

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

<u>Assets</u>		30-Jun-12 RM'000	31-Dec-11 (Restated) RM'000	1-Jan-11 (Restated) RM'000
Cash and short term funds	1	5,027,243	7,554,885	7,744,407
Deposits and placements with banks and other financial institutions	2	752,793	1,090,383	950,000
Financial assets held for trading	3	5,060,825	2,753,069	2,347,894
Financial investments available-for-sale	4	1,443,086	1,243,668	654,357
Financial investments held-to-maturity	5	1,095,188	690,066	898,714
Islamic derivative financial instruments	12(i)	150,357	147,608	150,688
Financing, advances and other financing/loans	6	30,111,040	28,074,104	22,424,577
Other assets	7	256,724	299,017	334,227
Deferred taxation		9,025	6,359	4,720
Amount due from holding company		-	-	245,034
Amount due from related companies		935	1,760	828
Statutory deposits with Bank Negara Malaysia		1,243,519	1,097,797	143,406
Property, plant and equipment		2,984	3,899	1,862
Intangible assets		4,491	4,170	4,287
Goodwill		136,000	136,000	136,000
Total Assets		45,294,210	43,102,785	36,041,001
<u>Liabilities</u>				
Deposits from customers	8	28,454,153	29,238,470	22,677,955
Deposits and placements of banks and other financial institutions	9	13,279,262	10,250,833	11,125,028
Other liabilities	10	392,547	308,946	384,555
Islamic derivative financial instruments	12(i)	458,770	395,854	199,199
Provision for tax and Zakat		12,456	16,614	12,989
Subordinated Sukuk	11	564,400	564,679	300,000
Amount due to holding company		18,187	393,673	-
Amount due to related companies		996	139	-
Total liabilities		43,180,771	41,169,208	34,699,726
<u>Equity</u>				
Capital and reserves attributable to equity holder of the Bank				
Ordinary share capital		1,000,000	1,000,000	750,000
Reserves		1,043,439	863,577	521,275
		2,043,439	1,863,577	1,271,275
Perpetual preference shares		70,000	70,000	70,000
Total equity		2,113,439	1,933,577	1,341,275
Total equity and liabilities		45,294,210	43,102,785	36,041,001
Commitments and contingencies	12(ii)	20,972,993	16,924,373	17,877,382
Net assets per share (RM)		2.04	1.86	1.70

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 JUNE 2012

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	6 MONTHS	6 MONTHS
		ENDED	ENDED	ENDED	ENDED
		30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14	480,742	403,493	891,835	777,434
Income derived from investment of shareholders' funds	15	34,535	26,540	132,349	96,637
(Net allowances)/write-back of impairment for losses on financing	16	(25,718)	(12,440)	(36,447)	(4,244)
Allowances for other receivables		(67)	321	(86)	(12)
Total distributable income		<u>489,492</u>	417,914	<u>987,651</u>	869,815
Income attributable to depositors	17	<u>(262,270)</u>	(220,570)	<u>(526,408)</u>	(445,587)
Total net income		227,222	197,344	461,243	424,228
Personnel expenses	18	(16,743)	(18,742)	(34,716)	(28,801)
Other overheads and expenditures	19	<u>(95,906)</u>	(61,005)	<u>(185,020)</u>	(131,398)
Profit for the financial period		114,573	117,597	241,507	264,029
Taxation	20	<u>(28,642)</u>	(29,400)	<u>(60,754)</u>	(66,107)
Net profit for the period		<u>85,931</u>	<u>88,197</u>	<u>180,753</u>	<u>197,922</u>

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2012

Profit for the period	85,931	88,197	180,753	197,922
Other comprehensive income:				
Revaluation reserve financial investments available-for-sale				
- Net (loss)/gain from change in fair value				
- as previously reported	-	7,371	-	6,184
- movement during the period/effect of adopting MFRS 1	1,435	678	3,991	(973)
- Realised gain transferred to comprehensive income	(2,694)	(62)	(5,320)	(62)
- Income tax effects				
- as previously reported	-	(3,098)	-	(2,801)
- movement during the period/effect of adopting MFRS 1	314	170	332	(243)
Other comprehensive income for the period, net of tax	(945)	5,059	(997)	2,105
Total comprehensive income for the period	<u>84,986</u>	<u>93,256</u>	<u>179,756</u>	<u>200,027</u>
Earnings per share (sen)	8.59	8.82	18.08	19.79

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2012

	← Non-distributable						Distributable →				
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Regulatory reserve	Share-based payment reserve RM'000	Accumulated profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total equity RM'000
30 June 2012											
At 1 January 2012, as previously reported	1,000,000	454,387	8,268	(2,457)	458	59,113	16,499	322,282	1,858,550	70,000	1,928,550
Effect of adopting MFRS 1	-	-	5,027	-	-	-	-	-	5,027	-	5,027
As restated	1,000,000	454,387	13,295	(2,457)	458	59,113	16,499	322,282	1,863,577	70,000	1,933,577
Net profit for the financial period	-	-	-	-	-	-	-	180,753	180,753	-	180,753
Other comprehensive income (net of tax)	-	-	(997)	-	-	-	-	-	(997)	-	(997)
- Financial investments available-for-sale	-	-	(997)	-	-	-	-	-	(997)	-	(997)
Total comprehensive income for the period	-	-	(997)	-	-	-	-	180,753	179,756	-	179,756
Expiry of Management Equity Scheme	-	-	-	-	-	-	(16,279)	16,279	-	-	-
Share-based payment expense	-	-	-	-	-	-	241	-	241	-	241
Transfer to regulatory reserve	-	-	-	-	-	39,950	-	(39,950)	-	-	-
Transfer to statutory reserve	-	90,377	-	-	-	-	-	(90,377)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(135)	-	(135)	-	(135)
At 30 June 2012	1,000,000	544,764	12,298	(2,457)	458	99,063	326	388,988	2,043,439	70,000	2,113,439
30 June 2011											
At 1 January 2011, as previously reported	750,000	286,521	5,082	(2,457)	458	7,405	-	221,658	1,268,667	70,000	1,338,667
Effect of adopting MFRS 1	-	-	1,878	-	-	-	15,159	(15,159)	1,878	-	1,878
As restated	750,000	286,521	6,960	(2,457)	458	7,405	15,159	206,499	1,270,545	70,000	1,340,545
Issuance of shares	250,000	-	-	-	-	-	-	-	250,000	-	250,000
Net profit for the financial period	-	-	-	-	-	-	-	197,923	197,923	-	197,923
Other comprehensive income (net of tax)	-	-	2,105	-	-	-	-	-	2,105	-	2,105
- Financial investments available-for-sale	-	-	2,105	-	-	-	-	-	2,105	-	2,105
Total comprehensive income for the period	-	-	2,105	-	-	-	-	197,923	200,028	-	200,028
Share-based payment expense	-	-	-	-	-	-	480	-	480	-	480
Transfer to regulatory reserve	-	-	-	-	-	10,971	-	(10,971)	-	-	-
Transfer to statutory reserve	-	98,962	-	-	-	-	-	(98,962)	-	-	-
At 30 June 2011, as restated	1,000,000	385,483	9,065	(2,457)	458	18,376	15,639	294,489	1,721,053	70,000	1,791,053

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011



Company Number :671380-H

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2012

	30-Jun-12	30-Jun-11
	RM'000	RM'000
Profit before taxation	241,507	264,029
Adjustments for non-cash items	<u>(105,057)</u>	<u>(101,801)</u>
Operating profit before changes in working capital	136,450	162,228
Net changes in operating assets	(4,135,641)	(1,177,486)
Net changes in operating liabilities	2,077,743	160,509
Tax paid	<u>(66,075)</u>	<u>(18,690)</u>
Net cash used in operating activities	(1,987,522)	(873,439)
Net cash flows (used in)/generated from investing activities	<u>(540,120)</u>	<u>31,362</u>
Net cash flows from financing activities	<u>-</u>	<u>507,523</u>
Net change in cash and cash equivalents	(2,527,643)	(334,554)
Cash and cash equivalents at beginning of the financial period	7,554,885	7,744,407
Cash and cash equivalents at end of the financial period	<u>5,027,243</u>	<u>7,409,853</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011

EXPLANATORY NOTES

A. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2012 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. The unaudited condensed interim financial statements also comply with IAS 134 Interim Financial Reporting issued by International Accounting Standard Board. For the periods up to and including the year ended 31 December 2011, the Bank prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The unaudited condensed interim financial statements should be read in conjunction with the Bank's audited financial statements for the financial year ended 31 December 2011. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2011.

These unaudited condensed interim financial statements are the Bank's first MFRS condensed interim financial statements for part of the period covered by the Bank's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2011, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2012:

MFRS 139 "Financial instruments: recognition and measurement"
Revised MFRS 124 "Related party disclosures"
Amendment to MFRS 112 "Income taxes"
IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"
Amendment to IC Interpretation 14 "MFRS 19 - The limit on a defined benefit assets, minimum funding requirements and their interaction"
Amendment to MFRS 101 "Presentation of items of other comprehensive income"
Amendment to MFRS 1 "First time adoption on fixed dates and hyperinflation"
Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets"

Other than the adoption of "MFRS 1" which will result to designate a previously recognised financial investments held-to-maturity as a financial investments available-for-sale, the adoption of the other new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Bank.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Bank has adjusted the amounts previously reported in Financial Statements prepared in accordance with FRS. The impact of the adoption of MFRS 1 "First time adoption of MFRS" is disclosed in Note 22.

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

B. CHANGES IN ESTIMATES

Beginning 1 January 2012, there is a change in accounting estimate on the treatment of unwinding income. Unwinding income in individual and portfolio impairment allowances were reclassified to financing, advances and other financing/loans following the change in accounting estimate. The change in accounting estimate has been applied prospectively.

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

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

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 30 June 2012.

E. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2012 and the date of this announcement.

F. PERFORMANCE REVIEW

For the quarter ended 30 June 2012, the Bank registered a profit after tax of RM85.9 million, a decrease of 2.6% from a profit after tax of RM88.2 million in the previous year corresponding period.

G. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank anticipates that the global environment will slow economic growth in ASEAN. However, it has seen performance improvements arising from "CIMB 2.0". The Bank will nevertheless remain vigilant in navigating the firm through these uncertain economic times and rapidly changing regulatory environment for banks.

	30-Jun-12 RM'000	31-Dec-11 RM'000
Notes to the accounts		
1 Cash and short-term funds		
Cash and balances with banks and other financial institutions	147,751	142,823
Money at call and deposit placements maturing within one month	4,879,492	7,412,062
	<u>5,027,243</u>	<u>7,554,885</u>
2 Deposits and placements with banks and other financial institutions		
Licensed Islamic banks	439,443	574,739
Licensed banks	-	286,280
Licensed Investment banks	163,188	229,364
Other financial institutions	150,162	-
	<u>752,793</u>	<u>1,090,383</u>
3 Financial assets held for trading		
Money market instruments		
Unquoted		
Malaysian Government treasury bills	19,682	9,734
Government investment issues	290,460	95,456
Islamic negotiable instruments of deposits	1,115,223	504,157
Islamic accepted bills	110,662	146,891
Bank Negara negotiable notes	3,453,629	1,806,188
Malaysian Government Securities	-	20,163
	<u>4,989,656</u>	<u>2,582,589</u>
Unquoted securities		
Islamic private debt securities	71,169	170,480
	<u>5,060,825</u>	<u>2,753,069</u>
	30-Jun-12	31-Dec-11
	RM'000	(Restated)
		RM'000
4 Financial investments available-for-sale		
Money market instruments		
Unquoted		
Government investment issues	409,311	451,966
Islamic Cagamas bonds	20,834	35,857
Malaysian Government Securities	34,701	33,697
	<u>464,846</u>	<u>521,520</u>
Unquoted securities		
Islamic private debt securities	977,665	721,573
Placement with IBFIM	575	575
	<u>1,443,086</u>	<u>1,243,668</u>
	30-Jun-12	31-Dec-11
	RM'000	(Restated)
		RM'000
5 Financial investments held-to-maturity		
Money market instruments		
Unquoted securities		
Islamic private debt securities	1,095,225	691,817
Amortisation of premium less accretion of discount	(37)	(1,751)
	<u>1,095,188</u>	<u>690,066</u>

On 1 January 2012, the Bank designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and carrying amount of the financial investments held-to-maturity of the Bank at the date of designation is RM 481,702,746 and RM 487,291,490 respectively.

	30-Jun-12 RM'000	31-Dec-11 RM'000
6 Financing, advances and other financing/loans		
(i) By type of financing:		
Cash line	370,762	373,056
Term financing		
- House financing	7,724,599	7,134,214
- Syndicated financing	185,348	192,065
- Hire purchase receivables	5,773,331	5,410,652
- Other term financing	15,243,816	14,444,297
Bills receivable	2,515	2,581
Islamic trust receipts	24,037	35,391
Claims on customer under Islamic accepted bills	253,455	233,479
Credit card receivables	99,894	104,078
Revolving credits	453,656	423,325
Share margin financing	120,952	-
Gross financing, advances and other financing/loans	<u>30,252,366</u>	<u>28,353,138</u>
Fair value changes arising from fair value hedges	333,280	241,966
Less : Allowance for impairment losses		
- Individual impairment allowance	(61,630)	(103,256)
- Portfolio impairment allowance	<u>(412,975)</u>	<u>(417,744)</u>
Total net financing, advances and other financing/loans	<u><u>30,111,040</u></u>	<u><u>28,074,104</u></u>
The Bank has undertaken fair value hedges on financing using Islamic profit rate swaps.		
Gross financing hedged	5,250,000	4,350,000
Fair value changes arising from fair value hedges	333,280	241,966
	<u>5,583,280</u>	<u>4,591,966</u>
The fair value loss on Islamic profit rate swaps in this hedge transaction as at 30 June 2012 were RM356 million (31 December 2011 : fair value loss of RM262 million).		
(ii) By geographical distribution:		
Malaysia	<u>30,252,366</u>	<u>28,353,138</u>
	<u><u>30,252,366</u></u>	<u><u>28,353,138</u></u>
(iii) By contract :		
Bai' Bithaman Ajil (<i>deferred payment sale</i>)	12,126,384	11,569,606
Ijarah Muntahiyah Bittamlik/AITAB (<i>lease ending with ownership</i>)	6,633,193	6,299,331
Murabahah (<i>cost plus sale</i>)	236,479	226,767
Bai' al-'inah (<i>sale and repurchase</i>)	11,082,397	9,913,017
Others	173,912	344,417
	<u>30,252,366</u>	<u>28,353,138</u>
(iv) By type of customer :		
Domestic non-bank financial institutions		
- Others	464,373	357,211
Domestic business enterprises		
- Small medium enterprises	1,279,401	1,332,710
- Others	3,678,332	3,146,765
Government and statutory bodies	6,796,242	6,545,671
Individuals	17,774,612	16,714,078
Other domestic entities	17,028	12,445
Foreign entities	242,378	244,258
	<u>30,252,366</u>	<u>28,353,138</u>

	30-Jun-12 RM'000	31-Dec-11 RM'000
(v) By profit rate sensitivity :		
Fixed rate		
- House financing	340,237	402,488
- Hire purchase receivables	5,773,331	5,410,652
- Others	11,949,491	11,924,643
Variable rate		
- House financing	7,384,362	6,731,726
- Other financing	4,804,945	3,883,629
	<u>30,252,366</u>	<u>28,353,138</u>
(vi) By economic purpose :		
Personal use	3,100,845	3,179,054
Credit card	99,892	104,078
Construction	1,365,560	1,014,686
Residential property	7,755,273	7,163,093
Non-residential property	2,014,800	1,926,886
Purchase of fixed assets other than land and building	374,877	428,357
Merger and acquisition	27,533	34,787
Purchase of securities	121,209	10
Purchase of transport vehicles	5,786,106	5,410,377
Working capital	7,135,452	6,641,897
Other purpose	2,470,819	2,449,913
	<u>30,252,366</u>	<u>28,353,138</u>
(vii) By residual contractual maturity :		
Within one year	2,428,631	651,916
One year to less than three years	891,712	638,507
Three years to less than five years	2,189,707	1,514,944
Five years and more	24,742,316	25,547,771
	<u>30,252,366</u>	<u>28,353,138</u>
(viii) Impaired financing by economic purpose :		
Personal use	18,132	19,240
Credit card	3,262	4,506
Construction	909	3,319
Residential property	85,109	85,570
Non-residential property	39,874	27,302
Purchased of fixed assets other than land & building	1,207	1,154
Purchase of securities	3	3
Purchase of transport vehicles	105,189	99,353
Working capital	64,717	96,005
Other purpose	8,310	9,326
	<u>326,712</u>	<u>345,778</u>
(ix) Impaired financing by geographical distribution:		
Malaysia	<u>326,712</u>	<u>345,778</u>
	<u>326,712</u>	<u>345,778</u>

	30-Jun-12 RM'000	31-Dec-11 RM'000
(x) Movement in impaired financing, advances and other financing/loans :		
Balance as at 1 January	345,778	335,879
Impaired during the period/year	202,479	349,997
Reclassification from unwinding income	16,825	-
Reclassified as non-impaired during the period/year	(74,079)	(122,608)
Recoveries	(33,425)	(90,543)
Amount written off	(130,866)	(126,947)
Balance as at 30 June/31 December	<u>326,712</u>	<u>345,778</u>
Ratio of gross impaired financing to total financing advances, and other financing/loans	1.08%	1.22%

(xi) Movements in allowance for impaired financing :

Individual impairment allowance

Balance as at 1 January	103,256	92,683
Net allowance made during the period/year	1,981	16,491
Unwinding income	4,090	(1,477)
Amount written off	(47,697)	(4,441)
Balance as at 30 June/31 December	<u>61,630</u>	<u>103,256</u>

Portfolio impairment allowance

Balance as at 1 January	417,744	240,490
Net allowance made during the period/year	62,872	135,113
Transfer from/(to) CIMB Bank	-	166,234
Unwinding income	6,019	(4,181)
Amount written off	(73,660)	(119,912)
Balance as at 30 June/31 December	<u>412,975</u>	<u>417,744</u>

Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.30%	2.31%
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7 Other assets

Deposits and prepayments	2,188	150
Sundry debtors	118,994	153,626
Collateral pledged for derivative transactions	31,430	52,090
Clearing accounts	104,111	93,151
	<u>256,724</u>	<u>299,017</u>

	30-Jun-12 RM'000	31-Dec-11 RM'000
8 Deposits from customers		
(i) By type of deposit		
<u>Mudharabah</u>		
Demand deposits	3,169,453	2,550,795
Savings deposits	457,909	397,201
General investment deposits	1,000,612	1,038,405
Special general investment deposits	2,014,586	6,987,965
Specific investment deposits	1,345,208	1,755,961
	7,987,768	12,730,327
<u>Non-Mudharabah</u>		
Demand deposits	2,751,483	3,028,707
Savings deposits	1,092,077	932,787
Fixed return investment deposit	4,915,109	5,564,248
Negotiable instruments of deposit	3,385,932	2,510,276
Commodity Murabahah	511	440,600
Short term money market deposit-i	8,281,387	3,994,930
Others	39,885	36,595
	20,466,385	16,508,143
	28,454,153	29,238,470
(ii) Maturity structure of investment deposits and negotiable instruments of deposit		
One year or less (short term)	20,072,993	21,120,979
More than one year (medium/long term)	870,353	1,171,406
	20,943,346	22,292,385
(iii) By type of customer		
Government and statutory bodies	4,352,797	5,322,304
Business enterprises	11,055,776	8,919,066
Individuals	4,211,369	4,122,166
Others	8,834,210	10,874,934
	28,454,153	29,238,470
9 Deposits and placements of banks and other financial institutions		
<u>Mudharabah</u>		
Licensed Islamic banks	682,077	301,187
Licensed banks	1,133,062	1,064,922
Licensed investment banks	831,807	853,083
	2,646,946	2,219,193
<u>Non-Mudharabah</u>		
Licensed Islamic banks	759,938	15,887
Licensed banks	9,570,084	8,007,406
Other financial institutions	302,294	8,347
	10,632,316	8,031,640
	13,279,262	10,250,833

	30-Jun-12	31-Dec-11
	RM'000	RM'000
10 Other liabilities		
Accruals and other payables	203,008	78,679
Clearing accounts	160,997	215,259
Others	28,542	15,008
	<u>392,547</u>	<u>308,946</u>

11 Subordinated sukuk

The RM550 million subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

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

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 and is due on 21 April 2021. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

The RM550 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

12 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

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

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

	30-Jun-12			31-Dec-11		
	Principal amount	Fair values	Fair values	Principal amount	Fair values	Fair values
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards						
- Less than 1 year	516,854	9,907	(733)	463,003	8,586	(1,641)
Currency swaps						
- Less than 1 year	1,453,023	5,210	(11,225)	1,266,140	10,986	(8,785)
Currency spot						
- Less than 1 year	164,896	336	(331)	1,425	2	-
Currency options						
- Less than 1 year	15,772	138	(138)	67,409	714	(714)
Cross currency profit rate swaps						
- 1 year to 3 years	91,368	4,040	(4,040)	89,714	2,867	(2,867)
- More than 3 years	240,400	13,470	(13,470)	240,400	13,071	(13,072)
	<u>2,482,313</u>	<u>33,102</u>	<u>(29,937)</u>	<u>2,128,091</u>	<u>36,226</u>	<u>(27,079)</u>
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	7,703,199	88,681	(51,119)	5,290,799	92,632	(95,791)
- Less than 1 year	1,373,188	9,765	(799)	1,391,478	6,831	(618)
- 1 year to 3 years	1,475,132	16,296	(9,335)	1,593,464	26,473	(3,785)
- More than 3 years	4,854,878	62,619	(40,984)	2,305,857	59,328	(91,388)
<u>Equity related derivatives</u>						
Equity options	1,642,371	20,506	(20,506)	1,896,611	10,555	(10,555)
- Less than 1 year	674,483	2,205	(2,205)	208,568	-	-
- 1 year to 3 years	273,107	2,806	(2,806)	802,576	351	(351)
- More than 3 years	694,781	15,495	(15,495)	885,467	10,204	(10,204)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	5,529,545	8,068	(357,208)	4,629,498	8,195	(262,429)
- More than 3 years	5,529,545	8,068	(357,208)	4,629,498	8,195	(262,429)
Total derivative assets/(liabilities)	<u>17,357,428</u>	<u>150,357</u>	<u>(458,770)</u>	<u>13,944,999</u>	<u>147,608</u>	<u>(395,854)</u>

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2012 the amount of credit risk in the Bank, measured in terms of the cost to replace the profitable contracts, was RM150million (31 December 2011: RM148 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2011

12 Islamic derivative financial instruments, commitments and contingencies

(ii) Commitments and contingencies

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

The commitments and contingencies constitute the following :

	30-Jun-12	31-Dec-11
	Principal	Principal
	amount	amount
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	192,381	28,627
Certain transaction-related contingent items	467,706	345,460
Short-term self-liquidating trade-related contingencies	207,473	249,517
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	2,097,000	1,469,541
- maturity exceeding one year	611,341	857,762
Miscellaneous commitments and contingencies	39,663	28,467
Total credit-related commitments and contingencies	<u>3,615,565</u>	<u>2,979,374</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	2,150,545	1,797,977
- one year to less than five years	91,368	89,714
- above 5 years	240,400	240,400
Profit rate related contracts :		
- less than one year	1,373,188	1,391,478
- one year to less than five years	4,155,924	2,712,481
- over five years	7,703,632	5,816,338
Equity related contracts :		
- less than one year	674,483	208,568
- one year to less than five years	494,798	962,110
- above 5 years	473,090	725,933
Total treasury-related commitments and contingencies	<u>17,357,428</u>	<u>13,944,999</u>
	<u>20,972,993</u>	<u>16,924,373</u>

13 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with Internal Rating-Based approach (IRB approach) for Credit Risk, where Advanced Internal Rating-Based (AIRB) is used for retail exposure and Foundation IRB for Non-Retail exposure while Operational risk is based on Basic Indicator Approach. Market Risk remained unchanged under Standardised Approach.

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

	30-Jun-12	31-Dec-11
	RM'000	RM'000
Tier I capital	1,852,954	1,714,378
Eligible Tier II capital	606,181	654,979
Capital base	<u>2,459,135</u>	<u>2,369,357</u>
Core capital ratio	10.14%	10.44%
Risk-weighted capital ratio	13.46%	14.42%

(b) Components of Tier I and Tier II capitals are as follows :

<u>Tier I capital</u>		
Paid-up share capital	1,000,000	1,000,000
Perpetual preference share	70,000	70,000
Retained profits and other reserves	929,745	791,169
	<u>1,999,745</u>	<u>1,861,169</u>
Less : Goodwill	(136,000)	(136,000)
Less : Deferred taxation	(10,791)	(10,791)
Total Tier- I Capital	1,852,954	1,714,378
<u>Tier II capital</u>		
Subordinated sukuk	550,000	550,000
Regulatory reserve	99,063	59,113
Portfolio impairment allowance [^]	55,058	64,585
Excess of total expected loss over total eligible provision	(97,940)	(18,719)
Total Tier II capital	606,181	654,979
Total capital base	<u><u>2,459,135</u></u>	<u><u>2,369,357</u></u>

(c) Breakdown of risk-weighted assets in the various categories of risk-weights

Risk weighted assets for credit risk	16,361,059	14,677,578
Risk weighted assets for market risk	364,499	346,673
Risk weighted assets for operational risk	1,549,971	1,402,324
	<u><u>18,275,529</u></u>	<u><u>16,426,575</u></u>

[^] The capital base of the Bank as at 30 June 2012 has excluded portfolio impairment allowance on impaired financings for standardise approach assets restricted from Tier II capital of RM 18,966,545 (2011 : RM21,373,892).

Notes to the accounts

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	6 MONTHS ENDED	6 MONTHS ENDED
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	RM'000	RM'000	RM'000	RM'000
14 Income derived from investment of depositors funds and others				
Income derived from investment of :				
- General investment deposits	200,798	152,920	376,219	278,525
- Specific investment deposits	22,272	112,277	45,642	253,810
- Other deposits	257,672	138,296	469,974	245,099
	<u>480,742</u>	<u>403,493</u>	<u>891,835</u>	<u>777,434</u>
14a Income derived from investment of general investment deposits				
Financing, advances and other financing/loans				
- Income other than recoveries	156,408	124,029	319,233	225,030
- Unwinding income [^]	555	427	1,109	913
Financial assets held for trading	2,154	2,053	4,221	4,340
Financial investments available-for-sale	6,644	2,714	12,517	5,272
Financial investments held-to-maturity	5,605	1,375	10,036	2,776
Money at call and deposit with financial institutions	14,854	16,241	37,409	33,964
	<u>186,221</u>	<u>146,839</u>	<u>384,525</u>	<u>272,295</u>
Accretion of discount less amortisation of premium	409	5,247	(3,596)	10,031
Total finance income and hibah	<u>186,629</u>	<u>152,086</u>	<u>380,928</u>	<u>282,326</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	8,632	147	8,833	203
- unrealised gain/(loss)	1,751	(318)	718	(637)
- Net gain/(loss) from sale of financial investments available-for-sale	1,126	(31)	2,259	(31)
- Net gain/(loss) from sale of financial investments held-to-maturity	-	-	106	(128)
- Net gain/(loss) from foreign exchange transactions	1,304	451	(18,524)	(4,660)
	<u>12,813</u>	<u>249</u>	<u>(6,608)</u>	<u>(5,253)</u>
Fee and commission income	1,356	585	1,898	1,452
	<u>200,798</u>	<u>152,920</u>	<u>376,219</u>	<u>278,525</u>
14b Income derived from investment of specific investment deposits				
Financing, advances and other financing/loans				
- Income other than recoveries	13,029	84,357	26,103	200,350
Financial investments held-to-maturity	-	9,874	-	20,017
Money at call and deposit with financial institutions	9,243	18,046	19,539	33,443
	<u>22,272</u>	<u>112,277</u>	<u>45,642</u>	<u>253,810</u>

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

Notes to the accounts

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
QUARTER ENDED	QUARTER ENDED	6 MONTHS ENDED	6 MONTHS ENDED
30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
RM'000	RM'000	RM'000	RM'000

14c Income derived from investment of other deposits

Financing, advances and other financing/loans				
- Income other than recoveries	200,709	112,169	397,766	198,050
- Unwinding income [^]	712	386	1,383	799
Financial assets held for trading	2,764	1,856	5,266	3,802
Financial investments available-for-sale	8,527	2,454	15,634	4,630
Financial investments held-to-maturity	7,193	1,243	12,555	2,435
Money at call and deposit with financial institutions	19,061	14,688	46,359	29,758
	238,966	132,796	478,962	239,473
Accretion of discount less amortisation of premium	525	4,745	(4,323)	8,813
Total finance income and hibah	239,491	137,542	474,639	248,286

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain	11,077	133	11,321	181
- unrealised gain/(loss)	2,246	(287)	996	(559)
- Net gain/(loss) from sale of financial investments available-for-sale	1,445	(28)	2,816	(28)
- Net gain/(loss) from sale of financial investments held-to-maturity	-	-	128	(109)
- Net gain/(loss) from foreign exchange transactions	1,672	408	(22,323)	(3,938)
	16,442	226	(7,062)	(4,453)
Fee and commission income	1,740	529	2,396	1,266
	257,672	138,296	469,974	245,099

15 Income derived from investment of shareholder's funds

Financing, advances and other financing/loans				
- Income other than recoveries	17,052	14,578	34,556	25,390
- Unwinding income [^]	60	50	120	102
Financial assets held for trading	235	241	457	486
Financial investments available-for-sale	724	319	1,356	593
Financial investments held-to-maturity	611	162	1,087	312
Money at call and deposit with financial institutions	1,619	1,909	4,044	3,806
	20,302	17,259	41,620	30,689
Accretion of discount less amortisation of premium	45	617	(386)	1,129
Total finance income and hibah	20,347	17,875	41,234	31,817

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain	941	17	963	23
- unrealised gain/(loss)	191	(37)	80	(72)
- Net gain/(loss) from sale of financial investments available-for-sale	123	(4)	245	(4)
- Net gain/(loss) from sale of financial investments held-to-maturity	-	-	11	(14)
- Net gain/(loss) from foreign exchange transactions	142	53	(1,989)	(494)
- Net gain/(loss) arising from hedging activities	(939)	55	(946)	306
- Net gain/(loss) arising from derivative financial instrument				
- realised gain	7,265	8,618	20,299	34,951
- unrealised gain/(loss)	(7,686)	(23,156)	31,118	(13,238)
	37	(14,454)	49,780	21,459
Fee and commission income	13,467	22,176	39,636	41,648
Less : fee and commission expense	(513)	(453)	(998)	(943)
Net fee and commission income	12,954	21,723	38,638	40,706
Other income				
- Sundry income	1,198	1,396	2,697	2,655
	34,535	26,540	132,349	96,637

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

Notes to the accounts

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	6 MONTHS ENDED	6 MONTHS ENDED
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	RM'000	RM'000	RM'000	RM'000
16 Allowance for impairment losses on financing, advances and other financing/loans				
Individual impairment allowance				
- Made during the period	1,981	-	1,981	-
- Written back	1,244	(24)	-	(2,745)
Portfolio impairment allowance				
- Made during the period	35,330	20,508	62,872	28,057
Impaired financing :				
- recovered	(12,836)	(8,045)	(28,423)	(21,070)
- written off	0	1	17	2
	<u>25,718</u>	<u>12,440</u>	<u>36,447</u>	<u>4,244</u>
17 Income attributable to depositors				
Deposits from customers				
- Mudharabah	42,487	61,985	101,578	137,658
- Non-Mudharabah	116,578	56,384	220,618	103,039
Deposits and placements of banks and other financial institutions				
- Mudharabah	21,339	66,741	40,971	154,092
- Non-Mudharabah	75,376	29,547	150,237	40,484
Subordinated Sukuk	6,490	5,912	13,004	10,313
	<u>262,270</u>	<u>220,570</u>	<u>526,408</u>	<u>445,587</u>
18 Personnel expenses				
Salaries, allowances and bonuses	15,328	16,652	32,632	22,154
Other staff related costs	1,415	2,090	2,084	6,647
	<u>16,743</u>	<u>18,742</u>	<u>34,716</u>	<u>28,801</u>
19 Other overheads				
Establishment				
Rental	492	343	810	591
Depreciation of property, plant and equipment	289	285	620	564
EDP and outsourcing expenses	3,534	40	4,629	133
Others	3,142	795	3,845	1,684
Marketing				
Advertisement and publicity	521	110	2,223	292
Others	612	912	897	1,429
General expenses				
Auditor's remuneration-statutory audit	24	25	128	48
Amortisation of intangible assets	365	275	953	684
Professional fees	476	283	417	574
Others	3,300	2,812	5,593	5,242
	<u>12,755</u>	<u>5,880</u>	<u>20,115</u>	<u>11,241</u>
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	83,151	55,124	164,905	120,156
	<u>95,906</u>	<u>61,005</u>	<u>185,020</u>	<u>131,398</u>

Notes to the accounts

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30-Jun-12 RM'000	QUARTER ENDED 30-Jun-11 RM'000	6 MONTHS ENDED 30-Jun-12 RM'000	6 MONTHS ENDED 30-Jun-11 RM'000
20 Taxation and zakat				
Major components of tax and zakat expense:				
Current tax and zakat expense	29,596	29,286	64,041	66,635
Deferred taxation	(954)	(660)	(3,287)	(1,302)
Under accrual in prior year	-	774	-	774
	<u>28,642</u>	<u>29,400</u>	<u>60,754</u>	<u>66,107</u>
Reconciliation				
Profit before taxation and zakat	114,570	117,596	241,507	264,028
Tax calculated at a rate of 25% (2011: 25%)	28,642	29,399	60,377	66,007
Tax effects:				
- income not subject to tax	(208)	(41)	(219)	(54)
- expenses not deductible for tax purposes	153	33	558	145
Over accrual in prior year	55	9	38	9
Tax expense	<u>28,642</u>	<u>29,400</u>	<u>60,754</u>	<u>66,107</u>

21 Credit transactions and exposures with connected parties

	30-Jun-12 RM'000	30-Jun-11 RM'000
Outstanding credit exposures with connected parties	501,955	799,927
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.10%	2.20%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.00%	0.00%

22 CHANGE IN ACCOUNTING POLICIES

During the financial period, the Bank changed the following accounting policy upon adoption of MFRS:

MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards allows entity to designate a previously recognised financial asset or financial liabilities as a financial asset or financial liability at fair value through profit or loss or a financial assets as available-for-sale. Consequently, the Bank has designated a previously recognised financial investments held-to-maturity as available-for-sale in accordance with adoption of MFRS 1.

The change in accounting policy has been applied retrospectively. The adoption of the new accounting policy affected the following items:

Impact on statement of financial position for 31 December 2011 and 1 January 2011

	Balances as at 31 December 2011		
	As previously reported RM'000	Effects of adopting Amendments to MFRS 1 RM'000	As restated RM'000
Assets			
Financial investments available-for-sale	749,674	493,994	1,243,668
Financial investments held-to-maturity	1,177,357	(487,291)	690,066
Deferred taxation	8,035	(1,676)	6,359
Reserves			
Revaluation reserve- financial investments available-for-sale	8,268	5,027	13,295

	Balances as at 1 January 2011		
	As previously reported RM'000	Effects of adopting Amendments to MFRS 1 RM'000	As restated RM'000
Assets			
Financial investments available-for-sale	455,959	198,398	654,357
Financial investments held-to-maturity	1,093,635	(194,921)	898,714
Deferred taxation	5,589	(869)	4,720
Reserves			
Revaluation reserve- financial investments available-for-sale	5,082	2,608	7,690

Impact on statement of changes in equity for 31 December 2011 and 1 January 2011

	Balances as at 31 December 2011		
	As previously reported RM'000	Effects of adopting Amendments to MFRS 1 RM'000	As restated RM'000
Revaluation reserve- financial investments available-for-sale	8,268	5,027	13,295

	Balances as at 1 January 2011		
	As previously reported RM'000	Effects of adopting Amendments to MFRS 1 RM'000	As restated RM'000
Revaluation reserve- financial investments available-for-sale	5,082	2,608	7,690