

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

Condensed Consolidated Statement of Financial Position as at 31 December 2013

		As at 31 December, 2013 RM'000 Unaudited	As at 31 December, 2012 RM'000 Audited
	Note		
ASSETS			
Cash and short-term funds		3,953,896	2,063,444
Deposits and placements with financial institutions		701,302	519,646
Derivative financial assets	A8	29,118	16,736
Financial assets held-for-trading	A9	1,405,198	1,831,606
Financial assets held-to-maturity	A10	467,935	468,721
Financial assets available-for-sale	A11	16,536,010	16,862,202
Financing, advances and others	A12	23,740,948	19,507,799
Deferred tax assets		69,191	55,830
Assets classified as held for sale		7,209	3,374
Other assets		250,801	473,983
Takaful assets		753,089	531,316
Current tax assets		-	6,604
Investments in associates		1	22,913
Statutory deposit with Bank Negara Malaysia		1,297,100	1,059,900
Investment properties		28,624	29,136
Property, plant and equipment		424,160	454,413
Total assets		49,664,582	43,907,623
LIABILITIES, EQUITY & TAKAFUL FUNDS			
Liabilities			
Deposits from customers	A14	36,926,864	32,379,000
Deposits and placements of banks and other financial institutions	A15	1,529,975	860,278
Bills and acceptances payable		170,598	385,138
Takaful liabilities	A16	6,081,954	5,580,755
Other liabilities		766,969	869,414
Zakat and taxation		128,747	51,506
Derivative financial liabilities	A8	13,565	14,339
Sukuk liabilities	A29	1,089,935	-
Total liabilities		46,708,607	40,140,430
Equity			
Share capital		1,493,506	1,066,790
Reserves		1,223,028	952,788
Equity attributable to owners of the Company		2,716,534	2,019,578
Non-controlling interests		239,441	1,747,615
Total equity		2,955,975	3,767,193
Total liabilities and equity		49,664,582	43,907,623
Commitments and contingencies	A27	11,211,680	10,928,790
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.82	1.89

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Twelve Months Period ended 31 December 2013**

		Quarter ended 31 December 2013 RM'000	Quarter ended 31 December 2012 RM'000	Year-to-date 12 months ended 31 December 2013 RM'000	Year-to-date 12 months ended 31 December 2012 RM'000
	Note				
Income derived from investment of depositors' funds	A17	479,362	444,347	1,851,278	1,650,642
Income derived from investment of shareholders' funds	A18	115,645	103,696	405,654	350,978
Net income from Takaful business	A19	134,667	117,116	553,062	472,333
Allowance for impairment on financing and advances	A20	31,082	(32,301)	15,009	(66,073)
Allowance for impairment on investments and other assets		(7,375)	2,150	(3,641)	3,990
Provision for contingent liability		-	15,231	-	(14,769)
Direct expenses		(8,560)	(9,773)	(25,773)	(31,153)
Total distributable income		744,821	640,466	2,795,589	2,365,948
Income attributable to depositors	A21	(201,319)	(174,826)	(772,801)	(590,595)
Total net income		543,502	465,640	2,022,788	1,775,353
Personnel expenses		(147,101)	(141,939)	(593,921)	(524,459)
Other overhead expenses		(143,649)	(108,885)	(531,464)	(478,349)
Depreciation		(15,022)	(16,055)	(60,601)	(56,838)
Operating profit		237,730	198,761	836,802	715,707
Finance cost		(3,349)	-	(3,349)	-
Share in the results of associated company, net of tax		-	(283)	(349)	1,732
Profit before zakat and tax		234,381	198,478	833,104	717,439
Zakat		(6,156)	(4,443)	(14,108)	(10,121)
Tax expense	B5	(113,233)	(55,388)	(279,563)	(209,687)
Profit for the period		114,992	138,647	539,433	497,631
Attributable to:					
Owners of the Company		36,424	68,616	255,606	252,269
Non-controlling interests		78,568	70,031	283,827	245,362
Profit for the period		114,992	138,647	539,433	497,631
Earnings per share - basic (sen)	B15	3.37	6.43	23.65	23.65

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Twelve Months Period ended 31 December 2013, continued**

	Quarter ended 31 December 2013 RM'000	Quarter ended 31 December 2012 RM'000	Year-to-date 12 months ended 31 December 2013 RM'000	Year-to-date 12 months ended 31 December 2012 RM'000
Profit for the period	114,992	138,647	539,433	497,631
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences in respect of foreign operations	(3,808)	(1,190)	(28,358)	5,235
Net gain on revaluation of financial assets available-for-sale	(46,754)	(7,613)	(127,719)	6,725
Total comprehensive income for the period	64,430	129,844	383,356	509,591
Attributable to:				
Owners of the Company	13,992	65,759	178,313	259,965
Non-controlling interests	50,438	64,085	205,043	249,626
Total comprehensive income for the period	64,430	129,844	383,356	509,591

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period ended 31 December 2013**

Group	Note	Attributable to Equity Holders of the Company							Retained earnings /(Accumulated losses) RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Warrant Reserves RM'000	Statutory Reserves RM'000	Acquisition Reserves RM'000	Other Reserves RM'000	Capital Reserve 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		-	-	-	-	-	-	-	252,269	252,269	245,362	497,631
- Other comprehensive income												
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	-	-	4,061	-	-	4,061	1,174	5,235
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	-	-	3,635	-	-	3,635	3,090	6,725
- Total comprehensive income for the year		-	-	-	-	-	7,696	-	252,269	259,965	249,626	509,591
Transfer to statutory reserve		-	-	-	105,237	-	-	-	(46,266)	58,971	(58,971)	-
Dividends to shareholders	A7	-	-	-	-	-	-	-	(152,018)	(152,018)	-	(152,018)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(85,530)	(85,530)
Disposal of interest in subsidiary		-	-	-	-	-	-	-	20,059	20,059	20,160	40,219
Zerorisation of accumulated losses in subsidiary		-	-	-	(349,011)	-	-	-	349,011	-	-	-
Transfer to accumulated losses		-	-	-	-	-	-	(631,507)	631,507	-	-	-
At 31 December 2012		1,066,790	603,630	-	358,719	-	62,851	6,863	(79,275)	2,019,578	1,747,615	3,767,193
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		-	-	-	-	-	-	-	255,606	255,606	283,827	539,433
- Other comprehensive income												
<i>Currency translation differences in respect of foreign operations</i>		-	-	-	-	-	(12,364)	-	-	(12,364)	(15,994)	(28,358)
<i>Net gain on revaluation of financial assets available-for-sale</i>		-	-	-	-	-	(64,929)	-	-	(64,929)	(62,790)	(127,719)
- Total comprehensive income for the year		-	-	-	-	-	(77,293)	-	255,606	178,313	205,043	383,356
Transfer to statutory reserve		-	-	-	125,370	-	-	-	(125,370)	-	-	-
Rights issue with warrants		426,716	1,255,998	129,300	-	-	-	-	-	1,812,014	-	1,812,014
Acquisition of additional interest from non-controlling interests		-	-	-	-	(1,208,324)	-	-	-	(1,208,324)	(1,659,290)	(2,867,614)
Dividends to shareholders	A7	-	-	-	-	-	-	-	(90,677)	(90,677)	-	(90,677)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(58,270)	(58,270)
Disposal of interest in subsidiary		-	-	-	-	-	-	-	4,406	4,406	3,551	7,957
Share-based payment transactions		-	-	-	-	-	1,224	-	-	1,224	792	2,016
At 31 December 2013		1,493,506	1,859,628	129,300	484,089	(1,208,324)	(13,218)	6,863	(35,310)	2,716,534	239,441	2,955,975

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the Twelve Months Period ended 31 December 2013**

	Year-to-date	
	12 months ended 31 December 2013 RM'000 Unaudited	12 months ended 31 December 2012 RM'000 Unaudited
Cash flows from operating activities		
Profit before zakat and taxation	833,104	717,439
Adjustment for non-cash flow items:-		
Depreciation of property, plant and equipment	60,601	56,838
Impairment losses on financial assets available-for-sale	-	8,304
Reversal of allowance for doubtful debts	(216)	-
(Reversal)/Impairment losses on securities held to maturity	(326)	(577)
Allowance for/(reversal of) impairment on financing, advances and others	(15,009)	66,073
Dividend from securities	(7,232)	(38,382)
Allowance for Impairment on other assets	3,641	(3,990)
Provision for contingent liability	-	14,769
Gain on disposal of assets held for sale	-	(62)
Net (gain) / loss on disposal of property, plant and equipment	1,514	(84)
Net (gain) / loss on sale of financial assets held-for-trading	9,449	(4,351)
Fair value gain on revaluation of financial assets held-for-trading	(9,150)	(23,600)
Net (gain) / loss on sale of financial assets available-for-sale	(14,412)	(142,708)
Net derivative (gain) / losses	(9,163)	(9,805)
Property, plant and equipment write off	-	315
Gain on redemption on financial assets held-to-maturity	-	-
Finance cost	3,349	-
Share of results of associate company	349	(1,732)
Operating profit before working capital changes	856,499	638,447
Changes in working capital:		
Deposits and placements of banks and other financial institutions	669,697	475,650
Financing of customers	(4,218,140)	(5,426,804)
Statutory deposits with Bank Negara Malaysia	(237,200)	(147,900)
Other assets	1,409	(190,613)
Deposits from customers	4,547,864	4,170,797
Other liabilities	502,257	583,037
Bills payable	(214,540)	125,985
Cash (generated from) / used in operations	1,907,846	228,599
Zakat paid	(10,277)	(6,737)
Tax paid	(216,348)	(211,487)
Tax refund	2,804	2,300
Net cash (generated from) / used in operating activities	1,684,025	12,675

BIMB HOLDINGS BERHAD (423858-X)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the Twelve Months Period ended 31 December 2013, continued**

	Year-to-date	
	12 months ended 31 December 2013 RM'000 Unaudited	12 months ended 31 December 2012 RM'000 Unaudited
Cash flows from investing activities		
Net proceeds from (purchases) / disposal of securities	625,667	(2,681,075)
Disposal of investment in subsidiary	7,957	40,219
Acquisition of additional interest from non-controlling interests	(2,859,037)	-
Additional shares acquired under Dividend Reinvestment Plan	(84,956)	-
Purchase of property, plant and equipment	(31,862)	(73,403)
Proceeds from disposal of property, plant and equipment	258	435
Proceeds from disposal of assets held for sale	-	596
Dividend from securities	7,232	38,382
Net cash generated from/(used in) investing activities	(2,334,741)	(2,674,846)
Cash flows from financing activities		
Net proceeds from rights issue	1,813,543	-
Net proceeds from sukuk issuance by holding company	1,086,586	-
Dividend paid to non-controlling interests	(58,270)	(85,530)
Dividend paid to shareholders of the parent	(90,677)	(152,018)
Net cash generated from/(used in) financing activities	2,751,182	(237,548)
Net increase/(decrease) in cash and cash equivalent	2,100,466	(2,899,719)
Cash and cash equivalents at the beginning of period	2,583,090	5,477,574
Foreign exchange differences	(28,358)	5,235
Cash and cash equivalents at the end of period	4,655,198	2,583,090
Cash and cash equivalents comprise:		
Cash and short term funds	3,953,896	2,063,444
Deposits and placement with financial institutions	701,302	519,646
	4,655,198	2,583,090

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 ("BHB") 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 31 December 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 are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (MASB), but have not adopted by the Group:

- (i) **MFRSs, Interpretations and amendments 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
 - Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
 - Amendments to MFRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- (ii) **MFRSs, Interpretations and amendments effective for a date yet to be confirmed**
 - 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 initial application of the abovementioned standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidelines in MFRS 139, MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets.

Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy for financial assets. The Group is currently assessing the financial impact of adopting MFRS 9.

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 31 December 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 31 December 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 31 December 2013.

A6 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

BHB had completed the issuance of Renounceable Rights Issue of 426,715,958 new ordinary shares of RM1.00 each together with 426,715,958 free detachable Warrants on 11 December 2013 and a 10-year Islamic securities of up to RM1.660 billion in nominal value on 12 December 2013

A7 DIVIDENDS PAID

	31-Dec-13	31-Dec-12
	RM '000	RM '000
<u>Ordinary</u>		
Final paid		
2012 - 5.00%, (2011 - 7.25%)	53,340	77,342
Interim paid		
First 2013 - 3.50%, (2012 - 3.50%)	37,337	37,338
Second 2013 - NIL, (2012 - 3.50%)	-	37,338
	90,677	152,018

A8 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The following tables summaries the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss and hedging purposes. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amount at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities reflectively.

	Notional amount	Fair value	
	RM '000	Assets	Liabilities
	RM '000	RM '000	RM '000
31 December 2013 - Unaudited			
Forward contracts	1,381,894	8,681	(6,594)
Profit rate swaps	1,311,481	19,855	(6,389)
Structured deposits	110,495	582	(582)
	2,803,870	29,118	(13,565)
31 December 2012 - Audited			
Forward contracts	680,789	2,523	(1,365)
Profit rate swaps	1,434,000	12,200	(10,961)
Structured deposits	114,095	2,013	(2,013)
	2,228,884	16,736	(14,339)

A9 FINANCIAL ASSETS HELD-FOR-TRADING

	Unaudited	Audited
	31-Dec-13	31-Dec-12
	RM '000	RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	726,353	20,190
Malaysian Islamic Treasury Bills	-	9,807
Islamic Commercial Papers	-	49,884
Bank Negara Negotiable Notes	178,058	846,786
Investment fund	-	59,662
Islamic Debt Securities	328,751	698,158
<i>Outside Malaysia</i>		
Islamic Debt Securities	72,763	44,707
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Shares	51,239	40,502
<i>Outside Malaysia</i>		
Shares	29,583	32,330
Unit trusts	18,451	29,580
Total financial assets held-for-trading	1,405,198	1,831,606

A10 FINANCIAL ASSETS HELD-TO-MATURITY

	Unaudited	Audited
	31-Dec-13	31-Dec-12
	RM '000	RM '000
At amortised cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Islamic papers	145,391	145,502
Islamic Debt Securities	319,089	327,156
<i>Outside Malaysia</i>		
Islamic Debt Securities	10,580	15,801
	475,060	488,459
Less: Accumulated impairment loss	(7,125)	(19,738)
Total financial assets held-to-maturity	467,935	468,721

A11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
At fair value		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Malaysian Government Investment Issues	1,269,943	1,893,477
Malaysian Government Islamic papers	455,731	664,459
Negotiable Islamic Debt Certificate	447,825	2,239,370
Islamic Debt Securities	12,868,937	11,063,793
Accepted bills	-	-
Shares	380	380
Unit trusts	298,897	284,981
<i>Outside Malaysia</i>		
Islamic Development Bank unit trust	1,647	1,530
Shares	36	43
Islamic Debt Securities	1,345	10,617
<u>Quoted securities</u>		
<i>In Malaysia</i>		
Unit trusts	148,399	88,253
Shares	930,897	516,460
<i>Outside Malaysia</i>		
Unit trusts	73,827	88,941
Shares	542	52
Islamic Debt Securities	5,134	-
	16,503,540	16,852,356
At cost		
<u>Unquoted securities</u>		
<i>In Malaysia</i>		
Shares	23,456	22,477
<i>Outside Malaysia</i>		
Shares	23,754	1,130
	47,210	23,607
Less: Accumulated impairment loss	(14,740)	(13,761)
Total financial investments available-for-sale	16,536,010	16,862,202

A12 FINANCING, ADVANCES AND OTHERS

(i) By type

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
At amortised cost		
Cash line	749,246	618,555
Term financing		
House financing	6,701,052	5,186,253
Syndicated financing	732,677	426,066
Leasing financing	217,681	203,580
Bridging financing	40,052	151,127
Personal financing	8,332,211	6,608,116
Other term financing	5,900,585	4,544,504
Staff financing	172,708	165,380
Credit/charge cards	445,242	433,439
Trade bills discounted	819,488	1,480,215
Trust receipts	35,957	50,314
Pawn broking	95,621	80,572
	24,242,520	19,948,121
Less: Allowance for impaired financing, advances and others:		
Collective assessment allowance	(365,375)	(313,334)
Individual assessment allowance	(136,197)	(126,988)
Total net financing, advances and others	23,740,948	19,507,799

(ii) By contract

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Bai' Bithaman Ajil	9,162,344	8,720,001
Ijarah Thumma Al-Bai	192,966	206,889
Ijarah Muntahiah Bit-Tamleek	57,931	30,627
Murabahah	841,338	1,403,165
Bai Al-Inah	1,282,498	1,512,593
Istisna'	131,875	246,614
At-Tawarruq	12,477,947	7,747,660
Ar-Rahnu	95,621	80,572
	24,242,520	19,948,121

(iii) By type of customer

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Domestic non-bank financial institutions	352,438	57,558
Domestic business enterprise	4,630,194	4,327,447
Small medium industries	631,069	493,352
Government and statutory bodies	200,885	165,550
Individuals	18,216,908	14,679,594
Other domestic entities	5,483	5,646
Foreign entities	205,543	218,974
	24,242,520	19,948,121

A12 FINANCING, ADVANCES AND OTHERS, continued

(iv) By profit rate sensitivity

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Fixed rate		
House financing	1,512,408	1,552,555
Others	7,954,409	8,926,966
Floating rate		
Others	14,775,703	9,468,600
	24,242,520	19,948,121

(v) By remaining contractual maturity

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Maturity within one year	2,927,612	3,065,264
More than one year to three years	816,371	969,154
More than three years to five years	1,373,079	1,082,872
More than five years	19,125,458	14,830,831
	24,242,520	19,948,121

(vi) By sector

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	243,148	223,163
Mining and quarrying	8,135	5,334
Manufacturing (including agro-based)	829,577	1,016,127
Electricity, gas and water	365,014	175,743
Construction	1,872,011	1,725,523
Real estate	517,731	572,787
Household sectors	18,216,799	14,693,126
Wholesale and retail trade and hotels and restaurants	750,364	673,210
Transport, storage and communications	236,616	208,945
Finance, insurance and business activities	850,283	391,521
Education, health and others	342,942	254,018
Other sectors	9,900	8,624
	24,242,520	19,948,121

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS

(i) Movements in impaired financing and advances

	Unaudited 31-Dec-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 year	440,665	427,775
Reclassified as not impaired during the year	(236,056)	(254,872)
Amount recovered	(71,626)	(92,264)
Amount written off	(160,388)	(151,472)
Exchange differences	3,998	(248)
At 31 December 2013 / 31 December 2012	285,302	308,709
Gross impaired financing as a percentage of gross financing, advances and others	1.18%	1.55%

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

	Unaudited 31-Dec-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 year	141,621	102,185
Amount written off	(90,373)	(116,848)
Exchange differences	793	309
At 31 December 2013 / 31 December 2012	365,375	313,334
Individual assessment allowance		
At 1 January 2013/ 1 January 2012	126,988	75,770
Allowance/ (Recovery) made during the year	79,103	85,042
Amount written off	(69,901)	(33,824)
Exchange differences	7	-
At 31 December 2013 / 31 December 2012	136,197	126,988

A13 IMPAIRED FINANCING, ADVANCES AND OTHERS, continued

(iii) Impaired financing by sector

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Primary agriculture	-	207
Manufacturing (including agro-based)	32,302	46,483
Electricity, gas and water	108	160
Wholesale and retail trade and hotels and restaurants	15,525	17,422
Construction	21,601	74,341
Real estate	-	101
Transport, storage and communications	33,117	722
Finance, insurance and business activities	61,393	9,977
Household sectors	121,226	159,273
Other sectors	30	23
	285,302	308,709

A14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah fund:		
Demand deposits	9,790,057	8,962,434
Savings deposits	2,379,204	2,515,341
Negotiable Islamic Debt Securities (NIDC)	1,466,205	1,638,528
Waheed-i	358,516	2,217,203
Ziyad - structured deposits	98,457	101,664
Others	90,519	78,562
	14,182,958	15,513,732
Mudharabah fund:		
Savings deposits	2,295,278	1,942,190
General investment deposits	2,012,162	2,173,818
Special investment deposits	18,436,466	12,749,260
	22,743,906	16,865,268
	36,926,864	32,379,000

Total deposits from customers

Maturity structure of NIDCs, Waheed-i, Ziyad and investment deposits are as follows:

Due within six months	20,057,543	16,813,222
More than six months to one year	2,036,519	1,243,158
More than one year to three years	136,897	775,333
More than three years to five years	46,169	48,760
	22,277,128	18,880,473

(ii) By type of customer

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Government and statutory bodies	8,069,129	7,378,695
Business enterprises	9,688,640	8,771,118
Individuals	5,127,254	5,263,990
Others	14,041,841	10,965,197
	36,926,864	32,379,000

A15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Non-Mudharabah Fund:		
Licensed banks	1,538	1,475
Other financial institutions	44,564	50,153
	<u>46,102</u>	<u>51,628</u>
Mudharabah Fund:		
Licensed banks	1,298,873	768,360
Other financial institutions	185,000	40,290
	<u>1,483,873</u>	<u>808,650</u>
	<u>1,529,975</u>	<u>860,278</u>

A16 TAKAFUL LIABILITIES

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Takaful contract liabilities	5,875,004	5,448,143
Expense reserves	131,522	89,486
Takaful payables	75,428	43,126
Total takaful liabilities	<u>6,081,954</u>	<u>5,580,755</u>

(a) Takaful contract liabilities

The takaful contract liabilities comprise the following :

Provision for claims reported by participants	473,365	417,944
Provision for Incurred-but-not-reported (IBNR)	387,909	315,130
Provision for outstanding claims	861,274	733,074
Provision for unearned contributions	296,425	295,439
Participants' fund	4,717,305	4,419,630
Total takaful contract liabilities	<u>5,875,004</u>	<u>5,448,143</u>

(b) Participants' fund

	Gross RM '000	Group Retakaful RM '000	Net RM '000
31 December 2013 - Unaudited			
Actuarial liabilities	3,702,414	(148,340)	3,554,074
Unallocated surplus/ Accumulated surplus	903,419	-	903,419
AFS reserve	1,379	-	1,379
Translation reserve	1,129	-	1,129
Net assets value attributable to unitholders	108,964	-	108,964
	<u>4,717,305</u>	<u>(148,340)</u>	<u>4,568,965</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 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Income derived from investment of:				
(i) General investment deposits	29,763	28,903	118,442	120,644
(ii) Other deposits	449,599	415,444	1,732,836	1,529,998
	479,362	444,347	1,851,278	1,650,642

(i) Income derived from investment of general investment deposits

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Financing income and hibah				
Financing, advances and others	22,193	20,546	86,619	82,259
Financial assets held-for-trading	583	373	1,903	847
Financial assets available-for-sale	5,854	326	24,173	4,360
Financial assets held-to-maturity	165	5,906	652	25,918
Money at call and deposit with financial institutions	908	976	4,211	4,004
	29,703	28,127	117,558	117,388
<i>Of which financing income earned on impaired financing</i>	343	777	1,696	2,043
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	(359)	52	(594)	321
Net gain / (loss) on revaluation of financial assets held-for-trading	(47)	501	596	1,273
	(406)	553	2	1,594
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	466	223	911	1,662
Loss on redemption of financial assets held-to-maturity	-	-	(29)	-
	466	223	882	1,662
	29,763	28,903	118,442	120,644

(ii) Income derived from investment of other deposits

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Financing income and hibah				
Financing, advances and others	335,270	295,718	1,267,866	1,045,032
Financial assets held-for-trading	8,814	5,391	27,903	11,279
Financial assets held-to-maturity	2,495	4,646	9,495	55,732
Financial assets available for sale	88,382	84,944	353,419	328,135
Money at call and deposit with financial institutions	13,692	13,822	61,476	49,974
	448,653	404,521	1,720,159	1,490,152
<i>Of which financing income earned on impaired financing</i>	5,166	10,947	24,744	26,408
Other dealing income				
Net gain / (loss) from sale of financial assets held-for-trading	(5,464)	741	(8,948)	4,009
Net gain / (loss) on revaluation of financial assets held-for-trading	(663)	7,068	8,554	15,993
	(6,127)	7,809	(394)	20,002
Other operating income				
Net gain / (loss) from sale of financial assets available-for-sale	7,073	3,114	13,501	19,844
Loss on redemption of financial assets held-to-maturity	-	-	(430)	-
	7,073	3,114	13,071	19,844
	449,599	415,444	1,732,836	1,529,998

A18 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Financing income and hibah				
Financing, advances and others	1,106	1,091	4,429	6,796
Financial assets available for sale	28,771	27,911	103,988	104,320
Money at call and deposit with financial institutions	1,166	376	15,924	4,785
	31,043	29,378	124,341	115,901
Other dealing income				
Net gain from foreign exchange transactions	30,261	16,821	83,797	51,599
Net gain/(loss) from sale of financial assets held-for-trading	17	-	93	21
Net gain / (loss) on revaluation of financial assets held-for-trading	(51)	23	-	39
Net derivatives gain/(loss)	4,410	8,313	9,163	9,805
	34,637	25,157	93,053	61,464
Other operating income				
Profit on sale of foreign currencies	-	477	-	3,124
Reversal for diminution in value of investments	61	-	61	-
Reversal of allowance for doubtful debts	16	60	216	240
Gross dividend income from securities				
Quoted in Malaysia	-	3	6	8
Unit trust in Malaysia	211	44	768	587
Unit trust outside Malaysia	-	-	-	56
Unquoted in Malaysia	-	-	6,458	3,217
	288	584	7,509	7,232
Fees and commission				
ATM fees	2,877	6,085	12,774	17,691
Financing fees	3,596	3,616	13,853	13,842
Cheque issued & return, closing account and other fees	2,791	2,731	9,340	9,815
Takaful service fees and commission	5,514	4,368	18,381	16,393
Credit card fees and commission	8,975	11,773	35,867	39,484
Processing fees	645	1,758	1,902	3,977
Commitment fees	(539)	76	-	890
Commission on MEPS	2,410	2,426	9,543	8,802
Unit trust management fees	2,000	1,932	8,141	6,212
Corporate advisory fees	4,147	2,825	11,687	10,110
Ar Rahnun fees	3,144	2,738	11,718	7,851
Others	13,541	7,878	45,940	29,049
	49,101	48,206	179,146	164,116
Other income				
Net gain/(loss) on disposal of property, plant & equipment	(331)	1	(1,514)	114
Rental income	837	406	2,770	1,594
Others	70	(36)	349	557
	576	371	1,605	2,265
	115,645	103,696	405,654	350,978

A19 NET INCOME FROM TAKAFUL BUSINESS

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Net earned contributions				
Gross earned contributions	347,901	323,227	1,523,388	1,444,313
Contribution ceded to retakaful	(41,833)	(52,020)	(184,921)	(168,824)
	306,068	271,207	1,338,467	1,275,489
Other income				
Administration income	11,836	3,982	30,954	23,345
Investment income	61,670	64,390	230,061	231,034
Realised gains and losses	35,400	23,351	144,072	121,289
Fair value gains and losses	130	1,891	3,575	6,334
Other operating income	4,225	8,482	6,593	16,543
	113,261	102,096	415,255	398,545
Net benefits and claims				
Gross benefits and claims paid	(168,620)	(182,314)	(769,419)	(654,024)
Claims receded to retakaful	25,979	14,279	79,843	55,998
Gross change to contract liabilities	(39,189)	16,192	(130,686)	(101,988)
Change to contract liabilities ceded to takaful	46,798	(14,177)	109,103	40,927
	(135,032)	(166,020)	(711,159)	(659,087)
Expense reserves	(5,100)	(9,281)	(42,770)	(70,110)
Income from takaful business	279,197	198,002	999,793	944,837
Profits attributable to participants/takaful operator	(144,530)	(80,886)	(446,731)	(472,504)
Net income from takaful business	134,667	117,116	553,062	472,333

A20 ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Allowance for impaired financing, advances and others:				
- Collective assessment allowance	23,146	1,694	141,621	102,185
- Individual assessment allowance	59,846	61,387	79,103	85,042
Bad debts and financing recovered	(114,074)	(30,780)	(235,733)	(121,154)
	(31,082)	32,301	(15,009)	66,073

A21 INCOME ATTRIBUTABLE TO DEPOSITORS

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Deposits from customers:				
- Mudharabah fund	162,408	126,825	593,296	387,899
- Non-Mudharabah fund	33,646	45,040	155,773	190,924
Deposits and placements of banks and other financial institutions:				
- Mudharabah fund	4,003	2,961	19,237	11,772
- Non-Mudharabah fund	1,262	-	4,495	-
	201,319	174,826	772,801	590,595

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:

	31-Dec-13 RM '000	31-Dec-12 RM '000
Common Equity Tier 1 (CET 1) Capital Ratio	12.964%	N/A
Total Tier 1 Capital Ratio	12.964%	*12.942%
Total Capital Ratio	14.056%	*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 31-Dec-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	#2,298,165	2,265,490
Share premium	52,281	-
Retained earnings	253,822	209,318
Other reserves	722,567	505,651
Less: Deferred tax assets	(24,613)	(18,455)
Total Common Equity Tier 1 Capital / Total Tier-I capital	3,302,222	2,962,004
Tier-II capital:		
Collective assessment allowance	^278,155	>257,769
Total Tier-II capital	278,155	257,769
Total capital	3,580,377	3,219,773
Less: Investment in associate	-	(22,912)
Total capital base	3,580,377	3,196,861

The increase in paid-up share capital of RM32,675,366 is due to the allotment of new ordinary shares of RM1.00 each on 31 December 2013 at a consideration of RM2.60 each arising from the Dividend Reinvestment Plan.

^ 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 by each major risk category:

	31-Dec-13 RM '000	31-Dec-12 RM '000
Credit risk	22,252,433	19,369,281
Market risk	761,777	917,234
Operational risk	2,457,803	2,207,161
	25,472,013	22,493,676

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

	12 months ended				Total 31-Dec-13 RM'000
	Banking 31-Dec-13 RM'000	Takaful 31-Dec-13 RM'000	Others 31-Dec-13 RM'000	Elimination 31-Dec-13 RM'000	
Current Year-to-Date					
Revenue from external customers	2,244,205	553,062	12,727	-	2,809,994
Inter-segment revenue	900	2,644	285,642	(289,186)	-
Total revenue	2,245,105	555,706	298,369	(289,186)	2,809,994
Net income from operations (before allowance for impairment on financing)	1,465,640	555,706	298,369	(282,522)	2,037,193
Operating overheads	(799,376)	(382,019)	(34,936)	4,572	(1,211,759)
Operating results	666,264	173,687	263,433	(277,950)	825,434
Allowance for impairment on financing and advance	15,009	-	-	-	15,009
Reversal on allowance for impairment on other assets	(3,641)	-	-	-	(3,641)
Finance cost	-	-	(3,349)	-	(3,349)
Share of results of associate company	(349)	-	-	-	(349)
Profit before zakat and taxation	677,283	173,687	260,084	(277,950)	833,104
Segment assets	42,811,371	6,892,570	5,102,201	(5,141,560)	49,664,582
Segment liabilities	39,484,536	6,315,997	1,209,750	(301,676)	46,708,607
	12 months ended				Total 31-Dec-12 RM'000
	Banking 31-Dec-12 RM'000	Takaful 31-Dec-12 RM'000	Others 31-Dec-12 RM'000	Elimination 31-Dec-12 RM'000	
Previous Comparative Year-to-Date					
Revenue from external customers	1,990,478	472,333	11,142	-	2,473,953
Inter-segment revenue	-	2,535	174,852	(177,387)	-
Total revenue	1,990,478	474,868	185,994	(177,387)	2,473,953
Net income from operations (before allowance for impairment on financing)	1,397,424	474,868	185,994	(174,928)	1,883,358
Operating overheads	(724,924)	(350,068)	(18,639)	2,832	(1,090,799)
Operating results	672,500	124,800	167,355	(172,096)	792,559
Allowance for impairment on financing and advance	(66,073)	-	-	-	(66,073)
Allowance for contingent liability	(14,769)	-	-	-	(14,769)
Reversal on allowance for impairment on other assets	3,990	-	-	-	3,990
Share of results of associate company	1,732	-	-	-	1,732
Profit before zakat and taxation	597,380	124,800	167,355	(172,096)	717,439
Segment assets	37,422,891	6,349,415	2,155,519	(2,020,202)	43,907,623
Segment liabilities	34,319,926	5,831,326	184,533	(195,355)	40,140,430

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 31 December 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 31 December 2013.

A26 CHANGES IN COMPOSITION OF THE GROUP

With effect from 19 December 2013, Bank Islam Malaysia Berhad ("Bank Islam") became a wholly-owned subsidiary of the Group, pursuant to the completion of acquisition of 49% equity interest from Dubai Financial Group LLC and Lembaga Tabung Haji, announced on 20 December 2013.

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

	12 months ended				Total 31-Dec-13 RM'000
	Banking 31-Dec-13 RM'000	Takaful 31-Dec-13 RM'000	Others 31-Dec-13 RM'000	Elimination 31-Dec-13 RM'000	
Current Year-to-Date					
Revenue from external customers	2,244,205	553,062	12,727	-	2,809,994
Inter-segment revenue	900	2,644	285,642	(289,186)	-
Total revenue	2,245,105	555,706	298,369	(289,186)	2,809,994
Net income from operations (before allowance for impairment on financing)	1,465,640	555,706	298,369	(282,522)	2,037,193
Operating overheads	(799,376)	(382,019)	(34,936)	4,572	(1,211,759)
Operating results	666,264	173,687	263,433	(277,950)	825,434
Allowance for impairment on financing and advance	15,009	-	-	-	15,009
Reversal on allowance for impairment on other assets	(3,641)	-	-	-	(3,641)
Finance cost	-	-	(3,349)	-	(3,349)
Share of results of associate company	(349)	-	-	-	(349)
Profit before zakat and taxation	677,283	173,687	260,084	(277,950)	833,104
Segment assets	42,811,371	6,892,570	5,102,201	(5,141,560)	49,664,582
Segment liabilities	39,484,536	6,315,997	1,209,750	(301,676)	46,708,607
	12 months ended				Total 31-Dec-12 RM'000
	Banking 31-Dec-12 RM'000	Takaful 31-Dec-12 RM'000	Others 31-Dec-12 RM'000	Elimination 31-Dec-12 RM'000	
Previous Comparative Year-to-Date					
Revenue from external customers	1,990,478	472,333	11,142	-	2,473,953
Inter-segment revenue	-	2,535	174,852	(177,387)	-
Total revenue	1,990,478	474,868	185,994	(177,387)	2,473,953
Net income from operations (before allowance for impairment on financing)	1,397,424	474,868	185,994	(174,928)	1,883,358
Operating overheads	(724,924)	(350,068)	(18,639)	2,832	(1,090,799)
Operating results	672,500	124,800	167,355	(172,096)	792,559
Allowance for impairment on financing and advance	(66,073)	-	-	-	(66,073)
Allowance for contingent liability	(14,769)	-	-	-	(14,769)
Reversal on allowance for impairment on other assets	3,990	-	-	-	3,990
Share of results of associate company	1,732	-	-	-	1,732
Profit before zakat and taxation	597,380	124,800	167,355	(172,096)	717,439
Segment assets	37,422,891	6,349,415	2,155,519	(2,020,202)	43,907,623
Segment liabilities	34,319,926	5,831,326	184,533	(195,355)	40,140,430

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 31 December 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 31 December 2013.

A26 CHANGES IN COMPOSITION OF THE GROUP

With effect from 19 December 2013, Bank Islam Malaysia Berhad ("Bank Islam") became a wholly-owned subsidiary of the Group, pursuant to the completion of acquisition of 49% equity interest from Dubai Financial Group LLC and Lembaga Tabung Haji, announced on 20 December 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 31 December 2013 are as follow:

Unaudited				
31 December 2013				
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Asset
<u>Credit-related exposures</u>	RM '000	RM '000	RM '000	RM '000
Direct credit substitutes	319,032		319,032	312,160
Assets sold with recourse	2		2	2
Transaction-related contingent items	877,246		438,623	386,730
Short-term self-liquidating trade related contingencies	278,297		55,659	54,695
Other commitments, such as formal standby facilities and credit lines with original maturity of:				
- not exceeding one year	1,714		343	327
- exceeding one year	823,818		411,909	338,294
Unutilized credit card lines	991,097		198,219	148,665
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	5,116,604		-	-
	8,407,810		1,423,787	1,240,873
<u>Derivative financial instruments</u>				
Foreign exchange related contracts				
- less than one year	1,381,894	8,681	18,546	10,290
Profit rate related contracts				
- less than one year	100,000	695	250	50
- one year to less than five years	500,000	2,705	9,000	1,800
- five years and above	711,481	16,455	35,660	19,660
Equity related contracts				
- one year to less than five years	110,495	582	8,840	4,420
	2,803,870	29,118	72,296	36,220
Total	11,211,680	29,118	1,496,083	1,277,093

Audited				
31 December 2012				
	Principal	Positive Fair Value	Credit	Risk
	Amount	of Derivative	Equivalent	Weighted
	RM '000	Contracts	Amount	Asset
<u>Credit-related exposures</u>	RM '000	RM '000	RM '000	RM '000
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		-	-
	8,699,906		1,606,866	1,509,670
<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
	2,228,884	16,736	74,080	35,069
Total	10,928,790	16,736	1,680,946	1,544,739

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 fair value hierarchy is as follows:

- 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.

A28 FAIR VALUES OF FINANCIAL INSTRUMENTS, continued

Determination of Fair Value and Fair Value Hierarchy, continued

The table below shows the analysis on financial instruments that are carried at fair value and those not carried at fair value, together with their fair values and carrying amounts shown in the statement of financial position:

31 December 2013

RM '000	Fair value of financial instruments carried at fair value			Total	Fair value of financial instruments not carried at fair value			Total	Total fair value	Carrying amount
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3			
Assets										
Cash and short-term funds	-	-	-	-	-	-	3,953,896	3,953,896	3,953,896	3,953,896
Deposits and placements with financial institutions	-	-	-	-	-	-	701,302	701,302	701,302	701,302
Financial assets held-for-trading	99,273	1,305,925	-	1,405,198	-	-	-	-	1,405,198	1,405,198
Derivative financial assets	-	29,118	-	29,118	-	-	-	-	29,118	29,118
Financial assets held-to-maturity	-	-	-	-	-	488,239	-	488,239	488,239	467,935
Financial assets available-for-sale	1,150,436	15,049,171	303,517	16,503,124	-	-	34,481	34,481	16,537,605	16,536,010
Financing, advances & others	-	-	-	-	-	5,974,157	18,066,576	24,040,733	24,040,733	23,740,948
	1,249,709	16,384,214	303,517	17,937,440	-	6,462,396	22,756,255	29,218,651	47,156,091	46,834,407
Liabilities										
Deposits from customers	-	-	-	-	-	-	36,926,864	36,926,864	36,926,864	36,926,864
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	1,529,975	1,529,975	1,529,975	1,529,975
Bills and acceptance payable	-	-	-	-	-	-	170,598	170,598	170,598	170,598
Derivative financial liabilities	-	13,565	-	13,565	-	-	-	-	13,565	13,565
Total liabilities	-	13,565	-	13,565	-	-	38,627,437	38,627,437	38,641,002	38,641,002

31 December 2012

RM '000	Fair value of financial instruments carried at fair value			Total	Fair value of financial instrument not carried at fair value Total**	Total fair value	Carrying amount
	Level 1	Level 2	Level 3				
Assets							
Cash and short-term funds	-	-	-	-	2,063,444	2,063,444	2,063,444
Deposits and placements with financial institutions	-	-	-	-	519,646	519,646	519,646
Financial assets held-for-trading	102,412	1,669,532	59,662	1,831,606	-	1,831,606	1,831,606
Derivative financial assets	-	16,736	-	16,736	-	16,736	16,736
Financial assets held-to-maturity	-	-	-	-	479,510	479,510	468,721
Financial assets available-for-sale	690,477	15,856,675	305,204	16,852,356	11,857	16,864,213	16,862,202
Financing, advances & others	-	-	-	-	19,941,755	19,941,755	19,507,799
	792,889	17,542,943	364,866	18,700,698	23,016,212	41,716,910	41,270,154
Liabilities							
Deposits from customers	-	-	-	-	32,379,000	32,379,000	32,379,000
Deposits and placements of banks and other financial institutions	-	-	-	-	860,278	860,278	860,278
Bills and acceptance payable	-	-	-	-	385,138	385,138	385,138
Derivative financial liabilities	-	14,339	-	14,339	-	14,339	14,339
	-	14,339	-	14,339	33,624,416	33,638,755	33,638,755

** Comparative figures have not been analysed by levels, by virtue of transition provision given in Appendix C2 of MFRS 13.

A28 FAIR VALUES OF FINANCIAL INSTRUMENTS, continued

Determination of Fair Value and Fair Value Hierarchy, continued

The following table presents the changes in Level 3 instruments carried at fair value for the financial period ended 31 December 2013 for the Group:

	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 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 31 December 2013/31 December 2012	<u>-</u>	<u>59,662</u>
	Unaudited 31-Dec-13 RM '000	Audited 31-Dec-12 RM '000
Financial assets available-for-sale		
At 1 January 2013/2012	305,204	275,905
Purchases	-	15,087
Gain/(losses)	13,493	14,212
Settlement	(5,643)	-
Impairment	(9,537)	-
At 31 December 2013/31 December 2012	<u>303,517</u>	<u>305,204</u>

A29 SUKUK LIABILITIES

The Company has issued a 10-year Islamic securities of RM1.660 billion in nominal value as follows:

Nominal value	RM1,660,000,000
Gross proceeds raised	RM1,086,585,810
Issue date	12 December 2013
Maturity date	12 December 2023
Tenure	10 years
Yield to maturity	6.25% per annum
Profit rate	1.50% per annum
Subscriber	Lembaga Tabung Haji

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

B1 REVIEW OF PERFORMANCE

Twelve Months Performance to 31 December 2013

BIMB Holdings Berhad ("BHB") posted a consolidated Profit before Zakat and Taxation ("PBZT") of RM833.1 million for the financial year ended 31 December 2013, an increase of RM115.7 million or 16.1% compared to the previous financial year. The higher profitability was mainly achieved on the back of higher operating results of RM32.8 million and RM73.5 million improvement in allowances for impairment on financing and advances, investment and other assets.

Consequently, BHB's consolidated net profit for the period under review stood at RM539.4 million, which recorded a growth of RM 41.8 million or 8.4% compared to the same period last year.

Notwithstanding the 8.4% growth in profitability, the net profit attributable to the shareholders only increased marginally by RM3.3 million or 1.3%. This is mainly attributable to the increase in tax charged on the higher dividend income received from Bank Islam (such income is required to be eliminated upon consolidation as intercompany transaction) in 2013 of RM227.2 million, in comparison to RM99.7 million in the previous year. At a corporate tax rate of 25%, the tax charged for 2013 is RM56.8 million (2012: RM24.9 million), resulting in an incremental tax charge of RM31.9 million.

The Group registered a net financing growth of RM4.2 billion or 21.7% for the financial year under review, as asset quality improved further with a gross impaired financing ratio of 1.18% as at 31 December 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 14.06%.

Islamic Banking

Bank Islam Group ("Bank Islam" or "the Bank") recorded a PBZT of RM677.3 million for the financial year ended 31 December 2013, an increase of RM79.9 million or 13.4% over the previous corresponding period of RM597.4 million. The improved performance was mainly attributed to growth in overall business activities.

Year-on-year ("YoY"), net financing assets grew RM4.2 billion or 21.7% to reach RM23.7 billion as at end December 2013. Correspondingly, fund based income increased by RM240.1 million or 14.0%. Non-fund based income also reported a 5.4% growth of RM14.5 million mainly from foreign exchange transactions and fees and commission.

Customer deposits reported a YoY growth of 14.4% or RM4.7 billion to reach RM37.2 billion as at end December 2013. Similarly, the low cost current and savings accounts ("CASA") increased by RM1.1 billion or 8.5% YoY. The CASA ratio as at end December 2013 was 39.1%, much higher than the Islamic Banking Industry ratio of 25.9% as at end December 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 1.18% as at end December 2013. Consequently, the net impaired financing ratio also improved from a negative 0.67% as at end December 2012 to a negative 0.91% as at end December 2013. The Banking system gross and net impaired ratios were at 1.9% and 0.1% respectively as at end December 2013.

The Bank's key performance ratios as at end December 2013 also compared favourably against the Banking System ratio as at end December 2012. The Bank's return on equity based on PBZT is 21.10% against the Banking system ratio of 17.50%. The return on assets, based on PBZT is 1.70% compared to the Banking system ratio of 1.60%.

Takaful

For the twelve (12) months period ended 31 December 2013, Takaful Malaysia Group ("Takaful Malaysia") recorded a PBZT of RM179.3 million, increased by 42.9% as compared to RM125.5 million in the same corresponding period last year. The higher profit was attributable to higher net wakalah fee income and better investment results. Operating Revenue increased by 6.6% to RM1,713.0 million from RM1,607.5 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 RM1,099.0 million as compared to RM987.6 million in the corresponding period last year. The growth in gross earned contribution of 11.3% for the 12 months period ended 31 December 2013 by Family Takaful was mainly attributable to the higher sales of Group Family products. However, the surplus transfer from Family Takaful decreased by RM15.0 million to RM114.8 million, compared to the same period last year due to higher wakalah fee expense.

General Takaful recorded gross earned contributions of RM425.0 million as compared to RM457.1 million in the corresponding period last year. As a result, General Takaful recorded a lower surplus transfer of RM49.3 million, compared to RM66.5 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.

B2 COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

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

BHB Group registered a PBZT of RM234.4 million for the fourth quarter ended 31 December 2013, increased by RM37.7 million or 19.2% compared to PBZT for the third quarter ended 30 September 2013 of RM196.7 million. The higher PBZT for the current quarter under review was mainly attributable to higher operating results of RM4.1 million and improvement in allowance for impairment on financing and advances, investments and other assets by RM37.9 million.

However, the net profit for the quarter decreased by RM27.8 million or 19.5%, as a result of a one-off tax charge on dividends received from Bank Islam of RM48.1 million (such dividend income is required to be eliminated from total revenue of the Group upon consolidation).

Bank Islam's PBZT of RM201.3 million for the fourth quarter ended 31 December 2013 was 31.2% or RM47.9 million higher than the preceding quarter ended 30 September 2013 of RM153.4 million. The higher PBZT was mainly attributable to lower allowance for impairment of financing and advances.

Takaful Malaysia reported a PBZT of RM53.7 million, which was higher than the preceding quarter of RM42.8 million due to higher surplus transfer from both Family and General Takaful.

B3 PROSPECTS

Outlook on the economy

The Malaysian economy continues to record a positive growth despite the uncertainty in the first half of 2013 due to the threat of capital outflows as a result of US Fed cutting back on its bond buying program. The third quarter GDP growth of 5% (after staging an average growth of 4.3% in the previous two quarters) suggests that Malaysia is able to withstand such threats. Stable labour market and relatively low inflation rate in most part of 2013 have allowed consumer spending to increase at a rate of 8.2%. Private investment also managed to maintain its double digit growth due to higher capital expenditure

Going into 2014, the economy is set to be on a firmer footing as government is committed to implement economic reforms which could see greater participation from the private sector for projects under the Economic Transformation Program ("ETP"). While some of the reform initiatives may affect household spending, measures such as Bantuan Rakyat Satu Malaysia (BR1M) would be able ease some of the financial burden of the mid to low income earners following the implementation of subsidy rationalisation programme. Combined with better prospect from the external sector and accommodative monetary policy stance, the Malaysian economy is anticipated to grow between 5.0% and 5.5% in 2014.

The banking and financial sector in Malaysia is expected to remain healthy in 2014 on the back of strong capitalisation, strong profitability and stable asset quality. 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. The competition in the banking industry remains intense, as banks will continue to enhance innovation in products and services to achieve competitive advantage.

Islamic Banking

Premised on the resilience of the Malaysian economy, the banking sector is still expected to perform favourably amidst stricter rules on lending to the household sector as well as intense competition in the market place. Therefore, the need to differentiate ourselves from the rest of the pack is undoubtedly of paramount importance. In this regard, our robust organic growth and healthy asset quality will continue to be driven by prudent risk acceptance criteria, risk-based pricing and risk mitigation initiatives. Our goal to achieve service excellence is also expected to push our business into higher growth trajectory.

Moving forward, Bank Islam will explore the best possible option to raise its capital amidst increasing cost of regulatory compliance and a slew of macro prudential measures introduced by the Central Bank. Stiff competition for deposits along with competitive business environment will undeniably lead to recognizing further the significance of innovation. With that in mind, Bank Islam will strive to optimise opportunities, focusing on enhancing returns and cost efficiencies and productivity.

Takaful

Takaful Malaysia will continue its value proposition of rewarding its customers with the 15% Cash Back and establish a strong foothold in the local insurance and takaful arena as the preferred choice for insurance. Through its extensive range of products and services Takaful Malaysia continues to be the market leader in the Group Family Takaful business. The successful implementation of core initiatives in Operational Excellence, Technology Driven Capabilities, Product Innovation and Performance Oriented Culture will enable Takaful Malaysia to be ahead of its competitors, increase its overall market shares and continuously improving on shareholder's value.

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	Unaudited Quarter 3 months ended	Unaudited Year-to-date 12 months ended	Unaudited Year-to-date 12 months ended
	31-Dec-13 RM '000	31-Dec-12 RM '000	31-Dec-13 RM'000	31-Dec-12 RM'000
Tax expense	113,233	55,388	279,563	209,687

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

A reconciliation of effective tax expense for the Group are as follows:

	31-Dec-13 RM'000	31-Dec-12 RM'000
Profit before zakat and tax	833,104	717,439
Income tax using Malaysia tax rate of 25%	208,276	179,360
Non-deductible expenses	23,205	26,353
Taxable dividend income	56,756	24,927
Non-taxable income	(8,607)	(21,184)
	279,630	209,456
Under/ (over) provision in prior years	2,746	423
(Over)/ Under provision of deferred tax	(5,813)	(192)
Tax expense	276,563	209,687

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”)

On 31 July 2013, the Parties had executed a conditional Sale and Purchase Agreement (“SPA”) for the Proposed Acquisitions and thereby concluding the Negotiations on DFG’s Equity Interest and Negotiations on TH’s Equity Interest.

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”).

The Proposed Rights Issue with Warrants and Proposed Sukuk were completed on 11 December 2013 and 12 December 2013 respectively. On 19 December 2013, BHB announced that the Proposed Acquisitions were completed, in accordance with the terms and conditions stipulated in the SPA.

B9 DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	Group Unaudited 31-Dec-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)	22,294,153	18,693,367
More than one year (medium/long-term)	2,372,931	2,129,296
	24,667,084	20,822,663
Current accounts	9,790,057	8,962,434
Savings accounts	2,379,204	2,515,341
Others	90,519	78,562
Total deposits	36,926,864	32,379,000
Deposits and placements of banks and other financial institutions		
One year or less (short-term)	1,529,975	860,278
	1,529,975	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 31-Dec-13				
	Principal Amount	up to 1 mth	>1-3 mths	>3-6 mths	>6-12 mths
Foreign exchange related contracts					
- forwards	265,407	103,607	154,289	7,511	-
- swaps	788,048	465,517	322,531	-	-
- option	328,439	328,439	-	-	-
Total	1,381,894	897,563	476,820	7,511	-

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 31 December 2013, the amount of contracts which were not hedged and, hence, exposed to market risk was RM761.78 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 31 December 2013, the credit risk measured in terms of the cost to replace the profitable contracts was RM72.30 million (31 December 2012: RM74.08 million).

B11 ECONOMIC PROFIT STATEMENT

	Cumulative Year to date 12 months ended 30 June			
	Unaudited Quarter 3 months ended	Unaudited Quarter 3 months ended	Unaudited Year-to-date 12 months ended	Unaudited Year-to-date 12 months ended
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM '000	RM '000	RM '000	RM '000
Net Operating profit after zakat & tax (NOPAT)				
Profit before zakat and taxation (PBZT)	234,381	198,478	833,104	717,439
Zakat & Taxation	(119,389)	(59,831)	(293,671)	(219,808)
NOPAT	114,992	138,647	539,433	497,631
Economic charge computation:				
Average invested capital (excludes the debit balance of the acquisition reserve arising from the acquisition of shares from non-controlling interests)	4,083,411	3,748,711	3,965,746	3,295,309
Weighted Average Cost of Capital (WACC) at 8.2% per annum	8.20%	8.20%	8.20%	8.20%
Economic charge	84,398	77,269	325,191	270,215
Economic profit	30,594	61,378	214,242	227,416

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 was 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 with the execution proceeding against the Defendants. The sum outstanding to Bank Islam as at February 2011 was 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. There has been no progress to this matter since then. As at January 2014, 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. On 29 November 2013 full settlement amount of RM87, 000,000 was received by the Bank. The matter is considered closed.
- (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 receive 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. Hearing to fix a new auction date has been fixed on 15 April 2014.
- (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 was exploring other recovery strategies against the First and Second Defendants. Meanwhile, the Bank proceeded with bankruptcy proceedings against the Third Defendants but the bankruptcy notice was set aside by the Third Defendant. 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 Ebrahim, then COO of the Plaintiff and the Trial Judge, in her capacity then as Deputy Head of BNM Islamic Banking and Takaful Department. The remaining of the dates for the trial 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, the hearing was not proceeded due to settlement arrangement between parties. No trial dates have been fixed by the High Court pending the decision of the Federal Court.
- (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. The matter is considered closed as there was no further appeal by the Plaintiff to the Federal Court.
- (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. D1 and D2 have applied for stay of proceedings pending their appeal being heard. The matter has been adjourned to a date which has not been decided pending hearing at the Court of Appeal.

B13 PROFIT FOR THE PERIOD

	Unaudited Quarter 3 months ended	Unaudited Quarter 3 months ended	Unaudited Year-to-date 12 months ended	Unaudited Year-to-date 12 months ended
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	15,022	16,055	60,601	56,838
Impairment loss:				
- Allowance for impairment on financing advances and others	(31,082)	32,301	(15,009)	66,073
- Provision for contingent liability	-	(15,231)	-	14,769
and after crediting:				
Profit on sale of foreign currencies	-	477	-	3,124
Reversal of allowance for doubtful debts	16	60	216	240
(Allowance) / reversal for Impairment on investments and other assets	(7,375)	2,150	(3,641)	3,990
Net gain/(losses) on disposal of property, plant & equipment	(331)	1	(1,514)	114
Net derivative gain	4,410	8,313	9,163	9,805

B14 EARNINGS PER SHARE

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

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

	Unaudited Quarter 3 months ended 31-Dec-13 RM '000	Unaudited Quarter 3 months ended 31-Dec-12 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-13 RM '000	Unaudited Year-to-date 12 months ended 31-Dec-12 RM '000
Net profit for the period under review attributable to equity holders of the parent	36,424	68,616	255,606	252,269
Number of ordinary shares	1,493,506	1,066,790	1,493,506	1,066,790
Number of average ordinary shares	1,080,819	1,066,790	1,080,819	1,066,790
Basic earnings per share attributable to equity holders of the parent (sen)	3.37	6.43	23.65	23.65

B15 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 31-Dec-13 RM'000	Audited 31-Dec-12 RM'000
<u>Total retained profits/ (accumulated losses) of BIMB Holdings Berhad and its subsidiaries:</u>		
Realised	864,521	652,449
Unrealised	33,239	25,270
	897,760	677,719
Less: Consolidation adjustments	(933,070)	(756,994)
Total group retained profits/ (accumulated losses) as per condensed consolidated financial statements	(35,310)	(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
February 26, 2014