

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

Condensed Consolidated Statement of Financial Position as at 30 September 2013

		As at 30 September, 2013 RM'000 Unaudited	As at 31 December, 2012 RM'000 Audited
	Note		
ASSETS			
Cash and short-term funds		3,534,093	2,063,444
Deposits and placements with financial institutions		728,470	519,646
Derivative financial assets	A8	41,782	16,736
Financial assets held-for-trading	A9	894,260	1,831,606
Financial assets held-to-maturity	A10	449,625	468,721
Financial assets available-for-sale	A11	17,673,740	16,862,202
Financing, advances and others	A12	22,567,067	19,507,799
Deferred tax assets		64,100	55,830
Assets classified as held for sale		3,852	3,374
Other assets		298,582	473,983
Takaful assets		697,897	531,316
Current tax assets		4,666	6,604
Investments in associates		1	22,913
Statutory deposit with Bank Negara Malaysia		1,193,000	1,059,900
Investment properties		28,752	29,136
Property, plant and equipment		432,585	454,413
Total assets		48,612,472	43,907,623
LIABILITIES, EQUITY & TAKAFUL FUNDS			
Liabilities			
Deposits from customers	A14	35,264,737	32,379,000
Deposits and placements of banks and other financial institutions	A15	2,072,779	860,278
Bills and acceptances payable		487,913	385,138
Takaful liabilities	A16	5,888,664	5,580,755
Other liabilities		780,856	869,414
Zakat and taxation		77,953	51,506
Derivative financial liabilities	A8	37,048	14,339
Total liabilities		44,609,950	40,140,430
Equity			
Share capital		1,066,790	1,066,790
Reserves		1,068,980	952,788
Equity attributable to owners of the Company		2,135,770	2,019,578
Non-controlling interests		1,866,752	1,747,615
Total equity		4,002,522	3,767,193
Total liabilities and equity		48,612,472	43,907,623
Commitments and contingencies	A27	12,509,041	10,928,790
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.00	1.89

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Nine Months Period ended 30 September 2013**

		Quarter ended 30 September 2013 RM'000	Quarter ended 30 September 2012 RM'000	Year-to-date 9 months ended 30 September 2013 RM'000	Year-to-date 9 months ended 30 September 2012 RM'000
Note					
Income derived from investment of depositors' funds	A17	460,605	439,459	1,371,916	1,206,295
Income derived from investment of shareholders' funds	A18	99,731	93,410	290,009	247,282
Net income from Takaful business	A19	135,690	108,716	418,395	355,217
Allowance for impairment on financing and advances	A20	(14,478)	(15,877)	(16,073)	(33,772)
Reversal for impairment on investments and other assets		243	92	3,734	1,840
Provision for contingent liability		-	(30,000)	-	(30,000)
Direct expenses		(6,062)	(5,081)	(17,213)	(21,380)
Total distributable income		675,729	590,719	2,050,768	1,725,482
Income attributable to depositors	A21	(194,165)	(144,916)	(571,482)	(415,769)
Total net income		481,564	445,803	1,479,286	1,309,713
Personnel expenses		(149,648)	(130,401)	(446,820)	(382,520)
Other overhead expenses		(121,468)	(121,077)	(387,815)	(369,464)
Depreciation		(14,739)	(15,641)	(45,579)	(40,783)
Operating profit		195,709	178,684	599,072	516,946
Share in the results of associated company, net of tax		984	(323)	(349)	2,015
Profit before zakat and tax		196,693	178,361	598,723	518,961
Zakat		(2,649)	(2,320)	(7,952)	(5,678)
Tax expense	B5	(51,282)	(55,686)	(166,330)	(154,299)
Profit for the period		142,762	120,355	424,441	358,984
Attributable to:					
Owners of the Company		75,459	60,553	219,182	183,653
Non-controlling interests		67,303	59,802	205,259	175,331
Profit for the period		142,762	120,355	424,441	358,984
Earnings per share - basic (sen)	B15	7.07	5.68	20.55	17.22

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Nine Months Period ended 30 September 2013, continued**

	Quarter ended 30 September 2013 RM'000	Quarter ended 30 September 2012 RM'000	Year-to-date 9 months ended 30 September 2013 RM'000	Year-to-date 9 months ended 30 September 2012 RM'000
Profit for the period	142,762	120,355	424,441	358,984
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	(15,174)	8,337	(24,550)	6,425
Net gain on revaluation of financial assets available-for-sale	(68,688)	1,882	(80,965)	14,338
Total comprehensive income for the period	58,900	130,574	318,926	379,747
Attributable to:				
Owners of the Company	31,352	65,411	164,321	194,206
Non-controlling interests	27,548	65,163	154,605	185,541
Total comprehensive income for the period	58,900	130,574	318,926	379,747

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(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period ended 30 September 2013**

Group	Note	← Attributable to Equity Holders of the Company →						Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		← Non-distributable →			Distributable					
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Capital Reserve RM'000	Retained earnings/ (Accumulated losses) RM'000			
At 1 January 2012		1,066,790	603,630	602,493	55,155	638,370	(1,133,837)	1,832,601	1,622,330	3,454,931
Total comprehensive income for the year										
- Net profit for the period		-	-	-	-	-	183,653	183,653	175,331	358,984
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	2,827	-	-	2,827	3,598	6,425
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	7,726	-	-	7,726	6,612	14,338
- Total comprehensive income for the year		-	-	-	10,553	-	183,653	194,206	185,541	379,747
Transfer to statutory reserve		-	-	51,492	-	-	(51,492)	-	-	-
Dividends to shareholders	A7	-	-	-	-	-	(77,342)	(77,342)	-	(77,342)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(61,529)	(61,529)
Disposal of interest in subsidiary		-	-	-	-	-	17,244	17,244	17,178	34,422
Zerorisation of accumulated losses in subsidiary		-	-	(349,011)	-	-	349,011	-	-	-
Transfer to accumulated losses		-	-	-	-	(631,507)	631,507	-	-	-
At 30 September 2012		1,066,790	603,630	304,974	65,708	6,863	(81,256)	1,966,709	1,763,520	3,730,229
Unaudited										
At 1 January 2013		1,066,790	603,630	358,719	62,851	6,863	(79,275)	2,019,578	1,747,615	3,767,193
Total comprehensive income for the period										
- Net profit for the period		-	-	-	-	-	219,182	219,182	205,259	424,441
- Other comprehensive income										
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	(12,921)	-	-	(12,921)	(11,629)	(24,550)
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	(41,941)	-	-	(41,941)	(39,024)	(80,965)
- Total comprehensive income for the year		-	-	-	(54,862)	-	219,182	164,320	154,606	318,926
Dividends to shareholders	A7	-	-	-	-	-	(53,340)	(53,340)	-	(53,340)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(39,020)	(39,020)
Disposal of interest in subsidiary		-	-	-	-	-	4,406	4,406	3,551	7,957
Share-based payment transactions		-	-	-	806	-	-	806	-	806
At 30 September 2013		1,066,790	603,630	358,719	8,795	6,863	90,973	2,135,770	1,866,752	4,002,522

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the Nine Months Period ended 30 September 2013**

	Year-to-date	
	9 months ended 30 September 2013 RM'000 Unaudited	9 months ended 30 September 2012 RM'000 Unaudited
Cash flows from operating activities		
Profit before zakat and taxation	598,723	518,961
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	45,579	40,783
Reversal of allowance for doubtful debts	(200)	(180)
Allowance/(reversal) for impairment on financing, advances and others	16,073	33,772
Allowance for Impairment on investments and other assets	(3,734)	(1,840)
Provision for contingent liability	-	30,000
Net (gain) / loss on disposal of property, plant and equipment	1,183	(113)
Net (gain) / on sale of financial assets held-for-trading	3,643	(3,558)
Net gain on revaluation of financial assets held-for-trading	(9,911)	(9,713)
Net gain on sale of financial assets available-for-sale	(118,990)	(18,169)
Net derivative (gain) / loss	(4,753)	(1,492)
Share of results of associate company	349	(2,015)
Operating profit before working capital changes	527,962	586,436
Changes in working capital:		
Deposits and placements of banks and other financial institutions	1,212,501	342,168
Financing of customers	(3,075,341)	(4,021,333)
Statutory deposits with Bank Negara Malaysia	(133,100)	(77,000)
Other receivables	(85,286)	(240,503)
Deposits from customers	2,885,737	2,641,979
Other liabilities	242,060	1,491,287
Bills payable	102,775	(12,366)
Cash (used in)/generated from operations	1,677,308	710,668
Tax paid	(134,110)	(105,744)
Net cash (used in)/generated from operating activities	1,543,198	604,924

BIMB HOLDINGS BERHAD (423858-X)

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**Condensed Consolidated Statement of Cash Flows
For the Nine Months Period ended 30 September 2013. continued**

	Year-to-date	
	9 months ended 30 September 2013 RM'000 Unaudited	9 months ended 30 September 2012 RM'000 Unaudited
Cash flows from investing activities		
Net sales/(purchases) from disposal of securities	270,162	(1,922,674)
Disposal in interest in subsidiary	7,957	34,422
Purchase of property, plant and equipment	(24,934)	(38,363)
Net cash generated from/(used in) investing activities	253,185	(1,926,615)
Cash flows from financing activities		
Dividend paid to non-controlling interests	(39,020)	(61,529)
Dividend paid to shareholders of the parent	(53,340)	(77,342)
Net cash generated from/(used in) financing activities	(92,360)	(138,871)
Net increase/(decrease) in cash and cash equivalent	1,704,023	(1,460,562)
Cash and cash equivalents at the beginning of period	2,583,090	4,535,422
Foreign exchange differences	(24,550)	6,425
Cash and cash equivalents at the end of period	4,262,563	3,081,285
Cash and cash equivalents comprise:		
Cash and short term funds	3,534,093	2,250,836
Deposits and placement with financial institutions	728,470	830,449
	4,262,563	3,081,285

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTINGS STANDARD 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS ("GP8-I") ISSUED BY BANK NEGARA MALAYSIA

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 quarter ended 30 September 2013 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 2012.

The audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2012, which were prepared in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of Companies Act 1965 and Shariah requirements, are available upon request from the Company's registered office at Level 31, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- 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)
- MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)

IC Interpretation 20 is not applicable to the Group as it is not relevant to the Group's operations.

The adoption of all the other MFRSs and amendments to MFRSs did not have any financial impact to the Group.

With effect from 1 January 2013, Bank Islam Malaysia Berhad has complied with the latest approach set out by the Capital Adequacy Framework for Islamic Banking (CAFIB) issued on 28 November 2012 for computing total capital and capital adequacy ratios, based on CAFIB-Basel III capital structure. The comparative total capital and capital adequacy ratios are computed in accordance to the earlier approach set out in CAFIB-Basel II capital structure, applicable until 31 December 2012.

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (MASB), but are not yet effective for the Group:

(i) **Effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)
- IC Interpretation 21 Levies

(ii) **Effective for annual periods beginning on or after 1 January 2015**

- MFRS 9, Financial Instruments (2009)
- MFRS 9, Financial Instruments (2010)
- Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group plans to apply the abovementioned standards, amendments and interpretations:

- From the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014; and
- From the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of this standard and its proposed changes, the financial effects of its adoption are still being assessed by the Group.

IC Interpretation 21 is not applicable to the Group as it is not relevant the Group's operations.

The adoption of Amendments to MFRS 132 is not expected to have any financial impact to the Group as the current practice for offsetting arrangements remained unchanged. The adoption of Amendments to MFRS 10, MFRS 12 and MFRS 127 is not expected to have any financial impact to the Group as the Group is not an investment entity as defined in MFRS 10. The adoption of Amendments to MFRS 136 affects only disclosures in the financial statements and will not have any financial impact to the Group. The amendments to MFRS 139 provide an exception from discontinuing hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The adoption of this amendment is not expected to have any financial impact to the Group.

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2012

The audited report on the financial statements of the preceding financial year ended 31 December 2012 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 quarter ended 30 September 2013.

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 quarter ended 30 September 2013.

A5 CHANGES IN ESTIMATES OF AMOUNTS REPORTED PREVIOUSLY

There were no material changes in estimates of amounts reported in prior financial years that may have a material effect in the quarter ended 30 September 2013.

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 quarter ended 30 September 2013.

A7 DIVIDENDS PAID

	<u>30-Sep-13</u> <u>RM '000</u>	<u>30-Sep-12</u> <u>RM '000</u>
<u>Ordinary</u>		
Final paid		
2012 - 5.00%, (2011 - 7.25%)	53,340	77,342
	<u>53,340</u>	<u>77,342</u>

A8 DERIVATIVE FINANCIAL ASSETS/ LIABILITIES

	<u>Principal amount</u> <u>RM '000</u>	<u>Fair value</u> <u>Assets</u> <u>RM '000</u>	<u>Liabilities</u> <u>RM '000</u>
30 September 2013 - Unaudited			
Forward Contract	2,839,252	25,542	(29,084)
Profit Rate Swaps	1,317,227	14,692	(6,416)
Structured Deposits	111,185	1,548	(1,548)
	<u>4,267,664</u>	<u>41,782</u>	<u>(37,048)</u>
31 December 2012 - Audited			
Forward Contract	680,789	2,523	(1,365)
Profit Rate Swaps	1,434,000	12,200	(10,961)
Structured Deposits	114,095	2,013	(2,013)
	<u>2,228,884</u>	<u>16,736</u>	<u>(14,339)</u>

A9 FINANCIAL ASSETS HELD-FOR-TRADING

	<u>Unaudited</u> <u>30-Sep-13</u> <u>RM '000</u>	<u>Audited</u> <u>31-Dec-12</u> <u>RM '000</u>
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	377,392	20,190
Malaysian Islamic Treasury Bills	-	9,807
Islamic Commercial Papers	-	49,884
Bank Negara Negotiable Notes	40,269	846,786
Investment fund	-	59,662
Islamic Debt Securities	307,269	698,158
<i>Outside Malaysia</i>		
Islamic Debt Securities	71,218	44,707
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	47,252	40,502
<i>Outside Malaysia</i>		
Shares	29,112	32,330
Unit trusts	21,748	29,580
Total financial assets held-for-trading	<u>894,260</u>	<u>1,831,606</u>

A10 FINANCIAL ASSETS HELD-TO-MATURITY

	<u>Unaudited</u> <u>30-Sep-13</u> <u>RM '000</u>	<u>Audited</u> <u>31-Dec-12</u> <u>RM '000</u>
At amortised cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Islamic papers	145,418	145,502
Islamic Debt Securities	312,677	327,156
<i>Outside Malaysia</i>		
Islamic Debt Securities	11,025	15,801
	<u>469,120</u>	<u>488,459</u>
Less: Accumulated impairment loss	(19,495)	(19,738)
Total financial assets held-to-maturity	<u>449,625</u>	<u>468,721</u>

A11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	1,264,562	1,893,477
Malaysian Government Islamic papers	474,171	664,459
Negotiable Islamic Debt Certificate	2,042,643	2,239,370
Islamic Debt Securities	12,543,348	11,063,793
Accepted bills	-	-
Shares	380	380
Unit trusts	295,283	284,981
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,614	1,530
Shares	38	43
Islamic Debt Securities	7,259	10,617
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trusts	164,173	88,253
Shares	772,080	516,460
<i>Outside Malaysia</i>		
Unit trusts	74,734	88,941
Shares	1,017	52
	17,641,302	16,852,356
At cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Shares	23,384	22,477
<i>Outside Malaysia</i>		
Shares	23,722	1,130
	47,106	23,607
Less: Accumulated impairment loss	(14,668)	(13,761)
Total financial investments available-for-sale	17,673,740	16,862,202

A12 FINANCING, ADVANCES AND OTHERS

(i) **By type**

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
At amortised cost		
Cash line	699,596	618,555
Term financing		
House financing	6,129,187	5,186,253
Syndicated financing	699,633	426,066
Leasing financing	224,761	203,580
Bridging financing	87,048	151,127
Personal financing	7,946,976	6,608,116
Other term financing	5,588,300	4,546,959
Staff financing	169,684	165,380
Credit/charge cards	431,015	430,984
Trade bills discounted	976,640	1,480,215
Trust receipts	38,620	50,314
Pawn broking	86,505	80,572
	23,077,965	19,948,121
Less: Allowance for impaired financing, advances and others:		
Collective assessment allowance	(368,222)	(313,334)
Individual assessment allowance	(142,676)	(126,988)
Total net financing, advances and others	22,567,067	19,507,799

(ii) **By contract**

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Bai' Bithaman Ajil	9,193,777	8,720,001
Ijarah	197,182	206,889
Ijarah Muntahia Bit-Tamleek	61,477	30,627
Murabahah	1,000,832	1,403,165
Bai Al-Inah	1,606,105	1,729,672
Istisna'	179,509	246,614
At-Tawarruq	10,752,578	7,530,581
Ar-Rahn	86,505	80,572
	23,077,965	19,948,121

(iii) **By type of customer**

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Domestic non-bank financial institutions	229,471	57,558
Domestic business enterprise	4,558,315	4,327,447
Small medium industries	611,120	493,352
Government and statutory bodies	198,431	165,550
Individuals	17,203,264	14,679,594
Other domestic entities	4,553	5,646
Foreign entities	272,811	218,974
	23,077,965	19,948,121

A12 FINANCING, ADVANCES AND OTHERS, continued

(iv) By profit rate sensitivity

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Fixed rate		
House financing	1,565,212	1,552,555
Others	8,098,839	8,926,966
Floating rate	13,413,914	9,468,600
	23,077,965	19,948,121

(v) By remaining contractual maturity

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Maturity within one year	3,056,266	3,065,264
More than one year to three years	886,799	969,154
More than three years to five years	1,411,725	1,082,872
More than five years	17,723,175	14,830,831
	23,077,965	19,948,121

(vi) By sector

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	169,252	223,163
Mining and quarrying	6,875	5,334
Manufacturing (including agro-based)	900,259	1,016,127
Electricity, gas and water	324,878	175,743
Construction	1,728,778	1,725,523
Real estate	558,020	572,787
Household sector	17,214,865	14,693,126
Wholesale and retail trade and restaurants and hotels	835,033	673,210
Transport, storage and communication	241,842	208,945
Finance, insurance and business activities	763,183	391,521
Education, health and others	327,329	254,018
Other sectors	7,651	8,624
	23,077,965	19,948,121

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS

(i) Movements in impaired financing and advances

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
At 1 January 2013/ 1 January 2012	308,709	379,790
Classified as impaired during the period/year	310,489	427,775
Reclassified as not impaired during the period/year	(174,338)	(254,872)
Amount recovered	(56,791)	(92,264)
Amount written off	(71,344)	(151,472)
Exchange differences	4,327	(248)
At 30 September 2013 / 31 December 2012	321,052	308,709
Gross impaired financing as a percentage of gross financing, advances and others	1.39%	1.55%

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

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Collective assessment allowance		
At 1 January 2013/ 1 January 2012	313,334	327,688
Allowance made during the period/year	142,224	102,185
Amount recovered	(23,748)	-
Amount written off	(67,660)	(116,848)
Exchange differences	4,072	309
At 30 September 2013 / 31 December 2012	368,222	313,334

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Individual assessment allowance		
At 1 January 2013/ 1 January 2012	126,988	75,770
Allowance/ (Recovery) made during the period/year	30,286	85,042
Amount recovered	(11,029)	-
Amount written off	(3,569)	(33,824)
At 30 September 2013 / 31 December 2012	142,676	126,988

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued

(iii) Impaired financing by sector

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	-	207
Manufacturing (including agro-based)	47,816	46,483
Electricity, gas and water	951	160
Wholesale and retail trade and restaurants and hotels	15,904	17,422
Construction	73,492	74,341
Real estate	-	101
Transport, storage and communication	32,982	722
Finance, insurance and business activities	11,624	9,977
Education, health and others	17	-
Household sector	138,241	159,273
Other sectors	25	23
	321,052	308,709

A14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah fund:		
Demand deposits	7,800,172	8,962,434
Savings deposits	2,544,172	2,515,341
Negotiable Islamic Debt Certificate (NIDC)	1,720,558	1,638,528
Waheed-i	3,698,863	2,217,203
Ziyad	99,072	101,664
Others	85,128	78,562
	15,947,965	15,513,732
Mudharabah fund:		
Savings deposits	2,122,918	1,942,190
General investment deposits	2,139,659	2,173,818
Special investment deposits	15,054,195	12,749,260
	19,316,772	16,865,268
Total deposits from customers	35,264,737	32,379,000

Maturity structure of investment deposits and NIDCs are as follows:

Due within six months	20,302,394	16,813,222
More than six months to one year	1,688,315	1,243,158
More than one year to three years	135,433	775,333
More than three years to five years	46,205	48,760
	22,172,347	18,880,473

(ii) By type of customer

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Government and statutory bodies	7,568,280	7,378,695
Business enterprises	10,052,032	8,771,118
Individuals	5,120,840	5,263,990
Others	12,523,585	10,965,197
	35,264,737	32,379,000

A15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah Fund:		
Licensed banks	1,535	1,475
Other financial institutions	45,484	50,153
	<u>47,019</u>	<u>51,628</u>
Mudharabah Fund:		
Licensed banks	1,783,560	768,360
Other financial institutions	242,200	40,290
	<u>2,025,760</u>	<u>808,650</u>
	<u>2,072,779</u>	<u>860,278</u>

A16 TAKAFUL LIABILITIES

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Takaful contract liabilities	5,695,523	5,448,143
Expense reserves	126,602	89,486
Takaful payables	66,539	43,126
Total takaful liabilities	<u>5,888,664</u>	<u>5,580,755</u>

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following :

Provision for claims reported by participants	423,830	417,944
Provision for Incurred-but-not-reported (IBNR)	398,898	315,130
Provision for outstanding claims	822,728	733,074
Provision for unearned contributions	287,708	295,439
Participants' fund	4,585,087	4,419,630
Total takaful contract liabilities	<u>5,695,523</u>	<u>5,448,143</u>

(b) Participants' fund

	Gross RM '000	Group Retakaful RM '000	Net RM '000
30 September 2013 - Unaudited			
Actuarial liabilities	3,664,893	(133,197)	3,531,696
Unallocated surplus/ Accumulated surplus	819,053	-	819,053
AFS reserve	(10,805)	-	(10,805)
Translation reserve	836	-	836
Net assets value attributable to unitholders	111,110	-	111,110
	<u>4,585,087</u>	<u>(133,197)</u>	<u>4,451,890</u>
31 December 2012 - Audited			
Actuarial liabilities	3,273,504	(63,856)	3,209,648
Unallocated surplus/ Accumulated surplus	877,426	-	877,426
AFS reserve	107,790	-	107,790
Translation reserve	1,335	-	1,335
Net assets value attributable to unitholders	159,575	-	159,575
	<u>4,419,630</u>	<u>(63,856)</u>	<u>4,355,774</u>

A17 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Income derived from investment of:				
(i) General investment deposits	29,328	31,121	88,679	91,741
(ii) Other deposits	431,277	408,338	1,283,237	1,114,554
	460,605	439,459	1,371,916	1,206,295

(i) Income derived from investment of general investment deposits

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Financing income and hibah				
Financing, advances and others	21,963	20,249	64,426	61,713
Financial assets held-for-trading	357	232	1,320	474
Financial assets held-to-maturity	6,194	3,440	18,319	4,034
Financial assets available-for-sale	43	6,213	487	20,012
Money at call and deposit with financial institutions	713	687	3,303	3,028
	29,270	30,821	87,855	89,261
<i>Of which financing income earned on impaired financing</i>	344	421	1,353	1,266
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	(280)	114	(235)	269
Net gain / (loss) on revaluation of financial assets held-for-trading	283	(10)	643	772
	3	104	408	1,041
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	55	196	445	1,439
Loss on redemption of financial assets held-to-maturity	-	-	(29)	-
	55	196	416	1,439
	29,328	31,121	88,679	91,741

(ii) Income derived from investment of other deposits

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Financing income and hibah				
Financing, advances and others	322,957	266,285	932,596	749,314
Financial assets held-for-trading	5,257	3,058	19,089	5,888
Financial assets held-to-maturity	632	44,181	7,000	51,086
Financial assets available-for-sale	91,088	81,797	265,037	243,191
Money at call and deposit with financial institutions	10,484	9,103	47,784	36,152
	430,418	404,424	1,271,506	1,085,631
<i>Of which financing income earned on impaired financing</i>	5,060	5,521	19,578	15,461
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	(4,110)	1,472	(3,484)	3,268
Net gain / (loss) on revaluation of financial assets held-for-trading	4,163	(147)	9,217	8,925
	53	1,325	5,733	12,193
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	806	2,589	6,428	16,730
Loss on redemption of financial assets held-to-maturity	-	-	(430)	-
	806	2,589	5,998	16,730
	431,277	408,338	1,283,237	1,114,554

A18 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Financing income and hibah				
Financing, advances and others	1,124	1,073	3,323	5,705
Financial assets available-for-sale	25,384	25,929	75,217	76,409
Money at call and deposit with financial institutions	5,257	1,353	14,758	4,409
	31,765	28,355	93,298	86,523
Other dealing income				
Net gain from foreign exchange transactions	20,425	15,722	53,536	34,778
Net gain/(loss) from sale of financial assets held-for-trading	(2)	-	76	21
Net gain / (loss) on revaluation of financial assets held-for-trading	51	3	51	16
Net derivatives gain/(loss)	1,897	7,727	4,753	1,492
	22,371	23,452	58,416	36,307
Other operating income				
Profit on sale of foreign currencies	-	992	-	2,647
Reversal of allowance for doubtful debts	76	60	200	180
Gross dividend income from securities				
Quoted in Malaysia	1	2	6	5
Unit trust in Malaysia	-	500	557	543
Unit trust outside Malaysia	-	24	-	56
Unquoted in Malaysia	-	360	6,458	3,217
	77	1,938	7,221	6,648
Fees and commission				
ATM fees	3,362	3,805	9,897	11,606
Financing fees	3,550	3,300	10,257	10,226
Cheque issued & return, closing account and other fees	1,927	1,967	6,549	7,084
Takaful service fees and commission	4,652	4,310	12,867	12,025
Credit card fees and commission	8,963	8,851	26,892	27,711
Processing fees	719	1,464	1,257	2,219
Commitment fees	379	163	539	814
Commission on MEPS	2,375	2,214	7,133	6,376
Unit trust management fees	2,197	1,710	6,141	4,280
Corporate advisory fees	2,405	1,340	7,540	7,285
Ar Rahnu fees	2,937	2,821	8,574	5,113
Debit card fees	3,099	1,747	7,711	3,724
Others	8,996	5,206	24,688	17,447
	45,561	38,898	130,045	115,910
Other income				
Net gain/(loss) on disposal of property, plant & equipment	(199)	131	(1,183)	113
Rental income	124	618	1,933	1,188
Others	32	18	279	593
	(43)	767	1,029	1,894
	99,731	93,410	290,009	247,282

A19 NET INCOME FROM TAKAFUL BUSINESS

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Net earned contributions				
Gross earned contributions	361,111	376,955	1,175,487	1,121,086
Contribution ceded to retakaful	(54,246)	(40,346)	(143,088)	(116,804)
	306,865	336,609	1,032,399	1,004,282
Other income				
Administration income	10,345	11,776	19,118	19,363
Investment income	57,632	60,283	168,391	166,644
Realised gains and losses	30,441	22,761	108,672	97,938
Fair value gains and losses	(3,119)	3,608	3,445	4,443
Other operating income	(373)	1,893	2,368	8,061
	94,926	100,321	301,994	296,449
Net benefits and claims				
Gross benefits and claims paid	(189,199)	(157,007)	(600,799)	(471,710)
Claims receded to retakaful	18,886	21,466	53,864	41,719
Gross change to contract liabilities	(8,883)	(26,729)	(91,497)	(118,180)
Change to contract liabilities ceded to takaful	13,053	9,140	62,305	55,104
	(166,143)	(153,130)	(576,127)	(493,067)
Expense reserves	6,892	(26,464)	(37,670)	(60,829)
Income from takaful business	242,540	257,336	720,596	746,835
Profits attributable to participants/takaful operator	(106,850)	(148,620)	(302,201)	(391,618)
Net income from takaful business	135,690	108,716	418,395	355,217

A20 ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Allowance for impaired financing, advances and others:				
- Collective assessment allowance	26,875	36,586	118,475	100,491
- Individual assessment allowance	13,830	1,464	19,257	23,655
Bad debts and financing recovered	(26,227)	(22,173)	(121,659)	(90,374)
	14,478	15,877	16,073	33,772

A21 INCOME ATTRIBUTABLE TO DEPOSITORS

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Deposits from customers:				
- Mudharabah fund	147,840	95,572	430,888	261,074
- Non-Mudharabah fund	36,267	46,560	122,127	145,884
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	7,991	2,784	15,234	8,811
- Non-Mudharabah fund	2,067	-	3,233	-
	194,165	144,916	571,482	415,769

A22 CAPITAL ADEQUACY

(i) Capital adequacy

With effect from 1 January 2013, total capital and capital adequacy ratios of Bank Islam Malaysia Berhad and its subsidiaries have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 28 November 2012. The comparative total capital and capital adequacy ratios are computed in accordance to the approach set out in the then prevailing capital framework and are thus not directly comparable to those pertaining to dates from 1 January 2013 onwards. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios of the banking group are set out below:

	30-Sep-13 RM '000	31-Dec-12 RM '000
Common Equity Tier 1 (CET 1) Capital Ratio	13.085%	N/A
Total Tier 1 Capital Ratio	13.085%	*12.942%
Total Capital Ratio	14.178%	*13.986%

* After deducting proposed final dividend subsequent to the financial year end.

(ii) Capital structure

The components of Common Equity Tier I, Total Tier I and Total Tier II capital:

	CAFIB Basel III capital structure with effect from 1-Jan-13 30-Sep-13 RM '000	CAFIB Basel II capital structure applicable until 31-Dec-12 31-Dec-12 RM '000
Tier-I capital:		
Paid-up share capital	2,265,490	2,265,490
Retained earnings	553,086	209,318
Less: Interim and/or final dividend declared	(50,974)	-
Fair value reserves	46,905	-
Translation reserves	(19,245)	-
Statutory reserves	505,651	505,651
Less: Deferred tax assets	(18,629)	(18,455)
Less: 55% of fair value reserves	(25,798)	-
Total Tier-I capital	3,256,486	2,962,004
Tier-II capital:		
Collective assessment allowance	^271,990	#257,769
Total Tier-II capital	271,990	257,769
Total capital	3,528,476	3,219,773
Less: Investment in associate	-	(22,912)
Total capital base	3,528,476	3,196,861

^ The collective assessment allowance on non-impaired financing is subject to a maximum amount of 1.25% of the total credit risk-weighted assets.

Excludes collective allowance on impaired financing restricted from Tier II capital amounting to RM55,565,000.

(iii) Breakdown of risk weighted assets in the various categories of risk weights:

	30 September 2013		31 December 2012	
	Principal amount RM '000	Risk weighted amount RM '000	Principal amount RM '000	Risk weighted amount RM '000
0%	10,211,681	-	8,190,020	-
20%	8,245,782	1,649,156	8,035,888	1,607,178
35%	1,916,609	670,813	1,710,233	598,582
50%	2,158,232	1,079,116	1,608,295	804,148
75%	7,769,180	5,826,885	7,224,257	5,418,192
100%	11,833,902	11,833,903	10,253,298	10,253,298
150%	466,236	699,354	458,589	687,884
Total risk-weighted assets for credit risk	42,601,622	21,759,227	37,480,580	19,369,282
Total risk-weighted assets for market risk	-	713,667	-	917,234
Total risk-weighted assets for operational risk	-	2,414,838	-	2,207,161
Total risk-weighted assets	42,601,622	24,887,732	37,480,580	22,493,677

A23 OPERATING SEGMENT INFORMATION

The Group comprises the following main operating segments:

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

(i) Information about reportable segments

	9 months ended			Elimination 30-Sep-13 RM'000	Total 30-Sep-13 RM'000
	Banking 30-Sep-13 RM'000	Takaful 30-Sep-13 RM'000	Others 30-Sep-13 RM'000		
Current Year-to-Date					
Revenue from external customers	1,652,792	418,395	9,133	-	2,080,320
Inter-segment revenue	-	2,168	47,610	(49,778)	-
Total revenue	1,652,792	420,563	56,743	(49,778)	2,080,320
Net income from operations (before allowance for impairment on financing)	1,079,073	420,563	56,743	(47,541)	1,508,838
Operating overheads	(590,421)	(293,846)	(16,639)	3,479	(897,427)
Operating results	488,652	126,717	40,104	(44,062)	611,411
Allowance for impairment on financing and advance	(16,073)	-	-	-	(16,073)
Reversal on allowance for impairment on other assets	3,734	-	-	-	3,734
Share of results of associate company	(349)	-	-	-	(349)
Profit before zakat and taxation	475,964	126,717	40,104	(44,062)	598,723
Segment assets	41,807,552	6,728,717	2,053,208	(1,977,005)	48,612,472
Segment liabilities	38,506,639	6,145,562	107,353	(149,604)	44,609,950
	9 months ended			Elimination 30-Sep-12 RM'000	Total 30-Sep-12 RM'000
	Banking 30-Sep-12 RM'000	Takaful 30-Sep-12 RM'000	Others 30-Sep-12 RM'000		
Previous Comparative Year-to-Date					
Revenue from external customers	1,445,850	324,341	38,603	-	1,808,794
Inter-segment revenue	-	2,020	65,879	(67,899)	-
Total revenue	1,445,850	326,361	104,482	(67,899)	1,808,794
Net income from operations (before allowance for impairment on financing)	1,028,964	326,361	104,482	(66,782)	1,393,025
Operating overheads	(535,280)	(238,553)	(42,788)	2,474	(814,147)
Operating results	493,684	87,808	61,694	(64,308)	578,878
Allowance for impairment on financing and advance	(33,772)	-	-	-	(33,772)
Allowance for contingent liability	(30,000)	-	-	-	(30,000)
Reversal on allowance for impairment on other assets	1,840	-	-	-	1,840
Share of results of associate company	2,015	-	-	-	2,015
Profit before zakat and taxation	433,767	87,808	61,694	(64,308)	518,961
Segment assets	35,547,631	6,402,822	2,134,767	(1,972,341)	42,112,879
Segment liabilities	32,505,898	5,897,640	128,359	(143,423)	38,388,474

Performance is measured based on segment profitability, as included in the internal management reports that are reviewed by the Group Managing Director/Chief Executive Officer. Segment profitability 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.

A24 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 quarter ended 30 September 2013.

A25 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 quarter ended 30 September 2013.

A26 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter ended 30 September 2013.

A27 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.

The off-balance sheet and counterparties credit risk of this subsidiary as at 30 September 2013 are as follow:

	Unaudited			
	30 September 2013			
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Amount
	RM '000	RM '000	RM '000	RM '000
<u>Credit-related exposures</u>				
Direct credit substitutes	355,625		355,625	347,507
Assets sold with recourse	2		2	2
Transaction-related contingent items	885,459		442,729	390,477
Short-term self-liquidating trade related contingencies	291,499		58,300	55,469
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	13,135		2,627	2,609
- exceeding one year	696,520		348,260	291,092
Unutilized credit card lines	992,227		198,445	148,834
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	5,006,910		-	-
	<u>8,241,377</u>		<u>1,405,988</u>	<u>1,235,990</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	2,839,252	25,542	55,449	31,008
Profit rate related contracts				
- less than one year	100,000	684	250	50
- one year to less than five years	500,000	1,660	9,000	1,800
- five years and above	717,227	12,348	35,944	19,944
Equity related contracts				
- one year to less than five years	111,185	1,548	8,895	4,447
	<u>4,267,664</u>	<u>41,782</u>	<u>109,538</u>	<u>57,249</u>
Total	<u>12,509,041</u>	<u>41,782</u>	<u>1,515,526</u>	<u>1,293,239</u>

	Audited			
	31 December 2012			
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Amount
	RM '000	RM '000	RM '000	RM '000
<u>Credit-related exposures</u>				
Direct credit substitutes	562,654		562,654	555,499
Assets sold with recourse	2		2	2
Transaction-related contingent items	910,688		455,344	444,161
Short-term self-liquidating trade related contingencies	338,488		67,698	64,913
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	82		16	6
- exceeding one year	662,657		331,329	302,722
Unutilized credit card lines	949,115		189,823	142,367
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	5,276,220		-	-
	<u>8,699,906</u>		<u>1,606,866</u>	<u>1,509,670</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	680,789	2,523	7,390	4,223
Profit rate related contracts				
- less than one year	100,000	70	100	20
- one year to less than five years	600,000	2,210	15,000	3,000
Equity related contracts	734,000	9,920	42,462	23,262
- less than one year				
- one year to less than five years	114,095	2,013	9,128	4,564
	<u>2,228,884</u>	<u>16,736</u>	<u>74,080</u>	<u>35,069</u>
Total	<u>10,928,790</u>	<u>16,736</u>	<u>1,680,946</u>	<u>1,544,739</u>

A28 FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of Fair Value and Fair Value Hierarchy

MFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The Group classifies its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (BNM) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

	Unaudited			
	30 September 2013			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2013 - Unaudited				
Financial assets held-for-trading	98,014	796,246	-	894,260
Financial assets available-for-sale *	991,017	16,322,668	309,858	17,623,543
Derivative financial assets	-	41,782	-	41,782
Total	1,089,031	17,160,696	309,858	18,559,585
Derivative financial liabilities	-	37,048	-	37,048
	Audited			
	31 December 2012			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 December 2013 - Audited				
Financial assets held-for-trading	102,412	1,669,532	59,662	1,831,606
Financial assets available-for-sale *	690,477	15,856,675	305,204	16,852,356
Derivative financial assets	-	16,736	-	16,736
Total	792,889	17,542,943	364,866	18,700,698
Derivative financial liabilities	-	14,339	-	14,339

*excludes those unquoted securities stated at cost

The following table presents the changes in Level 3 instruments for the financial period ended 30 September 2013 for the Group:

	Unaudited	Audited
	30-Sep-13	31-Dec-12
	RM '000	RM '000
Financial assets held-for-trading		
At 1 January 2013/2012	59,662	63,906
Redemption	(588)	(2,350)
Gain/Losses	-	-
Settlement	(60,288)	-
Fair value gains/(losses)	1,214	(1,894)
At 30 September 2013/31 December 2012	-	59,662
	Unaudited	Audited
	30-Sep-13	31-Dec-12
	RM '000	RM '000
Financial assets available-for-sale		
At 1 January 2013/2012	305,204	275,909
Purchases	-	15,087
Gain/(losses)	10,306	14,212
Settlement	(5,643)	-
Exchange differences	(9)	(4)
Transfer in/(out)	-	-
At 30 September 2013/31 December 2012	309,858	305,204

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

B1 REVIEW OF PERFORMANCE

Nine Months Performance to 30 September 2013

BIMB Holdings Berhad ("BHB") posted a consolidated Profit before Zakat and Taxation ("PBZT") of RM598.7 million for the nine months period ended 30 September 2013, an increase of RM79.8 million or 15.4% over the last corresponding nine months period ended 30 September 2012. The higher profitability was mainly achieved on the back of higher operating results of RM32.5 million, and RM49.6 million improvement in allowances for impairment on financing and advances, investment and other assets, as well as the non-recurrence of provision for contingent liability.

BHB's consolidated net profit for the period under review stood at RM424.4 million, which recorded a growth of RM65.5 million or 18.2% compared to the same period last year. In tandem with the higher profitability, the net profit attributable to the shareholders of the Company increased by RM35.5 million or 19.3%.

The Group registered net financing growth of RM3.1 billion or 15.7% for the nine months period under review, as asset quality improved further with a gross impaired financing ratio of 1.39% as at 30 September 2013 (As at 31 December 2012: 1.55%). Total capital ratio of Bank Islam Malaysia Berhad (computed in accordance to CAFIB-Basel III with effect from 1 January 2013) remained healthy at 14.18%.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") recorded a PBZT of RM476.0 million for the nine months period ended 30 September 2013, an increase of RM42.2 million or 9.7% over the previous corresponding period of RM433.8 million. The improved performance was mainly attributed to growth in overall business activities.

Year-on-year ("YoY"), net financing assets grew RM4.4 billion or 24.6% to reach RM22.6 billion as at end September 2013. Correspondingly, fund based income from financing also increased by RM183.6 million or 22.5%. Non-fund based income also reported a 7.8% growth or RM14.6 million mainly from foreign exchange transactions and, fees and commission.

Customer deposits reported a YoY growth of 14.2% or RM4.4 billion to reach RM35.4 billion as at end September 2013. Similarly, the low cost current and savings accounts ("CASA") also increased by RM0.3 billion or 2.7% YoY. The CASA ratio as at end September 2013 was 35.2%, much higher than the Islamic Banking Industry ratio of 25.8% as at end August 2013.

The Bank's impaired financing ratio continued to record significant improvements. The gross impaired financing ratio improved from 1.55% as at end December 2012 to 1.39% as at end September 2013. Consequently, the net impaired financing ratio also improved from a negative 0.67% as at end December 2012 to a negative 0.84% as at end September 2013. The Banking system gross and net impaired ratios were at 2.0% and 0.0% respectively as at end August 2013.

The Bank's key performance ratios as at end September 2013 also compared favourably against the Banking System ratio as at end December 2012. The Bank's return on equity based on PBZT is 19.60% against the Banking system ratio of 17.50%. The return on assets, based on PBZT is similar to the Banking system ratio of 1.60%.

Takaful

For the nine months period ended 30 September 2013, Takaful Malaysia Group ("Takaful Malaysia") recorded a PBZT of RM125.6 million, increased by 45.1% as compared to RM86.6 million in the same corresponding period last year. The higher profit was also attributable to higher net wakalah fee income. Operating Revenue increased by 3.3% to RM1,334.5 million from RM1,291.4 million in the same period of the preceding year. The increase was mainly attributable to higher sales generated by Family Takaful.

Family Takaful generated gross earned contributions of RM852.9 million as compared to RM789.4 million in the corresponding period last year. The growth in gross earned contribution of 8.0% for the 9 months period ended 30 September 2013 by Family Takaful was mainly attributable to the higher sales of Group Family products. However, the surplus transfer from Family Takaful decreased by RM16.4 million to RM85.2 million, compared to the same period last year due to higher wakalah fee expense.

General Takaful recorded gross earned contributions of RM323.1 million as compared to RM332.1 million in the corresponding period last year. As a result, General Takaful recorded a lower surplus transfer of RM32.2 million, in comparison to RM50.6 million recorded last year. The lower surplus transfer was mainly due to the shift towards wakalah model products, where margins were being transferred in the form of wakalah fee to Takaful Operator.

For the quarter under review, Takaful Malaysia registered a PBZT of RM42.8 million, increased by 89.0% as compared to RM22.6 million in the same period last year. Takaful Malaysia generated operating revenue of RM377.0 million, compared to RM416.2 million in the corresponding quarter, of the preceding year. The decrease was mainly attributable to lower sales generated by both Family and General Takaful businesses.

Family Takaful recorded gross earned contributions of RM253.2 million against RM260.1 million for the same period last year. The surplus transfer from Family Takaful for the quarter under review stood at RM17.8 million, compared to RM20.9 million in the same period last year.

General Takaful generated gross earned contributions of RM108.0 million as compared to RM117.0 million in the corresponding quarter of the preceding year. Consequently, the surplus transfer from General Takaful was RM11.4 million, in comparison to RM20.0 million in the same period last year.

B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

For the three months performance (Third Quarter 2013 vs. Second Quarter 2013)

BHB Group registered a PBZT of RM196.7 million for the third quarter ended 30 September 2013, decrease by RM16.3 million or 7.7% compared to PBZT for the second quarter ended 30 June 2013 of RM213.0 million. The lower PBZT for the current quarter under review was mainly attributable to higher allowance for impairment on financing and advances by RM15.3 million.

Bank Islam's PBZT of RM153.4 million for the third quarter ended 30 September 2013 was 10.9% or RM18.8 million lower than the preceding quarter ended 30 June 2013 of RM172.2 million. The lower PBZT was mainly attributable to higher allowance for impairment of financing and advances.

Takaful Malaysia reported a PBZT of RM42.8 million which was slightly higher than the preceding quarter of RM42.4 million due to higher net wakalah fee income.

B3 PROSPECTS

Outlook on the economy

The Malaysian economy is expected to grow at a stronger pace of between 5% and 5.5% in 2014 on firm domestic demand and recovery in exports, according to the Economic Report 2013/2014 released by the Ministry of Finance, with growth in construction and services sectors leading the way.

Domestic demand is expected to remain strong, and will continue to be the driver for growth, whilst private investment is expected to record double-digit growth supported by accelerated implementation of on-going Economic Transformation Programme projects.

The government aims to stimulate investments, strengthen public finances, accelerate urban and rural development, prioritise citizens' well-being and strengthen human capital as its strategy to achieve its goals.

Although global growth remains weak and forecasts have been downgraded for 2013, there are now emerging signs that the world economy is getting stronger, especially in major advanced economies.

Nevertheless, while market volatilities as experienced in the past few months have receded, political stand-off in the US on discretionary public spending deadline on debt ceiling and the US Federal Reserve tapering of its Quantitative Easing (QE) remain as potential risks.

On this note, Malaysia needs to be vigilant in minimising the potential downside risks to growth and employment, whilst adopting new plans and strategies to avoid financial instability, especially with the likelihood of rising interest rates and continuing volatility in the financial asset markets.

On the back of strong capitalisation, strong profitability and stable asset quality, the banking and financial sector in Malaysia is expected to remain healthy in 2014. This will ensure steady access to credit for households and businesses in facilitating growth of the Malaysian economy. With the implementation of the new Financial Sector Blueprint 2011-2020, the banking and financial sector will continue to play an important role as financial intermediary in supporting the nation towards a high income economy. Nevertheless, competition in the banking industry remains intense, as banks will continue to enhance innovation in products and services to achieve competitive advantage.

Islamic Banking

Bank Islam had embarked on its new corporate plan for 2013-2015, "Hijrah to Excellence" or H2E Plan. Robust growth strategies are in place to achieve the targets set in the new corporate plan.

The Bank is growing its Retail portfolio whereby the rate of return is generally higher than the business portfolio. Personal financing ("PF") provides one of the highest rate of return and this segment grew at an annualised pace of 31% as at September 2013. More than 90% of the PF is package financing, whereby repayment is via salary deduction or salary transfer, and the eligibility criteria are more stringent compared to its competitors, in terms of restriction in financing tenure, higher minimum salary and take home pay requirements, after considering all deductions. Both house financing and auto financing registered healthy annualised growth of 23% and 9% respectively as at September 2013.

Bank Islam is also targeting to grow the business portfolio which comprises both the Commercial and Corporate financing portfolios. For the nine months to September 2013, the Commercial portfolio grew at an annualised rate of 23%. Under the Commercial financing portfolio the Bank is targeting the secured Business Premises Financing.

The Bank is also looking at avenues to increase its non-fund based income and has launched various new products and services, such as the popular Bank Islam Debit Card-i and the Bank Islam Team Harimau Visa Debit Card-i, mobile banking and mobile point-of-sale ("mPOS") via Visa launched recently at Pasar Siti Khadijah in Kota Bharu that promotes electronic payments beyond metropolitan cities. The introduction of Western Union services to the Bureau De Change ("BDC") and branches and also foreign remittance will contribute to the fee and foreign exchange income respectively.

The Bank will also continue to strengthen its presence by expanding its current delivery channels to meet customers' expectations and remain competitive. During the quarter ended September 2013, the Bank opened an additional BDC at KL Sentral bringing the total number of BDCs to 6. Bank Islam also opened an additional two branches, namely Sungai Buloh and KL Sentral bringing the total number of branches to 131.

At the same time, the Bank also promotes other delivery channels such as internet banking, mobile banking and self-service terminals in the form of automated teller machines, cash and cheque deposit machines.

Takaful

Takaful Malaysia will continue its "We Should Talk" marketing campaign to create more awareness of the "15% No Claim Rebate" value proposition in positioning itself to be the leading takaful operator in Malaysia. With the introduction of new products and services in 2013, Takaful Malaysia is expected to increase its market share while improving shareholder value. Takaful Malaysia will also be looking at increasing the number of exclusive or preferred partnerships with major financial institutions to grow the bancatakaful business.

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 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM'000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM'000
Tax expense	51,282	55,686	166,330	154,299

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 period under review.

B7 PURCHASE AND SALE OF QUOTED SECURITIES

This note does not apply to the Group.

B8 CORPORATE PROPOSALS

Consent of Bank Negara Malaysia (“BNM”) for BIMB Holdings Berhad (“BHB”) to commence negotiations with Dubai Financial Group LLC (“DFG”) and Lembaga Tabung Haji (“TH”) in relation to the proposed acquisition of DFG’s 30.5% equity interest in Bank Islam Malaysia Berhad (“Bank Islam”) (“Negotiations on DFG’s Equity Interest”)

Consent of BNM for BHB to commence negotiations with TH in relation to the proposed acquisition by BHB of TH’s 18.5% equity interest in Bank Islam (“Negotiations on TH’s Equity Interest”)

(“Proposed Acquisitions”)

(BHB, DFG and TH shall be collectively referred to as “the Parties”)

BHB had on 8 October 2012, announced that BNM, vide its letter dated 4 October 2012, stated that BNM has no objection in principle for BHB to commence the Negotiations on DFG’s Equity Interest.

On 8 April 2013, BHB had announced that BNM, vide its letter dated 3 April 2013, stated that BNM has no objection to an extension of time until 30 June 2013 for the Parties to complete the Negotiations on DFG’s Equity Interest. Subsequently, on 28 June 2013, BHB had released an announcement that BNM, vide its letter dated 27 June 2013, has no objection to a further extension of time until 31 July 2013 for the Parties to complete the same negotiations.

Notwithstanding the abovementioned Negotiations on DFG’s Equity Interest, BHB had on 11 June 2013, announced that BNM, vide its letter dated 10 June 2013, stated that BNM has no objection in principle for BHB to commence negotiations with TH in relation to a proposed acquisition of TH’s Equity Interest in Bank Islam. The negotiations are to be completed on or before 31 December 2013.

Subsequently, the Parties had on 31 July 2013 executed a conditional Sale and Purchase Agreement (“SPA”) for the Proposed Acquisitions and thereby concluding the Negotiations on DFG’s Equity Interest in Bank Islam. The negotiations are to be completed on or before 31 December 2013.

On 1 August 2013, BHB released an announcement via Bursa Securities in relation to the following:

- the Proposed Acquisitions;
- proposed renounceable rights issue of 426,715,958 new ordinary share(s) (“Rights Shares”) of RM1.00 each in BHB (“BHB Shares”) together with 426,715,958 free detachable warrants (“Warrants”), on the basis of two (2) Rights Shares and two (2) Warrants for every five (5) existing BHB shares held by the entitled shareholders of BHB on an Entitlement Date, at an indicative issue price of RM3.60 per Rights Share to raise an indicative gross proceeds of approximately RM1.536 billion (“Proposed Rights Issue with Warrants”); and
- Proposed issue of 10-year Islamic securities of up to RM2.200 billion in nominal value to raise an indicative gross proceeds of up to approximately RM1.471 billion (“Proposed Sukuk”).

On 2 September 2013, BHB had announced that BNM has no objection to the Proposed Acquisitions. However, the proposed charge over Bank Islam Shares (“Bank Islam Shares”), as a security for the Proposed Sukuk cannot be considered by BNM.

On 18 September 2013, BHB announced that the Bank Islam Shares will not be pledged as security for the Proposed Sukuk. As such, the security for the Proposed Sukuk will only comprise the following:-

- the legal assignment over the proceeds from the exercise of the Warrants; and
- the legal assignment and charge over the sinking fund account into which all proceeds from the exercise of Warrants will be deposited.

On 17 October 2013, BHB had announced that the approval of the shareholders of BHB for the Proposed Acquisitions and Proposed Rights Issue with Warrants was obtained during the Company’s Extraordinary General Meeting (EGM) duly convened on the same day.

B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Deposits from customers		
Mudharabah accounts deposits and negotiable instruments of deposits		
One year or less (short-term)	22,644,534	18,693,367
More than one year (medium/long-term)	2,190,731	2,129,296
	24,835,265	20,822,663
Current accounts	7,800,172	8,962,434
Savings accounts	2,544,172	2,515,341
Others	85,128	78,562
Total deposits	35,264,737	32,379,000
Deposits and placements of banks and other financial institutions		
One year or less (short-term)	2,072,779	860,278
	2,072,779	860,278

**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 30-Sep-13						
	Principal Amount	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths	>1-5 years	
Foreign exchange related contracts							
- forwards	878,702	626,946	236,418	15,338	-	-	
- swaps	1,728,781	772,988	953,208	2,585	-	-	
- option	231,769	231,769	-	-	-	-	
Total	2,839,252	1,631,703	1,189,626	17,923	-	-	

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 may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2013, the amount of contracts which were not hedged and, hence, exposed to market risk was RM713.67 million. (31 December 2012: RM917.23 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 30 September 2013, the credit risk measured in terms of the cost to replace the profitable contracts was RM109.54 million (31 December 2012: RM74.08 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

	Cumulative Year to date 12 months ended 30 June				
	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM'000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM'000	
	Net Operating profit after zakat & tax (NOPAT)				
	Profit before zakat and taxation (PBZT)	196,693	178,361	598,723	518,961
Zakat & Taxation	(53,931)	(58,006)	(174,282)	(159,977)	
NOPAT	142,762	120,355	424,441	358,984	
Economic charge computation:					
Average invested capital (includes minority interest less gain on disposal of interest in subsidiary)	3,948,773	3,660,995	3,884,858	3,592,580	
Weighted Average Cost of Capital (WACC) at 8.2% per annum	8.20%	8.20%	8.20%	8.20%	
Economic charge	81,615	75,460	238,264	220,541	
Economic profit	61,147	44,895	186,177	138,443	

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 2012.

- (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 by way of private treaty. As at November 2013, the status remained 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. On 17 July 2012 the Federal Court dismissed the application for leave with costs. In November 2012, the Bank proceeded with execution process against the Plaintiff. In the course of execution, on 23 November 2012 the Plaintiff filed an originating summons against the Bank for declarations that (1) the Bank is not entitled to enforce the Security Documents to satisfy the amount payable by the Plaintiff under Court of Appeal order, (2) the Plaintiff is required to pay RM57,872.15 to satisfy the amount payable under the Court of Appeal order (3) order to discharge the charge created (4) order to revoke all assignments, securities & guarantees (5) injunction to restrain the Bank from enforcing the security documents. The case went for court mediation on 17 April 2013 whereby parties agreed to a settlement sum of RM87 million (after taking into account tawidh for late payment) payable by the Plaintiff to the Bank by way of redemption. The Plaintiff will sell the secured property, which sale was required to be completed by 30 December 2013. Consent Judgment was recorded on 14 May 2013. Consent to transfer the property has been obtained from the state authority on 27 August 2013. Case Management was initially fixed on 19 August 2013 to monitor the progress of the settlement, but has been postponed to 6 November 2013. The Court further fixed 7 January 2014 for the parties to update the status of the settlement arrangement.
- (c) 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. An auction was fixed on 14 May 2013 but was then postponed. Application to fix a new auction date was filed on 6 September 2013 and the hearing is fixed on 2 December 2013.
- (d) 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. In November 2012, the Third Defendant has filed an application to set aside the judgment in default against him. The matter is pending hearing date to be fixed by the court.

B12 MATERIAL LITIGATION, continued

- (e) 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 were fixed on 2 to 4 August, 9 to 11 August 2010 and 23 to 26 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 was a real danger of apparent bias on the part of the Trial Judge in hearing this action, pursuant to a letter from the Plaintiff to Bank Negara Malaysia, referring to a conversation between one En Fazlur Rahman Ibrahim, 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 were vacated to enable parties to file their affidavits. On 22 September 2010, the Court 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 was ordered to be heard before a new judge, YA Dato' Hj Mohd Zawawi Salleh. The case was then fixed for trial on 11 to 14, 18 to 21 and 25 to 28 July 2011. In the course of trial, Bank Islam 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 directed that the issue be referred directly to the Federal Court. On 25 October 2011, the Federal Court Judges ordered 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. On 14 May 2012 the Court dismissed the Defendant appeal. The Defendant then filed a leave to appeal to the Federal Court. On 14 November 2012, the leave application was allowed by the Federal Court. The hearing was fixed on 24 April 2013 but was taken off and converted to a case management. The matter was then fixed for hearing on 2 September 2013 but was subsequently adjourned to 21 October 2013. No trial dates have been fixed by the Court pending the decision of the Federal Court on the Defendant's application. Hearing of the appeal on the SAC BNM issue was fixed on 12 February 2014.
- (f) In 2010, Tan Sri Abdul Khalid Ibrahim (hereinafter "the Plaintiff") filed a civil suit against Bank Islam alleging that Bank Islam and Permodalan Nasional Berhad purportedly conspired and/or acted in concert to cause loss to the Plaintiff by way of wrongfully recalling monies advanced to the Plaintiff by way of Bai Bithaman Ajil facility. There was no claim amount specified but the Plaintiff sought general damages and loss of profits. The matter was fixed for trial from 29 July 2013 to 2 August 2013 but was subsequently adjourned to 1 October 2013 to 10 October 2013. The trial was further adjourned to a new undecided date pending the decision by Federal Court on the appeal of SAC BNM issue. During a case management on 21 June 2013, the trial dates were vacated in view of the Defendant's application to the Federal Court in relation to the issues of referral of Shariah issues to the SAC BNM and the constitutionality of Section 56 of the Central Bank of Malaysia Act. The trial judge took note of the fact that the trial of another suit (as above) was outstanding, and that the findings of facts arrived at by the other court would be directly applicable to this suit. The trial of this suit would therefore be contingent on the conclusion of the other trial between the Plaintiff and Bank Islam. The next case management date for this matter has been fixed on 26 February 2014 for counsels to appraise the Court on the outcome of the Federal Court appeal. Bank Islam's solicitors are of view that Bank Islam has strong case against the counterparty in both suits.
- (g) 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 from 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 subsequently fixed the full trial to be held on 14 to 18 May 2012.
- On 11 January 2012, the Plaintiff was wound up by a third party, which resulted in the Plaintiff being required to obtain a sanction from the Official Assignee as the Plaintiff no longer has the capacity to appear before the court for trial. The case proceeded with full trial from 14 to 17 May 2012. On 6 August 2012 the court dismissed the Plaintiff's case with costs. The Plaintiff appealed to the Court of Appeal. The hearing was fixed on 13 May 2013, but was subsequently postponed to 24 September 2013. The Bank's Solicitors are of the view that Bank Islam will succeed in the appeal. Bank has been received a confirmation from the Bank's solicitors that the appeal by Omegco to Court Of Appeal has been dismissed with cost of RM20,000 to the Bank.
- (h) 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 had 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 first and second defendants are no longer in BILL or Bank Islam's employment. Bank Islam had commenced internal disciplinary proceedings against the third and fourth defendants whereby the results of which their employment were terminated. The matter was fixed for trial on 18-21 February 2013 but was postponed to 7-10 October 2013. Trial had proceeded on 9 October 2013 as the judge was on medical leave. During the trial, the judge had struck out D1 and D2's defence and witness statements as they were not filed within the time directed by the court earlier. On 10 October 2013, trial was postponed again to enable the court to hear D1 and D2's application to set aside previous order made by the court. The application was dismissed and the trial was fixed to continue on 25 November 2013.
- (i) On 20 April 2010, Bank Islam Malaysia Berhad ("Bank Islam") referred a dispute in connection with a Services Agreement and a Software Agreement (Agreements) with a vendor for arbitration. Bank Islam is 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 filed a counterclaim. The arbitration commenced on 15 February 2012. On 6 August 2013, Bank Islam was informed that the ICC had decided in favour of the vendor on issue of liability. The ICC will be dealing with the vendor's counterclaim and determining the damages in the second phase of the arbitration (the date is yet to be determined). However, in November 2013, following from lengthy arbitration proceedings, the parties have decided to settle their differences amicably on mutually accepted terms.

B13 CONTINGENT LIABILITY

On 20 April 2010, Bank Islam referred a dispute in connection with a Services Agreement and Software Agreement ("Agreements") with a vendor for arbitration. The Bank is claiming rescission of the Agreements and a refund of the sum paid (to-date of RM19.03 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 filed a counterclaim. The arbitration commenced on 15 February 2012. On 6 August 2013, Bank Islam was informed that the ICC had decided in favour of the vendor on issue of liability. The ICC will be dealing with the vendor's counterclaim and determining the damages in the second phase of the arbitration (the date is yet to be determined). However, in November 2013, following from lengthy arbitration proceedings, the parties have decided to settle their differences amicably on mutually accepted terms.

B14 PROFIT FOR THE PERIOD

	Unaudited Quarter 3 months ended 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	14,739	15,641	45,579	40,783
Impairment loss:				
- Allowance for impairment on financing advances and others	14,478	15,877	16,073	33,772
- Provision for contingent liability	-	30,000	-	30,000
and after crediting:				
Profit on sale of foreign currencies	-	992	-	2,647
Reversal of allowance for doubtful debts	76	60	200	180
Allowance for impairment on investments and other assets	243	92	3,734	1,840
Net gain/(losses) on disposal of property, plant & equipment	(199)	131	(1,183)	113
Net derivative gain	1,897	7,727	4,753	1,492

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 30-Sep-13 RM '000	Unaudited Quarter 3 months ended 30-Sep-12 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-13 RM '000	Unaudited Year-to-date 9 months ended 30-Sep-12 RM '000
Net profit for the period under review attributable to equity holders of the parent	75,459	60,553	219,182	183,653
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
Basic earnings per share attributable to equity holders of the parent (sen)	7.07	5.68	20.55	17.22

B16 DISCLOSURE OF REALISED AND UNREALISED PROFIT/LOSSES

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

	Unaudited 30-Sep-13 RM'000	Audited 31-Dec-12 RM'000
Total retained profits/ (accumulated losses) of BIMB Holdings Berhad and its subsidiaries:		
Realised	1,018,836	652,449
Unrealised	6,348	25,270
	1,025,184	677,719
Less: Consolidation adjustments	(934,211)	(756,994)
Total group retained profits/ (accumulated losses) as per condensed consolidated financial statements	90,973	(79,275)

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
November 27, 2013