824,090</b>	<b>7,981</b>	<b>361</b>	<b>1,832,432</b>
Non-controlling interests	1,614,380	7,669	193	1,622,242
<b>Total equity</b>	<b>3,438,470</b>	<b>15,650</b>	<b>554</b>	<b>3,454,674</b>
<b>Total equity and liabilities</b>	<b>38,250,792</b>	<b>20,867</b>	<b>554</b>	<b>38,272,213</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>1.71</b>			<b>1.72</b>

A25 CHANGES IN ACCOUNTING POLICIES, continued

(c) Financial Impact of Changes in Accounting Policies, continued

(ii) *Statement of Financial Position as at 1 January 2011*

	Under the FRS	Effect of the Transition to MFRSs		Under the MFRS
	Framework	MFRS 139	MFRS 116	Framework
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
Cash and short term funds	2,762,195	-	-	2,762,195
Deposits and placements with financial institutions	412,798	-	-	412,798
Derivative financial assets	80,108	-	-	80,108
Financial assets held-for-trading	2,279,891	-	-	2,279,891
Financial assets held-to-maturity	215,944	-	-	215,944
Financial assets available-for-sale	12,936,655	-	-	12,936,655
Financing, advances and others	11,860,631	(2,032)	-	11,858,599
Deferred tax assets	59,023	-	-	59,023
Other assets	200,727	-	-	200,727
Current tax assets	30,316	-	-	30,316
Investment in associates	1	-	-	1
Statutory deposit with Bank Negara Malaysia	10,000	-	-	10,000
Property, plant and equipment	219,575	-	614	220,189
General Takaful and Family Takaful assets	4,786,882	-	-	4,786,882
<b>Total assets</b>	<b>35,854,746</b>	<b>(2,032)</b>	<b>614</b>	<b>35,853,328</b>
<b>LIABILITIES, EQUITY &amp; TAKAFUL FUNDS</b>				
<b>Liabilities</b>				
Deposits from customers	26,798,107	-	-	26,798,107
Deposits and placements of banks and other financial institutions	378,129	-	-	378,129
Bills and acceptances payable	163,191	-	-	163,191
Other liabilities	503,062	-	-	503,062
Provision for zakat and taxation	37,975	(508)	-	37,467
Derivative financial liabilities	66,708	-	-	66,708
General Takaful and Family Takaful Equity and Liabilities	4,786,882	-	-	4,786,882
<b>Total liabilities</b>	<b>32,734,054</b>	<b>(508)</b>	<b>-</b>	<b>32,733,546</b>
<b>Equity</b>				
Share capital	1,066,790	-	-	1,066,790
Reserves	587,945	(777)	400	587,568
<b>Total equity attributable to the shareholders</b>	<b>1,654,735</b>	<b>(777)</b>	<b>400</b>	<b>1,654,358</b>
Non-controlling interests	1,465,957	(747)	214	1,465,424
<b>Total equity</b>	<b>3,120,692</b>	<b>(1,524)</b>	<b>614</b>	<b>3,119,782</b>
<b>Total equity and liabilities</b>	<b>35,854,746</b>	<b>(2,032)</b>	<b>614</b>	<b>35,853,328</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>1.55</b>			<b>1.55</b>

A25 CHANGES IN ACCOUNTING POLICIES, continued

(c) Financial Impact of Changes in Accounting Policies, continued

(iii) Reconciliation of Income Statement and Statement of Comprehensive Income  
For 1st Quarter ended 31 March 2011

	Under the FRS	Effect of the Transition to MFRSs		Under the MFRS
	Framework	MFRS 139	MFRS 116	Framework
	RM'000	RM'000	RM'000	RM'000
<b><u>Income Statement</u></b>				
Income derived from investment of depositors' funds	334,065	-	-	334,065
Income derived from investment of shareholders' funds	152,428	-	-	152,428
Allowance for impairment of financing, advances & others	(7,546)	5,725	-	(1,821)
Allowance for Impairment on investments and other assets	-	-	-	-
Provision for contingent liability	(9,279)	-	-	(9,279)
Other expenses directly attributable to the investment of the depositors' and shareholders' funds	(4,836)	-	-	(4,836)
<b>Total distributable income</b>	464,832	5,725	-	470,557
Income attributable to depositors	(118,394)	-	-	(118,394)
<b>Total net income</b>	346,438	5,725	-	352,163
Personnel expenses	(108,651)	-	-	(108,651)
Other overhead expenses	(84,986)	-	-	(84,986)
Depreciation	(14,570)	-	-	(14,570)
<b>Operating profit</b>	138,231	5,725	-	143,956
Share in the results of associated companies	-	-	-	-
<b>Profit before zakat and taxation</b>	138,231	5,725	-	143,956
Zakat	(1,543)	-	-	(1,543)
Tax expense	(38,732)	(1,431)	-	(40,163)
<b>Profit for the period</b>	97,956	4,294	-	102,250
<b>Attributable to:</b>				
Shareholders of the Company	56,172	2,190	-	58,362
Non-controlling interests	41,784	2,104	-	43,888
<b>Profit for the period</b>	97,956	4,294	-	102,250
<b><u>Statement of Comprehensive Income</u></b>				
<b>Profit for the period</b>	97,956	4,294	-	102,250
<b>Other comprehensive income :</b>				
Currency translation differences for foreign operations	5,772	-	-	5,772
Net gain on revaluation of available-for-sale financial assets	24,021	-	-	24,021
<b>Total comprehensive income for the period</b>	127,749	4,294	-	132,043
<b>Attributable to:</b>				
Shareholders of the Company	72,556	2,190	-	74,746
Non-controlling interests	55,193	2,104	-	57,297
<b>Total comprehensive income for the period</b>	127,749	4,294	-	132,043

A25 CHANGES IN ACCOUNTING POLICIES, continued

**(c) Financial Impact of Changes in Accounting Policies, continued**

(iv) There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

(v) **Capital adequacy**

The adjustments to the financial statements of Bank Islam Malaysia Berhad, a subsidiary of the Group, as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously stated under the FRS Framework RM'000	As restated under the MFRS Framework RM'000	As previously stated under the FRS Framework RM'000	As restated under the MFRS Framework RM'000
<b>Tier-I capital:</b>				
Paid-up share capital	2,265,490	2,265,490	2,265,490	2,265,490
Share premium	500,020	500,020	500,020	500,020
Accumulated losses	(1,132,381)	(1,116,731)	(1,185,132)	(1,186,656)
Other reserves	974,594	974,594	795,013	795,013
Less: Deferred tax assets	(23,386)	(23,386)	(44,224)	(44,224)
<b>Total Tier-I capital</b>	<b>2,584,337</b>	<b>2,599,987</b>	<b>2,331,167</b>	<b>2,329,643</b>
<b>Tier-II capital:</b>				
Collective assessment allowance	224,776	224,776	182,452	182,452
<b>Total Tier-II capital</b>	<b>224,776</b>	<b>224,776</b>	<b>182,452</b>	<b>182,452</b>
<b>Total capital</b>	<b>2,809,113</b>	<b>2,824,763</b>	<b>2,513,619</b>	<b>2,512,095</b>
Less: Investment in associate	(21,180)	(21,180)	-	-
<b>Total capital base</b>	<b>2,787,933</b>	<b>2,803,583</b>	<b>2,513,619</b>	<b>2,512,095</b>
Core capital ratio	15.27%	15.36%	15.75%	15.74%
Risk-weighted capital ratio	16.47%	16.56%	16.98%	16.97%
Core capital ratio net of proposed dividend	15.00%	15.10%	15.20%	15.19%
Risk-weighted capital ratio net of proposed dividend	16.21%	16.30%	16.44%	16.43%

**EXPLANATORY NOTES OF BURSA MALAYSIA LISTING REQUIREMENTS**  
**PART A OF APPENDIX 9B**

**B1 REVIEW OF PERFORMANCE**

**Three Months Performance to 31 March 2012**

BHB Group registered a profit before zakat and taxation ("PBZT") of RM167.3 million for the three months financial period ended 31 March 2012, which was RM23.4 million or 16.2% higher compared to the previous corresponding financial period (31 March 2011: PBZT of RM143.9 million). On annualised basis, the PBZT would translate into a Group Return on Assets ("ROA") of 1.8% and pre-tax Return on Equity ("ROE") of 19.0%.

With the exclusion of the financial impact of RM5.7 million arising from the restatement of allowance for impairment on financing in the previous corresponding financial period comparatives (as a result of adoption of Malaysian Financial Reporting Standards framework issued by the Malaysian Accounting Standards Board), the growth in PBZT would have been RM29.1 million or 21.1%.

Net profit attributable to the shareholders of the Company grew by RM6.5 million or 11.2%, in line with a higher earnings per share of 6.08 sen per share (31 March 2011: 5.47 sen per share).

The higher profitability was achieved on the back of higher net income growth of 22.2% or RM81.6 million, partly offset by the higher operating overheads of RM46.2 million and higher allowance for impairment on financing and other assets (including provision for contingent liability) of RM12.6 million.

In addition to the net growth of quality financing and advances for the quarter by RM719.8 million or 5.1% (which is equivalent to an annualised growth of 20.3%), the Group was able to further improve its asset quality as gross impaired financing ratio improved from 2.61% as at 31 December 2011 to 2.29% as at 31 March 2012. Capital adequacy remained at healthy level with a Core Capital Ratio of 14.38%, whilst Risk Weighted Capital Ratio stood at 15.60%.

**Islamic Banking**

For the 3 months ended 31 March 2012, Bank Islam Group ("Bank Islam") achieved a PBZT of RM130.6 million, a 14.9% or RM16.9 million increase over the last corresponding quarter. The improved performance was mainly due to increase in income by RM56.0 million or 14.0%, contributed by fund based income growth of RM38.4 million (10.9%) and non fund based income growth of RM17.6 million (37.5%).

The higher fund based income was mainly attributable to the net financing assets year-on year growth of RM2.5 billion or 19.9% to reach RM14.9 billion as at end March 2012. The improvement of non fund based income was derived mainly from higher gain from sale of financial assets available-for-sale, as well as higher foreign exchange income and fees and commission.

Apart from the strong financing growth, the improved performance was also due to improved asset quality as well as growth in customer deposits, especially the lower cost current and savings accounts (CASA). The gross impaired financing ratio improved from 2.61% as at end December 2011 to 2.29% as at end March 2012 while net impaired financing ratio also improved from a negative 0.17% as at end December 2011 to a negative 0.42% as at end March 2012.

Customer deposits reported a year-on-year growth of RM1.6 billion or 6.4% to reach RM26.1 billion as at end March 2012. CASA grew year-on-year by RM1.4 billion to reach RM12.3 billion as at end March 2012 and accounted for 46.9% of the total deposits compared to 44.0% as at end March 2011.

Bank Islam's key performance ratios as at end March 2012 also compared favourably against the Islamic Banking System ratios as at end December 2011. Bank Islam's Pre-tax return on equity was 17.66% against the Islamic Banking System's ratio of 13.70%; Pre-tax return on assets was 1.66% against the Islamic Banking System's ratio of 1.00% and the Risk Weighted Capital Adequacy ratio was 15.60% against the Islamic Banking System's ratio of 14.30%.

**Takaful**

For the 1st quarter ended 31 March 2012, Takaful Malaysia generated Operating Revenue of RM429.0 million, an increase of 38.8% compared to RM309.0 million in the corresponding quarter of the preceding year. The increase is mainly attributable to the release of unearned contribution reserve arising from the change in reserving methodology for Group Family Takaful products, higher sales generated by Family Takaful Fund and higher investment income.

For the quarter under review, Family Takaful recorded gross earned contributions of RM248.5 million, against RM123.5 million for the same period last year whereas General Takaful generated slightly lower gross earned contributions of RM96.8 million compared to RM97.7 million in the last corresponding quarter. The growth in Family Takaful business was derived mainly from higher sales in Group products.

Higher surplus transfer was also recorded in the quarter under review from Family Takaful of RM56.1 million as compared to RM27.9 million for the same period last year. This is mainly due to release of unearned contribution reserve, better underwriting results and higher investment income.

The surplus transfer in the quarter under review from General Takaful was RM12.8 million as compared to RM19.9 million in the last corresponding quarter. The lower surplus transfer is due to higher claims provisioning mainly arising from the change in IBNR claims reserving methodology.

For the quarter under review, Takaful Malaysia registered a PBZT of RM37.5 million, increased by 33% as compared to RM28.1 million in the same period last year. The higher profit is mainly attributable to higher surplus transfer from Family Takaful fund and higher wakalah fee income.

**B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

**For the three months performance (First Quarter 2012 vs. Fourth Quarter 2011)**

The Group's PBZT for the quarter under review was RM167.3 million, relatively unchanged compared to the PBZT of the preceding quarter ended 31 December 2011 of RM167.8 million. This was mainly due to one-off revenue items earned by both Bank Islam and Takaful Malaysia for the quarter ended 31 December 2011, which among others include the release of special contingent reserves from Family and General Takaful funds of RM24.6 million.

Bank Islam's PBZT of RM130.6 million for the three months ended 31 March 2012 was 2.4% or RM3.2 million lower than the preceding quarter ended 31 December 2011. The lower PBZT was mainly due to a one-off non fund based income earned in the quarter ended 31 December 2011.

For the quarter under review, Takaful Malaysia registered a PBZT of RM37.5 million, which was lower than the preceding quarter by RM3.9 million (Quarter ended 31 December 2011: RM41.4 million). The preceding quarter results included a release of contingent special reserves amounting to RM24.6 million from Family and General Takaful Funds. With the exclusion of the one-off revenue item, the current quarter PBZT would be higher by RM16.0 million compared to the preceding quarter, mainly attributable to higher surplus transfer from Family Takaful fund.

**B3 PROSPECTS**

**Outlook on the economy**

The global economic outlook is expected to moderate in 2012, amidst increased downside risks, in view of the ongoing sovereign debt and structural issues in the developed economies. In light of the challenging external environment, Malaysia's economy is projected to grow between 4% and 5% in 2012, with domestic demand remaining as the key engine for growth amid strong expansion in private sector activities. The banking industry is expected to remain healthy with strong capitalisation, strong profitability and stable asset quality. The new Financial Sector Blueprint 2011-2020 which advocates further liberalisation, will further enhance the capacity and capability of the Malaysian banking sector.

Nevertheless, net income margin for banks and financial institutions is expected to be more challenging as they compete in certain market segments.

**Islamic Banking**

A more challenging operating environment is anticipated in 2012. The unresolved Euro zone sovereign debt crisis and the structural issues in the advanced economies are expected to dampen the pace of recovery of the global economy in 2012. Despite the unfavourable economic developments abroad, Malaysia's economy is expected to expand albeit at a slower rate of between 4% - 5% in 2012. In line with the supportive policy measures initiated by the government, domestic demand is expected to continue to drive the GDP growth.

In view of the macro outlook, Bank Islam is focusing on resilient industries in particular those that are set to benefit from the Economic Transformation Programme such as agriculture; oil, gas and energy; palm oil; business services; wholesale & retail; communications content & infrastructure; education and healthcare. The Bank's net financing growth for 2012 is projected to be in the range of 12% to 15%, with the objective of building a high quality credit portfolio.

In 2012, Bank Islam will continue with the reshaping initiatives and work towards the right mix and portfolio composition between retail and non-retail business; secured and unsecured assets and fixed and floating rate financing.

Bank Islam will continue strengthening its presence by expanding its current delivery channels comprising 122 branches, more than a thousand Self-Service Terminals (SSTs), 5 strategically located Bureau De Change (BDC), 7 Customer Business Centres (CBCs) and 3 Ar-Rahnu outlets. Plans are in the pipeline to reach out to another 12 new locations, through new branch opening; setting up an additional 150 SSTs; establishment of 4 new BDCs and 5 additional CBCs while 6 branches will be relocated and 12 refurbished.

Moving forward, Bank Islam intends to continue reshaping the future of its business and operation by pushing for greater innovation and transformational initiatives. The Bank will also continue to invest in human capital and systems to ensure it lives up to customers' expectations and remain competitive in the industry.

**Takaful**

Takaful Malaysia's prospects for the current financial year continue to be encouraging despite growing competition from new takaful players. Barring unforeseen circumstances, Takaful Malaysia is expected to sustain its revenue growth, supported by the following strategies:

- 1) Introduction of four new products to be launched in 2012,
- 2) Expanded distribution capabilities especially through telemarketing, internet sales and new agent recruitment initiatives,
- 3) New IT portal initiatives to improve customer service standards,
- 4) Future partnership tie-ups with Islamic banks, and
- 5) Launching of sales campaign on takaful awareness.

**B4 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE**

The Group neither made any profit forecast nor issued any profit guarantee.

**B5 TAXATION**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM'000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM'000
Tax expense	45,716	40,163	45,716	40,163

With effect from year of assessment 2009, corporate tax rate is at 25%.

**B6 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no material gain or loss on sales of unquoted investments and properties of the Group during the quarter.

**B7 PURCHASE AND SALE OF QUOTED SECURITIES**

This note does not apply to the Group.

**B8 CORPORATE PROPOSALS**

There are no corporate proposals outstanding as at the date of this submission.

**B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES**

	Group	
	Unaudited 31-Mar-12 RM '000	Restated 31-Dec-11 RM '000
<b>Deposits from customers</b>		
Mudharabah accounts deposits and negotiable instruments of deposits		
One year or less (short-term)	13,447,144	16,040,109
More than one year (medium/long-term)	1,572,321	1,049,761
	15,019,465	17,089,870
Current accounts	8,329,620	8,412,372
Savings accounts	2,540,610	2,599,243
Others	96,380	106,718
<b>Total deposits</b>	<b>25,986,075</b>	<b>28,208,203</b>
<b>Deposits and placements of banks and other financial institutions</b>		
One year or less (short-term)	1,489,236	384,628
	<b>1,489,236</b>	<b>384,628</b>

**B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS BY VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/  
NET RE-PRICING DATE(WHICHEVER EARLIER)**

**GROUP (RM '000)**

Items	Unaudited					
	31-Mar-12 Principal Amount	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	>1-5 years
<b>Foreign exchange related contracts</b>						
- forwards	336,903	158,891	75,988	11,680	50,100	40,244
- swaps	717,273	646,503	70,770	-	-	-
- option	520,396	520,396	-	-	-	-
<b>Total</b>	<b>1,574,572</b>	<b>1,325,790</b>	<b>146,758</b>	<b>11,680</b>	<b>50,100</b>	<b>40,244</b>

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk transactions may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2012, the amount of contracts which were not hedged and, hence, exposed to market risk was RM423.25 million. (31 December 2011: RM501.62 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, maturity dates and rates or prices. As at 31 March 2012, the credit risk measured in terms of the cost to replace the profitable contracts was RM24.29 million (31 December 2011: RM34.68 million).

**Related accounting policies**

Foreign exchange contracts are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates.

**B11 ECONOMIC PROFIT STATEMENT**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM'000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM'000
	<b>Net Operating profit after zakat &amp; tax (NOPAT)</b>			
Profit before zakat and taxation (PBZT)	167,338	143,956	167,338	143,956
Zakat & Taxation	(47,616)	(41,706)	(47,616)	(41,706)
<b>NOPAT</b>	<b>119,722</b>	<b>102,250</b>	<b>119,722</b>	<b>102,250</b>
Economic charge computation:				
Average invested capital	2,891,582	2,554,296	2,891,582	2,554,296
(includes minority interest less gain on disposal of interest in subsidiary)				
Weighted Average Cost of Capital (WACC) at 8.2% per annum	8.20%	8.20%	8.20%	8.20%
<b>Economic charge</b>	<b>59,115</b>	<b>51,646</b>	<b>59,115</b>	<b>51,646</b>
<b>Economic profit</b>	<b>60,607</b>	<b>50,604</b>	<b>60,607</b>	<b>50,604</b>

**B12 MATERIAL LITIGATION**

Save as disclosed below, there were no changes in material litigation, including the status of pending material litigations since the last annual balance sheet date of 31 December 2011.

- (a) On 10 August 1998, Bank Islam together with syndication members led by AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad) (collectively "the Plaintiffs") filed a civil suit claim against Silver Concept Sdn. Bhd. ("the Defendant") to recover the outstanding financing facilities amounting to RM196,289,470.96 (the sum owing to Bank Islam is RM59,364,621.68). The financing facilities were secured by 34 properties. An order for sale in respect of 17 of the properties held under Registry Title was granted on 30 June 2006. However, the Defendant had entered into Sale and Purchase Agreement dated 12 June 2007 with a third party for the sale of the said 17 properties and on 9 May 2008, the balance purchase price was distributed among the Plaintiffs where Bank Islam received RM12,744,868.98. Consequentially, the Plaintiffs agreed to withdraw the foreclosure action against the Defendant.

The Plaintiffs are proceeding with a civil action against the Defendant to recover the shortfall. The Court has allowed the Plaintiffs' claim and the Defendant has filed an appeal against such ruling. The Defendant then withdrew the appeal and the Plaintiffs will proceed the execution proceeding against the Defendants. The sum outstanding to Bank Islam as at February 2011 is RM 42.5 million. However, as per solicitor's advice, the Plaintiffs withheld the execution proceeding pending completion of transfer of private treaty property. As at 11 May 2012, the status remains the same.

- (b) On 17 May 2003, Tahan Steel Corporation Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam to claim for damages amounting to USD12,275,000.00 for breach of contract and RM109,776,000.00 for general damages for failure to disburse the balance of a financing facility granted by Bank Islam to the Plaintiff. Bank Islam had filed a counterclaim to recover the amount of RM143,590,488.09 from the Plaintiff being the outstanding financing facility amount. On 1 June 2010, the Court decided that the Plaintiff's claim for declaration on the termination of Istisna' Facility is valid and lawful. However, the Plaintiff's claim was disallowed and only awarded nominal damages of RM50,000.00 with costs. The Court had allowed the Bank's counterclaim for selling price of RM143,590,488 but to deduct unearned profit on the undisbursed amount less any unearned profit at the date of full realization. The Plaintiff on 3 June 2010 had filed Notice of Appeal against the decision and the Bank is appealing on the issue of unearned profit. On 28 October 2010, the Court allowed the Plaintiff's stay of execution. The case was fixed for hearing of appeal on 22 February 2011 and the Court of Appeal Judges reserved their decision pending issuance of written judgment on issue of unearned profit. On 21 December 2011 the Court of Appeal has dismissed the Plaintiff's appeal and the Bank is entitled on the amount disbursed of RM58.7 million plus profits on disbursed amount. The Bank's cross appeal on the computation of unearned profit was also dismissed. In line with Shariah's principle and pursuant to the solicitor's advice, the Bank does not appeal against the decision and will proceed with execution proceeding against the Plaintiff. In February 2012, the Plaintiff filed a leave to appeal to the Federal Court and the Bank filed an affidavit in reply in opposing the Plaintiff's leave to appeal. The case fixed for hearing on 10 April 2012. However the hearing could not proceed as one of the Federal Court judges was on medical leave. The hearing is postponed to 17 July 2012.
- (c) On 27 January 2004, Bank Islam filed a civil suit against ECT Industries Sdn Bhd ("the Defendant") and its guarantors to recover the outstanding financing facilities amounting to RM14,143,306.75. All the guarantors were declared bankrupt on 16 March 2006 and Bank Islam's solicitors had filed the proof of debt on 19 April 2006. The Defendant has been wound up by another party and the Court had granted Bank Islam an order to intervene on 11 November 2007.

The auction held in respect of the two (2) pieces of land charged under the financing facility on 12 March 2009 was successful. In respect of the third piece of land, Order for Sale was granted on 17 July 2009 and the property had been successfully auctioned on 30th November 2009 at a discounted bid price of RM2.80 million. Bank Islam is proceeding to recover the shortfall amount from the Defendant. The Creditor's Meeting was fixed on 1 November 2011. As at 11 May 2012, this case is pending issuance of minutes of Public Examination from the court.

- (d) On 9 February 2004, Bank Islam filed a civil suit against PC Auto Blast Sdn Bhd, Jaya Raj a/l A. Mariadas and Johnson a/l Mariadas (collectively "the Defendants") and a foreclosure action to recover the outstanding financing facilities amounting to RM13,125,946.46. However, the Defendants have filed a counterclaim seeking declarations and damages. Amongst others, the Defendants are seeking for declarations that the agreements executed pursuant to the financing facilities are null and void for non-compliance with the Shariah principles and damages amounting to RM656,326.29. For foreclosure action, the case was fixed for case management on 5 August 2010. On 28 October 2010, the court has granted our application for Order for Sale. Bank Islam has successfully auctioned the property on 12 October 2011. However, in February 2012 Bank Islam did not received the balance of auction proceeds from the successful bidder. Hence the property will be auctioned again.

In view of the Defendant's counterclaim, the Court had granted the Defendant with an order for stay of proceedings on Bank Islam's application for order for sale as regards to properties charged under the financing facilities. Bank Islam's solicitors are of the view that Bank Islam will prevail in this matter.

- (e) On 17 February 2004, Bank Islam filed a civil suit against Enten Oil Industries Sdn Bhd (formerly known as KLLT Oil Industries Sdn Bhd), Ariffin Rahmat and Eng Weng Long ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") to recover the outstanding financing facilities amounting to RM27,056,183.66. A Judgment in default was obtained against the Defendants on 11 June 2004.

An order for sale for the two (2) properties charged to Bank Islam was obtained in January 2005. In May 2010, Bank Islam has received payment of RM18.5 million from the chargor and withdrew the foreclosure and civil action against the Second and Third Defendants while proceeding the civil action against the First Defendant to recover the shortfall of RM8.5 million. In May 2010, the First Defendant has been wound up by other bank and in August 2010, Bank Islam has filed Proof of Debt to recover the outstanding amount. As at 11 May 2012, the status remains the same.

- (f) On 14 June 2004, Kopeks Holdings Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam for the withdrawal and cancellation of financing facilities offered by Bank Islam to the Plaintiff, claiming inter-alia, special damages amounting to RM5,491,849.55 and general damages amounting to RM7,559,675.00, together with interests. The Court dismissed the Plaintiff's claim with costs on 23 June 2009. The Plaintiff filed an appeal. On 16 November 2011, the Court of Appeal dismissed the plaintiff's appeal with costs. In December 2011, the plaintiff filed Notice of Motion for leave for appeal to Federal Court on dismissal of the appeal.
- (g) In March 2005, Bank Islam filed a civil suit against Zeron Sdn Bhd ("the Defendant") and its guarantors for the balance of the outstanding sale price under the Asset Sale Agreement amounting to RM21,359,584.87 and the amount released to Pengurusan Danaharta Nasional Berhad pursuant to the Guarantee Agreement amounting to RM10,500,000.00. Bank Islam has obtained an order for sale of the two (2) properties charged to Bank Islam. Bank Islam has successfully auctioned the said properties for the amount of RM18 million. The matter was fixed for Creditor's Meeting on 30 June 2011. As at 11 May 2012, this case is pending issuance of minutes of Public Examination from the court.
- (h) On 7 March 2005, Bank Islam filed a civil suit against Commerce Resources Inc., Dato' Kamaruddin @ Kamaluddin bin Awang and Datuk Hiew Ming Yong ("First Defendant", "Second Defendant" and "Third Defendant" respectively, and collectively "the Defendants") to claim the outstanding financing facilities amounting to USD2,720,036.00. A judgment in default has been obtained against the Defendants. However, further action against the First and Second Defendants were discontinued on the grounds that (a) there was no evidence of assets in the First Defendant and (b) the Second Defendant was successful in setting aside the Judgment In Default against him on technical grounds. Bank Islam is proceeding with the execution against the Third Defendant and at the same time is exploring other recovery strategies against the other two Defendants.

**B12 MATERIAL LITIGATION, continued**

- (i) On 24 May 2007, Bank Islam Malaysia Berhad ("Bank Islam") filed a civil suit against Tan Sri Abdul Khalid Ibrahim ("the Defendant") to recover the outstanding financing facilities amounting to USD18,251,806.13. On 21 August 2009 the Court allowed Bank Islam's summary judgment application under Order 14 of the High Court Rule. The Defendant filed an appeal and stay of execution. On 3 March 2010, the Court of Appeal allowed the Defendant's appeal and set aside the Summary Judgment entered against the Defendant. The trial dates have been fixed on 2 to 4 August, 9 to 11 August 2010 and 23rd to 26th August 2010.

However, on 9 August 2010, the Defendant filed an application to recuse Justice Rohana ( the Trial Judge) from hearing this matter. The Defendant claimed that there is a real danger of apparent bias on the part of the Trial Judge in hearing this action. This is pursuant to a letter from the Plaintiff to Bank Negara Malaysia, referring to a conversation between En Fazlur Rahman Ebrahim, then COO of the Plaintiff and the Trial Judge, in her capacity then as Deputy Head of BNM Islamic Banking and Takaful Department. The remaining of the dates for the trial has been vacated to enable parties to file their affidavits. On 22 September 2010, the Court has dismissed the Defendant's application and they filed an appeal. However, on 1 November 2010, the Court of Appeal allowed the Defendant's appeal. This case will be heard before a new judge, YA Dato' Hj Mohd Zawawi Salleh. The case fixed for trial on 11 to 14, 18 to 21 and 25 to 28 July 2011. In the course of trial, Bank Islam had filed an application pursuant to Section 56 of the Central Bank Act to refer several Shariah issues to the Shariah Advisory Council (SAC) of Bank Negara Malaysia but the application was objected to by the Defendant. The Defendant raised several issues including constitutionality of the said section. On 7 July 2011, the High Court judge had directed that the issue be referred directly to the Federal Court. On 25 October 2011, the Federal Court Judges directed both parties to revert the case to the High Court for decision of the Bank's application on referral to the SAC of Bank Negara Malaysia. On 2 December 2011, the High Court allowed Bank Islam application to refer the Shariah issues to the SAC of BNM and on 8 December 2011, the Defendant appealed to the Court of Appeal against the order. The case fixed for hearing appeal on 3 April 2012. However, the hearing could not proceed as Justice Wahab Patail informed that he had made a decision in previous case which necessitated to the amendments to the Central Bank Act 2009, which are the subject matter of this appeal. The court fixed 14 May 2012 for hearing appeal.

- (j) On 22 December 2006, Omegco Sdn Bhd ("the Plaintiff") filed a civil suit against Bank Islam claiming, among others, loss of profit of RM43.2 million and fixed deposit of RM250,000.00 not released by Bank Islam. In October 2007, the application for summary judgment by the Plaintiff was struck out by the Court with costs. The Plaintiff appealed against the said decision and the Court dismissed the Plaintiff's appeal. The High Court fixed full trial on 31 October 2011 to 4 November 2011. However, on the trial date the Plaintiff filed an application under Order 14A of the Rules of High Court in determining the question of law. Bank Islam then filed an objection. On 28 December 2011 the Court dismissed the Plaintiff's application with costs. The Court fixed the trial date on 14 to 18 May 2012.

On 11 January 2012, the Plaintiff has been wound up by another third party. Therefore, a sanction from Official Assignee must be obtained by the Plaintiff as the Plaintiff has no capacity to appear before the court for trial. Bank Islam's solicitors are of the view that Bank Islam has a fair chance to succeed in defending this matter.

- (k) On 27 August 2007, Bank Islam filed a civil suit against four (4) former senior management staff of the then Bank Islam Labuan Ltd ("BILL") ("the Defendants") claiming an amount of USD8,586,483.00 being the outstanding financing facilities granted by BILL to certain customers whose accounts have been in default, namely Faaris Investment Holding Plc, Profound Heritage Sdn Bhd, Commerce Resources Inc., Commerce Trading Inc., Crest Group, Crestek Inc. and Trident Timber Co. Ltd. Bank Islam is claiming that the Defendants have acted contrary to the interest of BILL and was in breach of their statutory duties, common law duty of care and skills and express and/or implied contractual duties. The matter fixed for Case Management on 6 December 2011. The court fixed for further Case Management on 20 April 2012. The court fixed next case management on 20 June 2012 for the Defendants to comply with remaining case management directions.

- (l) On 12 May 2009, Swiber Marine (Malaysia) Sdn Bhd ("the Defendant/Claimant") had served Section 218 Notice of the Companies Act 1965 against Bank Islam pursuant to a Bank Guarantee of RM16.0 million issued by Bank Islam in which Bank Islam had refused to pay due to some technicality. Subsequently, on 27 May 2009, Bank Islam filed an action against the Defendant applying an injunction to restrain the Defendant from presenting the Winding-Up Petition to Bank Islam ("Injunction"). On 10 August 2009, the Court had granted the injunction in favour of Bank Islam. On 17 November 2009, Bank Islam withdrew the action against the Defendant based on the Defendant's undertaking not to issue Section 218 Notice against Bank Islam. The matter is to be resolved through arbitration. On 24 August 2010, the panel of arbitrators had directed both parties to file their Written Submissions. Both parties have filed their written submissions in November 2010. On 13 April 2011, the arbitrators have directed both parties to exchange the submission as to costs by 2 May 2011. In order for the Tribunal to give decision as to pre and post award interest is not against Riba', the Arbitrators referred the issue to the Shariah Advisory Council (SAC) of Bank Negara Malaysia. On 29 August 2011, the SAC replied to the Arbitrators and ruled that the Arbitrators may impose late payment charge on judgment debt based on ta'widh (compensation) and gharamah (penalty) mechanism. On 30 September 2011, the Arbitrators ordered that the Claimant's claim is dismissed with costs. In November 2011, the Claimant filed an originating summons at the Kuala Lumpur High Court to appeal on point of law against the final award. Bank Islam also filed an originating summons at Kuala Lumpur High Court to register the award as a judgment and enforce it against the Claimant. On 26 April 2012 the Claimant's appeal on the arbitral award was dismissed with costs.

- (m) On 20 April 2010, Bank Islam Malaysia Berhad ("Bank Islam") has referred a dispute in connection with a Services Agreement and a Software Agreement (Agreements) with a vendor for arbitration. Bank Islam claims rescission of the Agreements and a refund of the sum paid (to-date of RM19.03 million) and/or damages, compensation/cost of fund on all sums found to be due to it and an appropriate order as to costs. The Vendor has subsequently filed a counterclaim. The arbitration commenced 15 February 2012 and is still in progress. Based on the legal opinion obtained, Bank Islam is of the view that the Vendor's counterclaim can be successfully resisted.

**B13 CONTINGENT LIABILITY**

On 20 April 2010, Bank Islam has referred a dispute in connection with a Services Agreement and Software Agreement ("Agreements") with a vendor for arbitration. The Bank claims rescission of the Agreements and a refund of the sum paid to-date of RM19.0 million and/or damages, compensation / cost of funds on all sums found to be due to it and an appropriate order as to costs. The vendor has subsequently filed a counterclaim. The arbitration commenced 15 February 2012 and is still in progress. Based on the legal opinion obtained, the Directors of Bank Islam are of the view that the vendor's counterclaim can be successfully resisted and therefore no provision has been recognised in respect of this matter.

**B14 PROFIT FOR THE PERIOD**

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
<b>Profit for the period is arrived at after charging:</b>				
Depreciation of property, plant and equipment	12,424	14,570	12,424	14,570
Impairment loss:				
- Allowance for impairment on financing advances and others	15,289	1,821	15,289	1,821
- Provision for contingent liability	-	9,279	-	9,279
- Allowance for Impairment on investments and other assets	8,421	-	8,421	-
<b>and after crediting:</b>				
Profit on sale of foreign currencies	647	332	647	332
Reversal of allowance for diminution in value of investment	-	38	-	38
Reversal of allowance for doubtful debts	60	112	60	112
Net gain on disposal of property, plant & equipment	6	4	6	4
Net derivative gain	6,291	2,817	6,291	2,817

**B15 EARNINGS PER SHARE**

**Basic earnings per share attributable to equity holders of the parent ("Basic EPS")**

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue during the period.

	Unaudited Quarter 3 months ended 31-Mar-12 RM '000	Unaudited Quarter 3 months ended 31-Mar-11 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-12 RM '000	Unaudited Year-to-date 3 months ended 31-Mar-11 RM '000
Net profit/(loss) for the quarter attributable to equity holders of the parent	64,906	58,362	64,906	58,362
Number of ordinary shares	1,066,790	1,066,790	1,066,790	1,066,790
Number of average ordinary shares	1,066,790	1,066,790	1,066,790	1,066,790
<b>Basic earnings per share attributable to equity holders of the parent (sen)</b>	<b>6.08</b>	<b>5.47</b>	<b>6.08</b>	<b>5.47</b>

**B16 DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits/(losses) pursuant to the directive is as follows:

	Unaudited 31-Mar-12 RM'000	Restated 31-Dec-11 RM'000
<b>Total accumulated profits/(losses) of BIMB Holdings Berhad and its subsidiaries:</b>		
Realised	583,808	(664,060)
Unrealised	(5,384)	(24,680)
	578,424	(688,740)
Less: Consolidation adjustments	(1,339,422)	(486,175)
<b>Total group accumulated losses as per condensed consolidated financial statements</b>	<b>(760,998)</b>	<b>(1,174,915)</b>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by Malaysia Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not apply for any other purposes.

By Order of the Board

**MARIA MAT SAID (LS 09400)**  
Company Secretary  
May 28, 2012