

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

		The Group	The Bank	
		30-Sept-13	30-Sept-13	31-Dec-12
<u>Assets</u>		RM'000	RM'000	RM'000
Cash and short term funds	1	7,859,912	7,859,867	6,296,329
Deposits and placements with banks and other financial institutions	2	230,865	230,865	601,335
Financial assets held for trading	3	4,645,069	4,645,069	6,117,048
Financial investments available-for-sale	4	1,811,221	1,811,221	2,797,337
Financial investments held-to-maturity	5	601,124	601,124	652,390
Islamic derivative financial instruments	18	238,229	238,229	168,360
Financing, advances and other financing/loans	6	35,486,797	35,486,797	33,073,282
Other assets	7	334,440	334,440	254,882
Deferred taxation		20,138	20,138	10,731
Amount due from holding company		41,049	41,049	-
Amount due from related companies		295	295	431
Statutory deposits with Bank Negara Malaysia		1,381,277	1,381,277	1,104,097
Investment in subsidiaries		-	20	-
Property, plant and equipment		5,009	5,009	5,490
Intangible assets		11,249	11,249	7,328
Goodwill		136,000	136,000	136,000
Total Assets		52,802,674	52,802,649	51,225,040
<u>Liabilities</u>				
Deposits from customers	8	38,400,627	38,400,627	35,267,899
Deposits and placements of banks and other financial institutions	9	9,982,277	9,982,277	11,660,728
Other liabilities	10	601,938	601,934	397,106
Islamic derivative financial instruments	18	369,178	369,178	380,529
Provision for tax and Zakat		17,950	17,950	9,870
Subordinated Sukuk	11	855,372	855,372	863,557
Amount due to holding company		-	-	298,352
Amount due to related companies		6,293	6,293	3,554
Total liabilities		50,233,635	50,233,631	48,881,595
<u>Equity</u>				
Capital and reserves attributable to equity holder of the Bank				
Ordinary share capital		1,000,000	1,000,000	1,000,000
Reserves		1,499,039	1,499,018	1,273,445
		2,499,039	2,499,018	2,273,445
Perpetual preference shares		70,000	70,000	70,000
Total equity		2,569,039	2,569,018	2,343,445
Total equity and liabilities		52,802,674	52,802,649	51,225,040
Commitments and contingencies	19	27,302,707	27,302,707	26,964,137
Net assets per share (RM)		2.50	2.50	2.27

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	QUARTER ENDED 30-Sept-13 RM'000	9 MONTHS ENDED 30-Sept-13 RM'000
The Group		
Income derived from investment of depositors' funds and others	12 504,149	1,557,001
Income derived from investment of shareholder's funds	13 34,979	102,209
Net allowances of impairment for losses on financing	14 (20,317)	(47,089)
Allowances for other receivables	(150)	(313)
Total distributable income	<u>518,661</u>	<u>1,611,808</u>
Income attributable to depositors	15 (290,485)	(881,760)
Total net income	228,176	730,048
Personnel expenses	16 (21,925)	(62,014)
Other overheads and expenditures	17 (103,836)	(326,432)
Profit for the financial period	<u>102,415</u>	<u>341,602</u>
Taxation	(25,864)	(87,264)
Net profit for the period	<u><u>76,551</u></u>	<u><u>254,338</u></u>

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

Profit for the period	76,551	254,338
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Revaluation reserve financial investments available-for-sale		
- Net loss from change in fair value	(32,223)	(35,645)
- Realised loss transferred to comprehensive income	7,936	(2,820)
- Income tax effects	6,072	9,616
Other comprehensive income for the period, net of tax	<u>(18,215)</u>	<u>(28,849)</u>
Total comprehensive income for the period	<u><u>58,336</u></u>	<u><u>225,489</u></u>
Earnings per share (sen)	7.66	25.43

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30-Sept-13 RM'000	QUARTER ENDED 30-Sept-12 RM'000	9 MONTHS ENDED 30-Sept-13 RM'000	9 MONTHS ENDED 30-Sept-12 RM'000
The Bank					
Income derived from investment of depositors' funds and others	12	504,149	491,538	1,557,001	1,425,879
Income derived from investment of shareholder's funds	13	34,954	60,979	102,184	150,822
Net allowances of impairment for losses on financing	14	(20,317)	(21,892)	(47,089)	(56,727)
Allowances for other receivables		(150)	(5)	(313)	(91)
Total distributable income		518,636	530,620	1,611,783	1,519,883
Income attributable to depositors	15	(290,485)	(280,848)	(881,760)	(807,255)
Total net income		228,151	249,772	730,023	712,628
Personnel expenses	16	(21,925)	(23,054)	(62,014)	(57,770)
Other overheads and expenditures	17	(103,832)	(95,513)	(326,428)	(282,145)
Profit for the financial period		102,394	131,205	341,581	372,713
Taxation		(25,864)	(33,008)	(87,264)	(93,762)
Net profit for the period		76,530	98,197	254,317	278,951

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

Profit for the period	76,530	98,197	254,317	278,951
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve financial investments available-for-sale				
- Net (loss)/gain from change in fair value	(32,223)	1,769	(35,645)	5,761
- Realised gain/(loss) transferred to comprehensive income	7,936	(283)	(2,820)	(5,603)
- Income tax effects	6,072	(422)	9,616	(90)
Other comprehensive income for the period, net of tax	(18,215)	1,064	(28,849)	68
Total comprehensive income for the period	58,315	99,261	225,468	279,019
Earnings per share (sen)	7.65	9.82	25.43	27.90

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

The Group	←----- Non-distributable -----→							←----- Distributable -----→			
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Accumulated profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total equity RM'000
30 September 2013											
At 1 April 2013	1,000,000	654,922	21,977	(2,457)	458	242,624	336	355,585	2,273,445	70,000	2,343,445
Net profit for the financial period	-	-	-	-	-	-	-	254,338	254,338	-	254,338
Other comprehensive income (net of tax)	-	-	(28,849)	-	-	-	-	-	(28,849)	-	(28,849)
- Financial investments available-for-sale	-	-	(28,849)	-	-	-	-	-	(28,849)	-	(28,849)
Total comprehensive income for the period	-	-	(28,849)	-	-	-	-	254,338	225,489	-	225,489
Share-based payment expense	-	-	-	-	-	-	426	-	426	-	426
Transfer to regulatory reserve	-	-	-	-	-	38,947	-	(38,947)	-	-	-
Transfer to statutory reserve	-	44,667	-	-	-	-	-	(44,667)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(321)	-	(321)	-	(321)
At 30 September 2013	1,000,000	699,589	(6,872)	(2,457)	458	281,571	441	526,309	2,499,039	70,000	2,569,039

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	← Non-distributable						Distributable →				
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Accumulated profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total equity RM'000
The Bank											
30 September 2013											
At 1 January 2013, as previously reported	1,000,000	654,922	21,977	(2,457)	458	242,624	336	355,585	2,273,445	70,000	2,343,445
Effect of adopting MFRS 1	-	-	-	-	-	-	-	-	-	-	-
As restated	1,000,000	654,922	21,977	(2,457)	458	242,624	336	355,585	2,273,445	70,000	2,343,445
Net profit for the financial period	-	-	-	-	-	-	-	254,317	254,317	-	254,317
Other comprehensive income (net of tax)	-	-	(28,849)	-	-	-	-	-	(28,849)	-	(28,849)
- Financial investments available-for-sale	-	-	(28,849)	-	-	-	-	-	(28,849)	-	(28,849)
Total comprehensive income for the period	-	-	(28,849)	-	-	-	-	254,317	225,466	-	225,466
Share-based payment expense	-	-	-	-	-	-	426	-	426	-	426
Transfer to regulatory reserve	-	-	-	-	-	38,947	-	(38,947)	-	-	-
Transfer to statutory reserve	-	44,667	-	-	-	-	-	(44,667)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(321)	-	(321)	-	(321)
At 30 September 2013	1,000,000	699,589	(6,872)	(2,457)	458	281,571	441	526,288	2,499,018	70,000	2,569,018
30 September 2012											
At 1 January 2012, as previously reported	1,000,000	454,387	8,268	(2,457)	458	59,113	16,499	322,282	1,858,550	70,000	1,928,550
Effect of adopting MFRS 1	-	-	5,027	-	-	-	-	-	5,027	-	5,027
As restated	1,000,000	454,387	13,295	(2,457)	458	59,113	16,499	322,282	1,863,577	70,000	1,933,577
Net profit for the financial period	-	-	-	-	-	-	-	278,951	278,951	-	278,951
Other comprehensive income (net of tax)	-	-	68	-	-	-	-	-	68	-	68
- Financial investments available-for-sale	-	-	68	-	-	-	-	-	68	-	68
Total comprehensive income for the period	-	-	68	-	-	-	-	278,951	279,019	-	279,019
Expiry of Management Equity Scheme	-	-	-	-	-	-	(16,279)	16,279	-	-	-
Share-based payment expense	-	-	-	-	-	-	473	-	473	-	473
Transfer to regulatory reserve	-	-	-	-	-	49,018	-	(49,018)	-	-	-
Transfer to statutory reserve	-	90,377	-	-	-	-	-	(90,377)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(135)	-	(135)	-	(135)
At 30 September 2012	1,000,000	544,764	13,363	(2,457)	458	108,131	558	478,117	2,142,934	70,000	2,212,934

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	The Group	The Bank	
	30-Sept-13	30-Sept-13	30-Sept-12
	RM'000	RM'000	RM'000
Profit before taxation	341,602	341,581	372,713
Adjustments for non-cash items	<u>43,241</u>	<u>43,241</u>	<u>(25,137)</u>
Operating profit before changes in working capital	384,843	384,822	347,576
Net changes in operating assets	(1,014,694)	(1,014,694)	(6,994,251)
Net changes in operating liabilities	1,200,040	1,200,036	2,885,244
Tax paid	<u>(78,490)</u>	<u>(78,490)</u>	<u>(66,075)</u>
Net cash used in operating activities	491,699	491,674	(3,827,506)
Net cash flows (used in)/generated from investing activities	1,105,179	1,105,159	(579,064)
Net cash flows from financing activities	<u>(33,295)</u>	<u>(33,295)</u>	<u>284,542</u>
Net change in cash and cash equivalents	1,563,583	1,563,538	(4,122,029)
Cash and cash equivalents at beginning of the financial period	6,296,329	6,296,329	7,554,885
Cash and cash equivalents at end of the financial period	<u>7,859,912</u>	<u>7,859,867</u>	<u>3,432,857</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012

EXPLANATORY NOTES

A. BASIS OF PREPARATION

This is the Group's first consolidated interim financial statements, following the acquisition of CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd on 8 April 2013.

The unaudited condensed interim financial statements for the financial period ended 30 September 2013 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2012, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2013:

MFRS 10 "Consolidated financial statements"

MFRS 13 "Fair value measurement"

Amendment to MFRS 7 "Financial instruments: Disclosures - offsetting financial assets and financial liabilities"

Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012)

Amendment to MFRS 134 "Interim financial reporting"

Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance"

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and Bank, other than as disclosed below:

- MFRS 10 "Consolidated financial statements"

MFRS 10 requires that an entity that is a parent shall present consolidated financial statements unless specific conditions are met. The Group has adopted this standard following the acquisition of CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd on 8 April 2013.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income"

The amendment requires items of comprehensive income to be presented into two grouping, which is to separate items of other comprehensive income that would be reclassified subsequently to profit or loss when specific conditions are met from those that would never be reclassified subsequently to profit or loss. The adoption of the revised standards affects only the disclosures in the financial statements. There is no financial effect on the results, earnings per share and the financial position of the Bank for the current and previous financial periods.

- MFRS 13 "Fair value measurement"

MFRS 13 does not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards for all assets and liabilities measured at fair value. The Group and the Bank have adopted this standard and the disclosures are disclosed in Note 21.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

B. CHANGES IN ESTIMATES

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

There were no issuance and repayment of debt securities during the period.

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 30 September 2013.

E. EVENTS DURING THE REPORTING PERIOD

On 8 April 2013, CIMB Islamic Bank Berhad acquired 10,000 ordinary shares of CIMB Islamic Nominees (Tempatan) Sdn Bhd and 10,000 ordinary shares of CIMB Islamic Nominees (Asing) Sdn Bhd, representing 100% of issued share and paid-up capital, for a cash consideration of RM10,000 respectively. As a result, CIMB Islamic Nominees (Tempatan) Sdn Bhd and CIMB Islamic Nominees (Asing) Sdn Bhd became a wholly owned subsidiaries of CIMB Islamic Bank Berhad.

The main nature of business of the two subsidiaries are providing nominee services.

F. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 September 2013 and the date of this announcement.

G. GROUP PERFORMANCE REVIEW

For the third quarter 30 September 2013, the Group registered a profit after tax of RM76.6 million.

For the third quarter 30 September 2013, the Bank registered a profit after tax of RM76.5 million, a decrease of 22% from a profit after tax of RM98.2 million in the previous year corresponding period.

H. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

This year the Group has built on the "CIMB 2.0" changes which implemented last year, completed its IB platform expansion and restructured its cost base for the long term. At the same time, the Group has had to navigate a much tougher operating environment than expected.

In 4Q13, there is a surge in capital markets transactions and continued positive momentum.

	The Group 30-Sept-13 RM'000	The Bank 30-Sept-13 RM'000	31-Dec-12 RM'000
6 Financing, advances and other financing/loans			
(i) By type of financing:			
Cash line	440,326	440,326	471,590
Term financing			
- House financing	9,006,926	9,006,926	8,231,990
- Syndicated financing	488,458	488,458	330,015
- Hire purchase receivables	6,540,999	6,540,999	6,495,487
- Other term financing	16,134,163	16,134,163	15,766,461
Bills receivable	3,537	3,537	3,766
Islamic trust receipts	29,945	29,945	35,707
Claims on customer under Islamic accepted bills	291,191	291,191	340,687
Credit card receivables	97,648	97,648	97,882
Revolving credits	2,682,339	2,682,339	1,450,191
Share purchase financing	15,687	15,687	35,226
Gross financing, advances and other financing/loans	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
Fair value changes arising from fair value hedges	133,652	133,652	222,909
Less : Allowance for impairment losses			
- Individual impairment allowance	(39,949)	(39,949)	(60,925)
- Portfolio impairment allowance	<u>(338,125)</u>	<u>(338,125)</u>	<u>(347,704)</u>
Total net financing, advances and other financing/loans	<u><u>35,486,797</u></u>	<u><u>35,486,797</u></u>	<u><u>33,073,282</u></u>
The Bank has undertaken fair value hedges on financing using Islamic profit rate swaps.			
Gross financing hedged	6,350,000	6,350,000	6,500,000
Fair value changes arising from fair value hedges	<u>133,652</u>	<u>133,652</u>	<u>222,909</u>
	<u><u>6,483,652</u></u>	<u><u>6,483,652</u></u>	<u><u>6,722,909</u></u>
The fair value loss on Islamic profit rate swaps of the Group and the Bank in this hedge transaction as at 30 September 2013 were RM180 million respectively (31 December 2012 [the Bank] : fair value loss of RM247 million).			
(ii) By geographical distribution:			
Malaysia	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
	<u><u>35,731,219</u></u>	<u><u>35,731,219</u></u>	<u><u>33,259,002</u></u>
(iii) By contract :			
Bai' Bithaman Ajil (<i>deferred payment sale</i>)	13,803,368	13,803,368	12,957,557
Ijarah Muntahiyah Bittamlik/AITAB (<i>lease ending with ownership</i>)	7,639,446	7,639,446	7,330,211
Murahahah (<i>cost plus sale</i>)	275,866	275,866	325,682
Bai' al-'inah (<i>sale and repurchase</i>)	12,398,090	12,398,090	12,455,612
Others	1,614,449	1,614,449	189,940
	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
(iv) By type of customer :			
Domestic non-bank financial institutions			
- Others	1,524,761	1,524,761	574,212
Domestic business enterprises			
- Small medium enterprises	1,726,904	1,726,904	1,360,257
- Others	5,358,163	5,358,163	5,191,432
Government and statutory bodies	6,804,171	6,804,171	6,747,294
Individuals	20,053,204	20,053,204	19,122,879
Other domestic entities	23,302	23,302	16,981
Foreign entities	240,714	240,714	245,947
	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>

	The Group	The Bank	
	30-Sept-13	30-Sept-13	31-Dec-12
	RM'000	RM'000	RM'000
(v) By profit rate sensitivity :			
Fixed rate			
- House financing	246,055	246,055	316,820
- Hire purchase receivables	6,540,999	6,540,999	6,495,487
- Others	11,770,976	11,770,976	12,112,954
Variable rate			
- House financing	8,760,871	8,760,871	7,915,170
- Other financing	8,412,318	8,412,318	6,418,571
	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
(vi) By economic purpose :			
Personal use	3,221,184	3,221,184	3,233,098
Credit card	97,648	97,648	97,882
Construction	2,362,753	2,362,753	1,970,429
Residential property	9,051,119	9,051,119	8,273,772
Non-residential property	3,022,510	3,022,510	2,573,888
Purchase of fixed assets other than land and building	279,718	279,718	360,709
Merger and acquisition	2,601	2,601	20,290
Purchase of securities	26,105	26,105	35,648
Purchase of transport vehicles	6,599,077	6,599,077	6,512,442
Working capital	8,166,415	8,166,415	7,289,268
Other purpose	2,902,089	2,902,089	2,891,576
	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
(vii) By residual contractual maturity :			
Within one year	3,673,046	3,673,046	2,674,004
One year to less than three years	1,030,463	1,030,463	914,279
Three years to less than five years	3,243,643	3,243,643	3,051,647
Five years and more	27,784,067	27,784,067	26,619,072
	<u>35,731,219</u>	<u>35,731,219</u>	<u>33,259,002</u>
(viii) Impaired financing by economic purpose :			
Personal use	14,469	14,469	15,570
Credit card	743	743	419
Construction	2,457	2,457	894
Residential property	83,009	83,009	91,240
Non-residential property	31,163	31,163	35,148
Purchased of fixed assets other than land & building	1,699	1,699	1,966
Purchase of securities	233	233	10
Purchase of transport vehicles	94,951	94,951	87,912
Working capital	68,046	68,046	63,532
Other purpose	9,448	9,448	7,437
	<u>306,218</u>	<u>306,218</u>	<u>304,128</u>
(ix) Impaired financing by geographical distribution:			
Malaysia	306,218	306,218	304,128
	<u>306,218</u>	<u>306,218</u>	<u>304,128</u>

	The Group	The Bank	
	30-Sept-13	30-Sept-13	31-Dec-12
	RM'000	RM'000	RM'000
(x) Movement in impaired financing, advances and other financing/loans :			
Balance as at 1 January	304,128	304,128	345,778
Impaired during the period/year	321,181	321,181	383,095
Reclassification from unwinding income	-	-	10,109
Reclassified as non-impaired during the period/year	(133,967)	(133,967)	(152,618)
Recoveries	(64,567)	(64,567)	(73,013)
Amount written off	(120,557)	(120,557)	(209,223)
Balance as at 30 September/31 December	<u>306,218</u>	<u>306,218</u>	<u>304,128</u>
Ratio of gross impaired financing to total financing advances, and other financing/loans	0.86%	0.86%	0.91%
(xi) Movements in allowance for impaired financing :			
Individual impairment allowance			
Balance as at 1 January	60,925	60,925	103,256
Net allowance (written back)/made during the period/year	(19,601)	(19,601)	1,586
Unwinding income	-	-	4,090
Amount written off	(1,375)	(1,375)	(48,007)
Balance as at 30 September/31 December	<u>39,949</u>	<u>39,949</u>	<u>60,925</u>
Portfolio impairment allowance			
Balance as at 1 January	347,704	347,704	417,744
Net allowance made during the period/year	104,273	104,273	86,543
Transfer from intercompany	5,331	5,331	-
Unwinding income	-	-	6,019
Amount written off	(119,182)	(119,182)	(162,602)
Balance as at 30 September/31 December	<u>338,126</u>	<u>338,126</u>	<u>347,704</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.30%	2.30%	2.30%
7 Other assets			
Deposits and prepayments	2,298	2,298	1,053
Sundry debtors	101,384	101,384	35,416
Collateral pledged for derivative transactions	58,480	58,480	61,430
Clearing accounts	172,278	172,278	156,983
	<u>334,440</u>	<u>334,440</u>	<u>254,882</u>

	The Group 30-Sept-13 RM'000	The Bank 30-Sept-13 RM'000	31-Dec-12 RM'000
8 Deposits from customers			
(i) By type of deposit			
Savings deposits			
Wadiah	1,310,513	1,310,513	1,181,904
Mudharabah	557,927	557,927	524,422
Demand deposits			
Wadiah	3,795,949	3,795,949	3,522,732
Qard	21,185	21,185	1,875
Mudharabah	4,495,284	4,495,284	4,234,083
Term deposit			
Commodity Murabahah	4,325,730	4,325,730	6,666,383
Negotiable instruments of deposit			
Mudharabah	642,210	642,210	1,031,344
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	5,053,137	5,053,137	2,370,187
Short term money market deposit-i			
Wakalah	14,923,375	14,923,375	12,849,247
General investment account			
Wadiah	54,844	54,844	173,002
Mudharabah	2,265,316	2,265,316	2,056,034
Wakalah	748,844	748,844	440,838
Specific investment account			
Mudharabah	175,574	175,574	175,087
Murabahah	200	200	-
Others	30,539	30,539	40,761
	<u>38,400,627</u>	<u>38,400,627</u>	<u>35,267,899</u>
(ii) Maturity structures of term deposits			
Within one year	27,388,866	27,388,866	24,912,546
One year to less than three years	71,635	71,635	177,616
Three years to less than five years	555,758	555,758	434,327
Five years and more	172,971	172,971	237,633
	<u>28,189,230</u>	<u>28,189,230</u>	<u>25,762,122</u>
(iii) By type of customer			
Government and statutory bodies	4,328,761	4,328,761	6,493,384
Business enterprises	14,733,276	14,733,276	13,353,094
Individuals	4,234,344	4,234,344	4,566,521
Others	15,104,246	15,104,246	10,854,900
	<u>38,400,627</u>	<u>38,400,627</u>	<u>35,267,899</u>
9 Deposits and placements of banks and other financial institutions			
<u>Mudharabah</u>			
Licensed Islamic banks	-	-	180,156
Licensed banks	2,149,072	2,149,072	987,452
Licensed investment banks	151,718	151,718	998,659
	2,300,790	2,300,790	2,166,267
<u>Non-Mudharabah</u>			
Licensed Islamic banks	699,640	699,640	1,135,317
Licensed banks	6,946,854	6,946,854	8,088,281
Other financial institutions	34,993	34,993	270,863
	7,681,487	7,681,487	9,494,461
	<u>9,982,277</u>	<u>9,982,277</u>	<u>11,660,728</u>

	The Group	The Bank	
	30-Sept-13	30-Sept-13	31-Dec-12
	RM'000	RM'000	RM'000
10 Other liabilities			
Accruals and other payables	398,169	398,169	74,304
Clearing accounts	176,198	176,198	291,125
Others	27,571	27,567	31,677
	<u>601,938</u>	<u>601,934</u>	<u>397,106</u>

11 Subordinated sukuk

The Group and the Bank

The RM850 million subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

On 18 September 2012, the Bank had issued the third tranche of Sukuk of RM300 million at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13 RM'000	30-Sept-12 RM'000	30-Sept-13 RM'000	30-Sept-12 RM'000
12 Income derived from investment of depositors funds and others				
The Group				
Income derived from investment of :				
- General investment deposits	224,209	-	720,664	-
- Specific investment deposits	23,963	-	59,498	-
- Other deposits	255,977	-	776,839	-
	<u>504,149</u>	<u>-</u>	<u>1,557,001</u>	<u>-</u>

12a Income derived from investment of general investment deposits

The Group

Financing advances and other financing/loans

- Profit income	181,313	-	577,368	-
- Unwinding income [^]	762	-	2,332	-
Financial assets held for trading	3,000	-	13,127	-
Financial investments available-for-sale	8,122	-	35,620	-
Financial investments held-to-maturity	3,389	-	10,762	-
Money at call and deposit with financial institutions	25,918	-	58,671	-
	<u>222,504</u>	<u>-</u>	<u>697,880</u>	<u>-</u>
Accretion of discount less amortisation of premium	839	-	17,912	-
Total finance income and hibah	<u>223,343</u>	<u>-</u>	<u>715,792</u>	<u>-</u>

Other operating income

- Net loss arising from financial assets held for trading				
- realised loss	(257)	-	(1,683)	-
- unrealised loss	(108)	-	(1,048)	-
- Net gain from sale of financial investments available-for-sale	1,459	-	7,011	-
- Net gain from sale of financial investments held-to-maturity	-	-	117	-
- Net loss from foreign exchange transactions	(780)	-	(574)	-
	<u>314</u>	<u>-</u>	<u>3,823</u>	<u>-</u>
Fee and commission income	552	-	1,049	-
	<u>224,209</u>	<u>-</u>	<u>720,664</u>	<u>-</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13	30-Sept-12	30-Sept-13	30-Sept-12
	RM'000	RM'000	RM'000	RM'000

12b Income derived from investment of specific investment deposits

The Group

Financing, advances and other financing/loans

- Profit income	21,182	-	41,333	-
Money at call and deposit with financial institutions	2,781	-	18,165	-
	<u>23,963</u>	<u>-</u>	<u>59,498</u>	<u>-</u>

12c Income derived from investment of other deposits

The Group

Financing, advances and other financing/loans

- Profit income	207,003	-	622,377	-
- Unwinding income [^]	870	-	2,524	-
Financial assets held for trading	3,424	-	14,012	-
Financial investments available-for-sale	9,274	-	38,121	-
Financial investments held-to-maturity	3,870	-	11,594	-
Money at call and deposit with financial institutions	29,590	-	63,977	-
	<u>254,031</u>	<u>-</u>	<u>752,605</u>	<u>-</u>
Accretion of discount less amortisation of premium	957	-	18,796	-
Total finance income and hibah	<u>254,988</u>	<u>-</u>	<u>771,401</u>	<u>-</u>

Other operating income

- Net loss arising from financial assets held for trading				
- realised loss	(293)	-	(1,860)	-
- unrealised loss	(124)	-	(1,101)	-
- Net gain from sale of financial investments available-for-sale	1,665	-	7,672	-
- Net gain from sale of financial investments held-to-maturity	-	-	118	-
- Net loss from foreign exchange transactions	(890)	-	(545)	-
	<u>358</u>	<u>-</u>	<u>4,284</u>	<u>-</u>
Fee and commission income	631	-	1,154	-
	<u>255,977</u>	<u>-</u>	<u>776,839</u>	<u>-</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13 RM'000	30-Sept-12 RM'000	30-Sept-13 RM'000	30-Sept-12 RM'000
12 Income derived from investment of depositors funds and others				
The Bank				
Income derived from investment of :				
- General investment deposits	224,209	204,333	720,664	599,815
- Specific investment deposits	23,963	24,637	59,498	70,279
- Other deposits	255,977	262,568	776,839	755,785
	<u>504,149</u>	<u>491,538</u>	<u>1,557,001</u>	<u>1,425,879</u>

12a Income derived from investment of general investment deposits

The Bank

Financing, advances and other financing/loans

- Profit income	181,313	164,925	577,368	484,158
- Unwinding income [^]	762	530	2,332	1,639
Financial assets held for trading	3,000	3,708	13,127	7,929
Financial investments available-for-sale	8,122	7,375	35,620	19,892
Financial investments held-to-maturity	3,389	4,967	10,762	15,002
Money at call and deposit with financial institutions	25,918	13,517	58,671	50,926
	<u>222,504</u>	<u>195,022</u>	<u>697,880</u>	<u>579,546</u>
Accretion of discount less amortisation of premium	839	9,492	17,912	5,896
Total finance income and hibah	<u>223,343</u>	<u>204,514</u>	<u>715,792</u>	<u>585,442</u>

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised (loss)/gain	(257)	(76)	(1,683)	8,757
- unrealised loss	(108)	(1,000)	(1,048)	(282)
- Net gain from sale of financial investments available-for-sale	1,459	118	7,011	2,377
- Net gain from sale of financial investments held-to-maturity	-	418	117	524
- Net (loss)/gain from foreign exchange transactions	(780)	153	(574)	893
	<u>314</u>	<u>(387)</u>	<u>3,823</u>	<u>12,269</u>
Fee and commission income	552	206	1,049	2,104
	<u>224,209</u>	<u>204,333</u>	<u>720,664</u>	<u>599,815</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

12b Income derived from investment of specific investment deposits

The Bank

Financing, advances and other financing/loans

- Profit income	21,182	15,666	41,333	41,769
Money at call and deposit with financial institutions	2,781	8,971	18,165	28,510
	<u>23,963</u>	<u>24,637</u>	<u>59,498</u>	<u>70,279</u>

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13	30-Sept-12	30-Sept-13	30-Sept-12
	RM'000	RM'000	RM'000	RM'000

12c Income derived from investment of other deposits

The Bank

Financing, advances and other financing/loans				
- Profit income	207,003	211,928	622,377	609,693
- Unwinding income [^]	870	681	2,524	2,063
Financial assets held for trading	3,424	4,765	14,012	10,031
Financial investments available-for-sale	9,274	9,476	38,121	25,110
Financial investments held-to-maturity	3,870	6,382	11,594	18,937
Money at call and deposit with financial institutions	29,590	17,369	63,977	63,728
	<u>254,031</u>	<u>250,601</u>	<u>752,605</u>	<u>729,562</u>
Accretion of discount less amortisation of premium	957	12,197	18,796	7,875
Total finance income and hibah	<u>254,988</u>	<u>262,798</u>	<u>771,401</u>	<u>737,437</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised (loss)/gain	(293)	(98)	(1,860)	11,223
- unrealised loss	(124)	(1,285)	(1,101)	(288)
- Net gain from sale of financial investments available-for-sale	1,665	152	7,672	2,968
- Net gain from sale of financial investments held-to-maturity	-	538	118	665
- Net (loss)/gain from foreign exchange transactions	(890)	199	(545)	1,119
	<u>358</u>	<u>(494)</u>	<u>4,284</u>	<u>15,687</u>
Fee and commission income	631	264	1,154	2,661
	<u>255,977</u>	<u>262,568</u>	<u>776,839</u>	<u>755,785</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

13 Income derived from investment of shareholder's funds

The Group

Financing, advances and other financing/loans				
- Profit income	18,861	-	58,668	-
- Unwinding income [^]	79	-	237	-
Financial assets held for trading	312	-	1,329	-
Financial investments available-for-sale	845	-	3,609	-
Financial investments held-to-maturity	353	-	1,094	-
Money at call and deposit with financial institutions	2,696	-	5,988	-
	<u>23,146</u>	<u>-</u>	<u>70,925</u>	<u>-</u>
Accretion of discount less amortisation of premium	87	-	1,802	-
Total finance income and hibah	<u>23,233</u>	<u>-</u>	<u>72,727</u>	<u>-</u>
Other operating income				
- Net loss arising from financial assets held for trading				
- realised loss	(27)	-	(171)	-
- unrealised loss	(12)	-	(106)	-
- Net gain from sale of financial investments available-for-sale	151	-	712	-
- Net gain from sale of financial investments held-to-maturity	-	-	12	-
- Net loss from foreign exchange transactions	(81)	-	(59)	-
- Net loss arising from hedging activities	(508)	-	(279)	-
- Net gain/(loss) arising from derivative financial instrument				
- realised gain	57,208	-	67,673	-
- unrealised loss	(57,239)	-	(82,776)	-
	<u>(508)</u>	<u>-</u>	<u>(14,994)</u>	<u>-</u>
Fee and commission income	10,207	-	41,986	-
Less : fee and commission expense	874	-	(236)	-
Net fee and commission income	11,081	-	41,750	-
Other income				
- Sundry income	1,173	-	2,726	-
	<u>34,979</u>	<u>-</u>	<u>102,209</u>	<u>-</u>

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13	30-Sept-12	30-Sept-13	30-Sept-12
	RM'000	RM'000	RM'000	RM'000

13 Income derived from investment of shareholder's funds

The Bank

Financing, advances and other financing/loans				
- Profit income	18,861	17,411	58,668	51,967
- Unwinding income [^]	79	56	237	176
Financial assets held for trading	312	391	1,329	849
Financial investments available-for-sale	845	779	3,609	2,134
Financial investments held-to-maturity	353	524	1,094	1,612
Money at call and deposit with financial institutions	2,696	1,427	5,988	5,471
	23,146	20,588	70,925	62,209
Accretion of discount less amortisation of premium	87	1,002	1,802	616
Total finance income and hibah	23,233	21,590	72,727	62,825

Other operating income

Financial investments held-to-maturity				
- realised (loss)/gain	(27)	(8)	(171)	955
- unrealised loss	(12)	(106)	(106)	(26)
Accretion of discount less amortisation of premium	151	12	712	257
Total finance income and hibah	-	44	12	56
- Net (loss)/gain from foreign exchange transactions	(81)	17	(59)	96
- Net (loss)/gain arising from hedging activities	(508)	785	(279)	(161)
- Net gain/(loss) arising from derivative financial instrument				
- realised gain/(loss)	57,208	(1,519)	67,673	(37,337)
- unrealised (loss)/gain	(57,239)	13,366	(82,776)	56,025
	(508)	12,591	(14,994)	19,865
Fee and commission income	10,207	25,530	41,986	65,165
Less : fee and commission expense	874	(452)	(236)	(1,450)
Net fee and commission income	11,081	25,078	41,750	63,715
Other income				
- Sundry income	1,148	1,720	2,701	4,417
	34,954	60,979	102,184	150,822

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

14 Allowance for impairment losses on financing, advances and other financing/loans

The Group

Individual impairment allowance				
- Written back	(6,887)	-	(19,601)	-
Portfolio impairment allowance				
- Made during the period	40,364	-	104,273	-
Impaired financing :				
- recovered	(13,542)	-	(39,124)	-
- written off	382	-	1,541	-
	20,317	-	47,089	-

14 Allowance for impairment losses on financing, advances and other financing/loans

The Bank

Individual impairment allowance				
- Made during the period	-	157	-	2,138
- Written back	(6,887)	-	(19,601)	-
Portfolio impairment allowance				
- Made during the period	40,364	35,590	104,273	98,463
Impaired financing :				
- recovered	(13,542)	(14,097)	(39,124)	(42,520)
- written off	382	242	1,541	(1,354)
	20,317	21,892	47,089	56,727

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13 RM'000	30-Sept-12 RM'000	30-Sept-13 RM'000	30-Sept-12 RM'000
15 Income attributable to depositors				
The Group				
Deposits from customers				
- Mudharabah	30,917	-	96,798	-
- Non-Mudharabah	163,090	-	494,166	-
Deposits and placements of banks and other financial institutions				
- Mudharabah	29,255	-	71,709	-
- Non-Mudharabah	57,668	-	190,676	-
Subordinated Sukuk	9,555	-	28,411	-
	<u>290,485</u>	<u>-</u>	<u>881,760</u>	<u>-</u>

15 Income attributable to depositors**The Bank****Deposits from customers**

- Mudharabah	30,917	32,160	96,798	133,737
- Non-Mudharabah	163,090	139,020	494,166	359,638

Deposits and placements of banks and other financial institutions

- Mudharabah	29,255	25,240	71,709	66,211
- Non-Mudharabah	57,668	77,438	190,676	227,675

Subordinated Sukuk

	9,555	6,990	28,411	19,994
	<u>290,485</u>	<u>280,848</u>	<u>881,760</u>	<u>807,255</u>

16 Personnel expenses**The Group**

Salaries, allowances and bonuses	19,411	-	54,009	-
Pension cost (defined contribution plan)	735	-	2,215	-
Training fees	88	-	201	-
Overtime	36	-	93	-
Others	1,655	-	5,496	-
	<u>21,925</u>	<u>-</u>	<u>62,014</u>	<u>-</u>

16 Personnel expenses**The Bank**

Salaries, allowances and bonuses	19,411	21,548	54,009	54,180
Pension cost (defined contribution plan)	735	761	2,215	2,007
Training fees	88	38	201	214
Overtime	36	19	93	42
Others	1,655	688	5,496	1,327
	<u>21,925</u>	<u>23,054</u>	<u>62,014</u>	<u>57,770</u>

NOTES TO THE ACCOUNTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	9 MONTHS ENDED	9 MONTHS ENDED
	30-Sept-13 RM'000	30-Sept-12 RM'000	30-Sept-13 RM'000	30-Sept-12 RM'000
17 Other overheads				
Group				
Establishment				
Rental	378	-	1,036	-
Depreciation of property, plant and equipment	408	-	1,413	-
Outsourcing expenses	55	-	394	-
Others	814	-	3,098	-
Marketing				
Advertisement and publicity	1,883	-	6,882	-
Others	467	-	1,284	-
General expenses				
Auditor's remuneration-statutory audit	40	-	166	-
Amortisation of intangible assets	736	-	2,007	-
Professional fees	1,485	-	3,568	-
Others	6,688	-	19,031	-
	<u>12,954</u>	<u>-</u>	<u>38,879</u>	<u>-</u>
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	<u>90,882</u>	<u>-</u>	<u>287,553</u>	<u>-</u>
	<u>103,836</u>	<u>-</u>	<u>326,432</u>	<u>-</u>

17 Other overheads

Bank

Establishment

Rental	378	237	1,036	1,047
Depreciation of property, plant and equipment	408	314	1,413	933
Outsourcing expenses	55	1,587	394	6,230
Others	814	668	3,098	4,500

Marketing

Advertisement and publicity	1,883	252	6,882	2,475
Others	467	392	1,284	1,289

General expenses

Auditor's remuneration-statutory audit	40	47	166	175
Amortisation of intangible assets	736	343	2,007	1,296
Professional fees	1,485	831	3,568	1,247
Others	6,684	3,004	19,027	10,210
	<u>12,950</u>	<u>7,675</u>	<u>38,875</u>	<u>29,402</u>

Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	<u>90,882</u>	<u>87,838</u>	<u>287,553</u>	<u>252,743</u>
	<u>103,832</u>	<u>95,513</u>	<u>326,428</u>	<u>282,145</u>

18 Islamic derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts of risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

The Group	Principal amount RM'000	30-Sept-13	
		Fair values Assets RM'000	Fair values Liabilities RM'000
<u>Foreign exchange derivatives</u>			
Currency forwards			
- Less than 1 year	700,972	27,344	(3,808)
- 1 year to 3 years	31,863	1,357	(1,247)
- More than 3 years	658,997	13,052	(4,564)
Currency swaps			
- Less than 1 year	3,009,010	69,719	(37,428)
Currency spot			
- Less than 1 year	23,026	15	(10)
Currency options			
- Less than 1 year	47,471	342	(342)
Cross currency profit rate swaps			
- Less than 1 year	94,075	5,233	(5,233)
- 1 year to 3 years	-	-	-
- More than 3 years	740,400	25,413	(24,910)
	<u>5,305,814</u>	<u>142,475</u>	<u>(77,542)</u>
<u>Islamic profit rate derivatives</u>			
Islamic profit rate swaps	8,791,830	78,015	(64,339)
- Less than 1 year	504,272	988	(941)
- 1 year to 3 years	1,390,220	6,756	(5,491)
- More than 3 years	6,897,338	70,271	(57,907)
<u>Equity related derivatives</u>			
Equity options	746,858	12,117	(12,117)
- Less than 1 year	53,460	-	-
- 1 year to 3 years	127,685	2,628	(2,628)
- More than 3 years	565,713	9,489	(9,489)
<u>Held for hedging purpose</u>			
Islamic profit rate swaps	6,930,316	5,622	(215,180)
- 1 year to 3 years	265,248	4,527	(284)
- More than 3 years	6,665,068	1,095	(214,896)
Total derivative assets/(liabilities)	<u><u>21,774,818</u></u>	<u><u>238,229</u></u>	<u><u>(369,178)</u></u>

18 Islamic derivative financial instruments (Continued)

The Bank	30-Sept-13			31-Dec-12		
	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards						
- Less than 1 year	700,972	27,344	(3,808)	858,427	10,507	(17,665)
- 1 year to 3 years	31,863	1,357	(1,247)	60,153	1,167	(1,011)
- More than 3 years	658,997	13,052	(4,564)	660,784	22,101	(12,988)
Currency swaps						
- Less than 1 year	3,009,010	69,719	(37,428)	2,628,568	15,854	(8,780)
Currency spot						
- Less than 1 year	23,026	15	(10)	1,604	1	(1)
Currency options						
- Less than 1 year	47,471	342	(342)	92,114	297	(297)
Cross currency profit rate swaps						
- Less than 1 year	94,075	5,233	(5,233)	-	-	-
- 1 year to 3 years	-	-	-	91,384	5,480	(5,480)
- More than 3 years	740,400	25,413	(24,910)	240,400	12,514	(12,514)
	<u>5,305,814</u>	<u>142,475</u>	<u>(77,542)</u>	<u>4,633,434</u>	<u>67,921</u>	<u>(58,736)</u>
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	8,791,830	78,015	(64,339)	8,265,671	75,209	(52,354)
- Less than 1 year	504,272	988	(941)	1,093,346	5,011	(193)
- 1 year to 3 years	1,390,220	6,756	(5,491)	1,527,680	9,391	(7,377)
- More than 3 years	6,897,338	70,271	(57,907)	5,644,645	60,807	(44,784)
<u>Equity related derivatives</u>						
Equity options	746,858	12,117	(12,117)	1,471,506	15,856	(15,856)
- Less than 1 year	53,460	-	-	710,633	2,615	(2,615)
- 1 year to 3 years	127,685	2,628	(2,628)	151,964	2,556	(2,556)
- More than 3 years	565,713	9,489	(9,489)	608,909	10,685	(10,685)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	6,930,316	5,622	(215,180)	7,078,403	9,374	(253,583)
- 1 year to 3 years	265,248	4,527	(284)	-	-	-
- More than 3 years	6,665,068	1,095	(214,896)	7,078,403	9,374	(253,583)
Total derivative assets/(liabilities)	<u>21,774,818</u>	<u>238,229</u>	<u>(369,178)</u>	<u>21,449,014</u>	<u>168,360</u>	<u>(380,529)</u>

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2013 the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM238million respectively (31 December 2012 [the Bank] RM168 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

There have been no changes since the end of the previous financial year in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2012.

19 Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies constitute the following :

	30-Sept-13
	Principal
	amount
The Group	RM'000
<u>Credit-related</u>	
Direct credit substitutes	154,752
Certain transaction-related contingent items	371,576
Short-term self-liquidating trade-related contingencies	15,775
Irrevocable commitments to extend credit :	
- maturity not exceeding one year	3,951,576
- maturity exceeding one year	980,018
Miscellaneous commitments and contingencies	54,192
Total credit-related commitments and contingencies	<u>5,527,889</u>
<u>Treasury-related</u>	
Foreign exchange related contracts :	
- less than one year	3,874,554
- one year to less than five years	535,554
- above 5 years	895,706
Profit rate related contracts :	
- less than one year	504,272
- one year to less than five years	6,487,139
- over five years	8,730,735
Equity related contracts :	
- less than one year	53,460
- one year to less than five years	295,748
- above 5 years	397,650
Total treasury-related commitments and contingencies	<u>21,774,818</u>
	<u><u>27,302,707</u></u>

19 Commitments and contingencies (Continued)

	30-Sept-13 Principal amount	31-Dec-12 Principal amount
The Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	154,752	195,449
Certain transaction-related contingent items	371,576	434,554
Short-term self-liquidating trade-related contingencies	15,775	85,180
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,951,576	3,852,873
- maturity exceeding one year	980,018	901,637
Miscellaneous commitments and contingencies	54,192	45,430
Total credit-related commitments and contingencies	<u>5,527,889</u>	<u>5,515,123</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	3,874,554	3,580,714
- one year to less than five years	535,554	157,015
- above 5 years	895,706	895,706
Profit rate related contracts :		
- less than one year	504,272	1,093,345
- one year to less than five years	6,487,139	4,615,834
- over five years	8,730,735	9,634,894
Equity related contracts :		
- less than one year	53,460	710,632
- one year to less than five years	295,748	345,162
- above 5 years	397,650	415,712
Total treasury-related commitments and contingencies	<u>21,774,818</u>	<u>21,449,014</u>
	<u>27,302,707</u>	<u>26,964,137</u>

20 Capital Adequacy

On 28 November 2012, Bank Negara Malaysia (BNM) issued revised guidelines on the capital adequacy framework which took effect beginning 1 January 2013. The revised guidelines sets out the general requirements concerning regulatory capital adequacy, components of eligible regulatory capital and requirements for computing risk-weighted assets.

The risk-weighted assets of the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach. The components of eligible regulatory capital is based on the Capital Adequacy Framework for Islamic Banks (Capital Components). The comparative capital adequacy ratios as at 31 December 2012 were based on BNM's Risk-Weighted Capital Adequacy Framework (RWCAF).

30 September 2013 - Basel III

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

	The Group	The Bank
	30-Sept-13 RM'000	30-Sept-13 RM'000
Common equity tier 1 ratio	8.71%	8.71%
Tier 1 ratio	9.00%	9.00%
Total capital ratio	<u>12.76%</u>	<u>12.76%</u>

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	30-Sept-13 RM'000	30-Sept-13 RM'000
Credit risk	19,068,877	19,069,105
Market risk	727,092	727,092
Operational risk	1,798,952	1,798,952
Total risk-weighted assets	<u>21,594,921</u>	<u>21,595,149</u>

(c) Components of Common Equity Tier I, Additional Tier I and Tier II capital are as follows:

	30-Sept-13 RM'000	30-Sept-13 RM'000
Common Equity Tier I capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	1,432,787	1,432,787
Common Equity Tier I capital before regulatory adjustments	<u>2,432,787</u>	<u>2,432,787</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(8,854)	(8,854)
Deferred tax assets	(22,533)	(22,533)
Others	(384,345)	(384,345)
Common Equity Tier I capital after regulatory adjustments	<u>1,881,055</u>	<u>1,881,055</u>
Additional Tier I capital		
Perpetual preference shares	63,000	63,000
Additional Tier I capital before regulatory adjustments	<u>63,000</u>	<u>63,000</u>
<u>Less: Regulatory adjustments</u>	-	-
Additional Tier I capital after regulatory adjustments	<u>63,000</u>	<u>63,000</u>
Total Tier I capital	<u>1,944,055</u>	<u>1,944,055</u>
Tier II capital		
Subordinated notes	765,000	765,000
Portfolio impairment allowance and regulatory reserves ^	45,803	45,803
Tier II capital before regulatory adjustments	<u>810,803</u>	<u>810,803</u>
<u>Less: Regulatory adjustments</u>	-	-
Total Tier II capital	<u>810,803</u>	<u>810,803</u>
Total capital	<u>2,754,858</u>	<u>2,754,858</u>

20 Capital Adequacy (Continued)

31 December 2012 - Basel II

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

	The Bank
	31-Dec-12
	RM'000
Before deducting proposed dividends	
Core capital ratio	8.69%
Risk-weighted capital ratio	13.27%
After deducting proposed dividends	
Core capital ratio	8.69%
Risk-weighted capital ratio	13.27%

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	31-Dec-12
	RM'000
Credit risk	19,554,311
Market risk	913,826
Operational risk	1,678,915
Total risk-weighted assets	22,147,052

(c) Components of Tier I and Tier II capital are as follows:

	31-Dec-12
	RM'000
Tier I capital	
Paid-up capital	1,000,000
Perpetual preference shares	70,000
Other reserves	1,008,843
Less:	
Deferred tax assets	(18,057)
Goodwill	(136,000)
Total Tier I capital	1,924,786
Tier II capital	
Subordinated notes	850,000
Regulatory reserve	242,624
Portfolio impairment allowance ^	45,257
Excess of total expected loss over total eligible provision	(122,870)
Total Tier II capital	1,015,011
Total capital base	2,939,797

^ The capital base of the Group and the Bank as at 30 September 2013 has excluded portfolio impairment allowance on impaired financings for standardise approach assets restricted from Tier II capital of RM21.2 million (31 December 2012 [the Bank] RM16.48 million) respectively.

21 Fair Value of Financial Instruments

Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

Determination of fair value and fair value hierarchy

The Group classified its financial instruments measured at Fair Value accordance to the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly

Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2013 and 31 December 2012.

The Group	Carrying amount	30-Sept-13 Fair Value			Total
		Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>					
Financial assets held for trading					
-Money market instruments	4,381,700	-	4,381,700	-	4,381,700
-Quoted securities					-
-Unquoted securities	263,369	-	263,369	-	263,369
Financial investments available-for-sale					
-Money market instruments	729,160	-	729,160	-	729,160
-Quoted securities					-
-Unquoted securities	1,081,486	-	1,081,486	-	1,081,486
Derivative financial instruments					
-Trading derivatives	232,607	-	232,607	-	232,607
-Hedging derivatives	5,622	-	5,622	-	5,622
Total	6,693,944	-	6,693,944	-	6,693,944
<u>Financial liabilities</u>					
Derivative financial instruments					
Trading derivatives	153,998	-	153,998	-	153,998
Hedging derivatives	215,180	-	215,180	-	215,180
Total	369,178	-	369,178	-	369,178

21 Fair Value of Financial Instruments (Continued)

The Bank	30-Sept-13					31-Dec-12				
	Carrying amount	Quoted market prices (Level 1)	Fair Value			Carrying amount	Quoted market prices (Level 1)	Fair Value		
			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets										
Financial assets held for trading										
-Money market instruments	4,381,700	-	4,381,700	-	4,381,700	5,668,344	-	5,668,344	-	5,668,344
-Quoted securities					-					-
-Unquoted securities	263,369	-	263,369	-	263,369	448,704	-	448,704	-	448,704
Financial investments available-for-sale										
-Money market instruments	729,160	-	729,160	-	729,160	1,249,644	-	1,249,644	-	1,249,644
-Quoted securities					-					-
-Unquoted securities	1,081,486	-	1,081,486	-	1,081,486	1,547,118	-	1,547,118	-	1,547,118
Derivative financial instruments										
-Trading derivatives	232,607	-	232,607	-	232,607	158,986	-	158,986	-	158,986
-Hedging derivatives	5,622	-	5,622	-	5,622	9,374	-	9,374	-	9,374
Total	6,693,944	-	6,693,944	-	6,693,944	9,082,170	-	9,082,170	-	9,082,170
Financial liabilities										
Derivative financial instruments										
Trading derivatives	153,998	-	153,998	-	153,998	126,946	-	126,946	-	126,946
Hedging derivatives	215,180	-	215,180	-	215,180	253,583	-	253,583	-	253,583
Total	369,178	-	369,178	-	369,178	380,529	-	380,529	-	380,529

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, financings, credit derivatives, certain issued notes and the Bank's over the counter ("OTC") derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable inputs such as correlations and long dated volatilities) and certain bonds.

Notes to the accounts

22 Change in accounting policies

There were no changes in the accounting policy during the financial period.

23 Comparative

There is no comparative figure for the Group as this is the first consolidated group accounts for the financial period ended 30 September 2013.