

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Notes	The Group		The Bank	
		September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Assets					
Cash and short term funds		2,202,036	2,068,460	1,979,957	1,943,954
Reverse repurchase agreements		150,442	273,423	150,442	273,423
Deposits and placements with banks and other financial institutions		441,193	252,100	434,869	250,833
Financial assets held for trading	A5	70,948	79,110	70,948	79,110
Derivative financial instruments	A17(i)	33,131	48,441	33,131	48,441
Financial investments available-for-sale	A6	3,987	2,703	-	-
Loans, advances and financing	A7	63,172	40,956	63,172	40,956
Other assets	A8	1,239,835	1,211,719	1,238,646	1,210,580
Tax recoverable		24,034	26,304	24,034	26,304
Deferred tax assets		39,474	40,460	39,288	40,274
Amount due from subsidiaries		-	-	2	3
Amount due from related companies		41,520	5,092	41,520	5,092
Amount due from immediate holding company		-	1,529	-	1,529
Amount due from ultimate holding company		1	-	1	-
Statutory deposits with Bank Negara Malaysia		1,200	1,520	1,200	1,520
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		5,548	5,007	-	-
Property, plant and equipment		110,870	105,620	111,946	106,810
Goodwill		964	964	-	-
Total assets		4,428,355	4,163,408	4,198,206	4,037,879
Liabilities					
Deposits from customers	A9	1,114,615	829,133	1,114,615	829,133
Deposits and placements of banks and other financial institutions	A10	969,511	1,212,833	969,511	1,212,833
Derivative financial instruments	A17(i)	45,380	81,521	45,380	81,521
Other liabilities	A11	1,742,305	1,517,425	1,541,342	1,407,588
Subordinated notes		10,341	-	-	-
Provision for taxation and zakat		857	684	607	607
Amount due to subsidiaries		-	-	3,252	3,185
Amount due to related companies		10,172	9,482	10,172	9,480
Amount due to ultimate holding company		-	22	-	22
Total liabilities		3,893,181	3,651,100	3,684,879	3,544,369
Capital and reserves attributable to equity holders of the Bank					
Share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		435,164	412,298	413,317	393,500
Total equity		535,174	512,308	513,327	493,510
Total equity and liabilities		4,428,355	4,163,408	4,198,206	4,037,879
Commitment and contingencies					
Principal	A17(ii)	1,460,060	1,483,613	1,460,060	1,483,613
Net assets per share (RM)		5.4	5.1	5.1	4.9

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	The Group						The Bank					
	3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
	30 September 2012	RM'000	30 September 2011	RM'000	30 September 2012	RM'000	30 September 2011	RM'000	30 September 2012	RM'000	30 September 2011	RM'000
Interest income	12,489	11,354	33,912	39,012	11,747	11,061	32,279	38,202	(14,233)	(10,553)	(38,981)	(37,522)
Interest expense	(1,744)	801	(5,069)	1,490	(2,360)	508	(6,361)	680	52,121	34,288	138,523	64,663
Net interest (expense)/income	10,745	10,553	28,843	37,522	(9,613)	(9,479)	(26,692)	(26,682)	74,230	57,814	228,156	248,719
Income from Islamic Banking operations	124,607	92,903	361,610	317,628	122,807	91,701	356,959	314,062	-	30,000	-	30,000
Non interest income	-	-	-	-	-	-	-	-	(79,264)	(71,697)	(207,204)	(222,771)
Total income	124,607	92,903	361,610	317,628	122,807	91,701	356,959	314,062	45,343	51,206	154,406	124,857
Recoveries from investment management and securities services	-	-	-	-	-	-	-	-	(233)	(73)	(212)	(17)
Overheads	(79,264)	(71,697)	(207,204)	(222,771)	(78,315)	(70,879)	(204,171)	(220,408)	(615)	(1,296)	(5,736)	(4,738)
Profit before allowances	45,343	51,206	154,406	124,857	44,492	50,822	152,788	123,654	44,495	49,837	148,458	120,102
Allowance for impairment losses on loans and advances	-	-	-	-	-	-	-	-	173	35	541	148
Allowance for other receivables (net)	(233)	(73)	(212)	(17)	(233)	(73)	(212)	(17)	(44,668)	49,872	148,999	120,250
Share of results of associates	(615)	(1,296)	(5,736)	(4,738)	(620)	(1,309)	(5,752)	(4,792)	44,495	49,837	148,458	120,102
Profit before taxation	44,495	49,837	148,458	120,102	43,639	49,440	146,824	118,845	173	35	541	148
Taxation	173	35	541	148	-	-	-	-	44,668	49,872	148,999	120,250
Profit for the period	31,362	34,433	104,325	84,687	30,546	34,101	102,560	83,592	(13,306)	(15,439)	(44,674)	(35,563)
Profit for the period attributable to: Owners of the Group/Bank	31,362	34,433	104,325	84,687	30,546	34,101	102,560	83,592	31,362	34,433	104,325	84,687
Earnings per share (sen) -Basic	31.36	34.43	104.33	84.69	30.55	34.10	102.56	83.59	31.36	34.43	104.33	84.69

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	The Group				The Bank			
	3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011	30 September 2012	30 September 2011	30 September 2012	30 September 2011
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	31,362	34,433	104,325	84,687	30,546	34,101	102,560	83,592
Other comprehensive income:								
Revaluation reserves on financial investments available-for-sale	-	(465)	1,284	(465)	-	(465)	-	(465)
- Net (loss)/gain from change in fair value	-	(620)	1,284	(620)	-	(620)	-	(620)
- Income tax effects	-	155	-	155	-	155	-	155
Total comprehensive income for the period	31,362	33,968	105,609	84,222	30,546	33,636	102,560	83,127
Total comprehensive income attributable to:								
Owners of the Group/Bank	31,362	33,968	105,609	84,222	30,546	33,636	102,560	83,127

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to owners of Parent						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
The Group	100,000	10	155,805	(1)	54,115	202,379	512,308
30 September 2012							
At 1 January 2012							
Net profit for the period							
Other comprehensive income (net of tax)							
- financial investments available-for-sales				1,284		104,325	104,325
Total comprehensive income for the period				1,284		104,325	104,325
Share-based payment expense					25,521		25,521
Expiry of Management Equity Scheme					(39,118)		(39,118)
Interim dividend paid in respect of the financial year ended 31 December 2011						(99,035)	(99,035)
Share released under Equity Ownership Plan					(9,229)		(9,229)
Balance as at 30 September 2012	100,000	10	155,805	1,283	31,289	246,787	535,174

	Attributable to owners of the Parent						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
The Group	100,000	10	155,805	-	39,900	151,007	446,722
30 September 2011							
At 1 January 2011							
Net profit for the period							
Other comprehensive income (net of tax)							
- financial investments available-for-sales				(465)		84,687	84,687
Total comprehensive income for the period				(465)		84,687	84,687
Share-based payment expense					22,071		22,071
Final dividend paid in respect of the financial year ended 31 December 2010						(53,500)	(53,500)
Balance as at 30 September 2011	100,000	10	155,805	(465)	61,971	182,194	499,515

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	← Non-Distributable				← Distributable →				
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
The Bank	100,000	10	155,805	(272,007)	54,115	-	271,377	184,210	493,510
30 September 2012	-	-	-	-	-	-	-	102,560	102,560
At 1 January 2012	-	-	-	-	-	-	-	102,560	102,560
Net profit for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	25,521	-	-	-	25,521
Expiry of Management Equity Scheme	-	-	-	-	(39,118)	-	-	39,118	-
Interim dividend paid in respect of the financial year ended 31 December 2011	-	-	-	-	-	-	-	(99,035)	(99,035)
Share released under Equity Ownership Plan	-	-	-	-	(9,229)	-	-	-	(9,229)
Balance as at 30 September 2012	100,000	10	155,805	(272,007)	31,289	-	271,377	226,853	513,327

	← Non-Distributable				← Distributable →				
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
The Bank	100,000	10	155,805	(272,007)	39,900	-	271,377	134,011	429,096
30 September 2011	-	-	-	-	-	-	-	83,592	83,592
At 1 January 2011	-	-	-	-	-	(465)	-	-	(465)
Net profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive income (net of tax) - financial investments available-for-sales	-	-	-	-	-	(465)	-	-	(465)
Total comprehensive income for the period	-	-	-	-	-	(465)	-	-	(465)
Share-based payment expense	-	-	-	-	22,071	-	-	-	22,071
Final dividend paid in respect of the financial year ended 31 December 2010	-	-	-	-	-	-	-	(53,500)	(53,500)
Balance as at 30 September 2011	100,000	10	155,805	(272,007)	61,971	(465)	271,377	164,103	480,794

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	The Group		The Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Profit before taxation	148,999	120,250	146,824	118,845
Adjustments for non-operating and non-cash items	65,886	35,045	66,401	40,770
Cash flow from operating profit before changes in operating assets and liabilities	214,885	155,295	213,225	159,615
Net changes in operating assets	(185,038)	(110,167)	(180,287)	(115,740)
Net changes in operating liabilities	228,496	(724,995)	137,438	(748,292)
Cash generated from / (used in) operating activities	258,343	(679,867)	170,376	(704,417)
Taxation paid	(41,247)	(66,168)	(41,009)	(66,016)
Net cash generated from/(used in) operating activities	217,096	(746,035)	129,367	(770,433)
Net cash used in investing activities	(24,468)	(32,851)	(24,312)	(33,172)
Net cash used in financing activities	(98,262)	(31,428)	(108,262)	(31,428)
	(122,730)	(64,279)	(132,574)	(64,600)
Net increase/(decrease) in cash and cash equivalents during the financial period	94,366	(810,314)	(3,207)	(835,033)
Cash and cash equivalents at beginning of the financial period	1,684,377	2,173,609	1,559,871	2,074,296
Cash and cash equivalents at end of the period	1,778,743	1,363,295	1,556,664	1,239,263
Cash and cash equivalents comprise the following:				
Cash and short term funds	2,202,036	1,703,088	1,979,957	1,579,056
Adjustment for monies held in trust:				
Clients' trust and dealers' representatives' balances	(393,427)	(313,445)	(393,427)	(313,445)
Remisiers' balances	(29,866)	(26,348)	(29,866)	(26,348)
Cash and cash equivalents at end of the period	1,778,743	1,363,295	1,556,664	1,239,263

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

EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 September 2012 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, and derivative financial instruments, 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 Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The unaudited condensed interim financial statements should be read in conjunction with the Group'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 Group since the financial year ended 31 December 2011.

These unaudited condensed interim financial statements are the Group's first MFRS condensed interim financial statements for part of the period covered by the Group'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 1 "First time adoption on fixed dates and hyperinflation"

Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets"

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 Group and the Bank.

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and 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.

A2. Changes in estimates

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

A3. Dividends paid and proposed

An interim single tier dividend comprising 61.86 sen per ordinary share, amounting to RM61,864,000 and 3,717.05 sen per redeemable preference shares amounting to RM37,170,514 in respect of financial year ended 31 December 2011, was paid on 19 March 2012.

No dividend have been proposed during the financial period 30 September 2012.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 31 December 2011 and the date of this announcement.

EXPLANATORY NOTES (Continued)

A5. Financial assets held for trading

	The Group and The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
At fair value		
Quoted securities		
<i>In Malaysia</i>		
Shares	75	46
Unquoted securities		
<i>In Malaysia</i>		
Private debt securities	70,873	79,064
Total financial assets held for trading	70,948	79,110

A6. Financial investments available-for-sale

	The Group		The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
At fair value				
Unquoted securities				
<i>In Malaysia</i>				
Shares	2,200	2,200	-	-
<i>Outside Malaysia</i>				
Shares	8,118	6,834	6,331	6,331
Total financial investments available-for-sale	10,318	9,034	6,331	6,331
Allowance for impairment losses :				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	3,987	2,703	-	-

The table below shows the movements in allowance for impairment losses during the period/financial year for the Group and the Bank:

	The Group		The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
At 1 January	6,331	-	6,331	-
Allowance made during the financial year	-	6,331	-	6,331
At 30 September/31 December	6,331	6,331	6,331	6,331

A7. Loans, advances and financing

	The Group and The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
(i) By type		
Staff loans *	64,133	41,579
Other loans	765	891
Gross loans, advances and financing	64,898	42,470
Less: allowance for impairment losses		
- Individual impairment allowance	(765)	(891)
- Portfolio impairment allowance	(961)	(623)
Total net loans, advances and financing	63,172	40,956

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM247,183 (2011: RM281,139).

EXPLANATORY NOTES (Continued)

A7. Loans, advances and financing (continued)

The Group and The Bank

	30 September 2012 RM'000	31 December 2011 RM'000
(ii) By type of customers		
Individuals	64,898	42,470
Gross loans, advances and financing	<u>64,898</u>	<u>42,470</u>
(iii) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loan	64,898	42,470
Gross loans, advances and financing	<u>64,898</u>	<u>42,470</u>
(iv) By economic purpose:		
Personal use	283	108
Purchase of residential landed property	50,457	30,665
Purchase of securities	1	1
Purchase of transport vehicles	14,157	11,696
Gross loans, advances and financing	<u>64,898</u>	<u>42,470</u>
(v) By geographical distribution		
Malaysia	<u>64,898</u>	<u>42,470</u>
(vi) By residual contractual maturity		
Within one year	449	305
One year to less than three years	1,565	2,347
Three years to less than five years	6,944	4,702
Five years and more	55,940	35,116
	<u>64,898</u>	<u>42,470</u>
(vii) Impaired loans, advances and financing by economic purpose		
Purchase of residential landed property	574	591
Purchase of transport vehicles	191	300
Gross impaired loans, advances and financing	<u>765</u>	<u>891</u>
(viii) Impaired loans, advances and financing by geographical distribution		
Malaysia	<u>765</u>	<u>891</u>
(ix) Movement in the impaired loans, advances and financing are as follows:		
At 1 January	891	822
Classified as impaired during the period/year	34	214
Amount written back in respect of recoveries	(160)	(135)
Amount written off	-	(10)
At 30 September/31 December	<u>765</u>	<u>891</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>1.2%</u>	<u>2.1%</u>

EXPLANATORY NOTES (Continued)

A7. Loans, advances and financing (continued)

(x) Movements in the allowance for impaired loans are as follows:

	The Group and The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
<u>Individual impairment allowance</u>		
At 1 January	891	822
Allowance made during the period/year	34	214
Amounts written back during the period/year	(160)	(135)
Amounts written off during the period/year	-	(10)
At 30 September/31 December	765	891
<u>Portfolio impairment allowance</u>		
At 1 January	623	650
Allowance made/(written back) during the period/year	338	(27)
At 30 September/31 December	961	623
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.5%	1.5%

	The Group		The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
A8. Other assets				
Due from brokers and clients, net of allowance for impairment loss	938,950	932,566	938,934	932,518
Collateral pledged for derivative transactions	174,303	182,953	174,303	182,953
Other debtors, deposits and prepayments, net of allowance for doubtful debts	126,582	96,200	125,409	95,109
	1,239,835	1,211,719	1,238,646	1,210,580

	The Group and The Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
A9. Deposits from customers		
<u>(i) By type of deposits</u>		
Fixed deposits	15,296	60,232
Others	1,099,319	768,901
	1,114,615	829,133
<u>(ii) The maturity structure of fixed deposits and negotiable instruments of deposit is as follows :</u>		
Due within six months	15,296	60,232
<u>(iii) By type of customers</u>		
Local government and statutory authorities	54,400	54,650
Business enterprises	847,246	582,493
Individuals	209,219	188,241
Others	3,750	3,749
	1,114,615	829,133

EXPLANATORY NOTES (Continued)

The Group and The Bank

	30 September 2012		31 December 2011	
	RM'000		RM'000	
A10. Deposits and placements of banks and other financial institutions				
Licensed banks		775,037		1,167,558
Other financial institutions		194,474		45,275
		969,511		1,212,833

	The Group		The Bank	
	30 September		30 September 2012	
	2012	31 December 2011	RM'000	31 December 2011
	RM'000	RM'000	RM'000	RM'000
A11. Other liabilities				
Due to brokers and clients	1,541,788	1,367,095	1,342,959	1,259,441
Others	200,517	150,330	198,383	148,147
	1,742,305	1,517,425	1,541,342	1,407,588

	3rd quarter ended		Nine months ended	
	30 September		30 September 2012	
	2012	30 September 2011	RM'000	30 September 2011
	RM'000	RM'000	RM'000	RM'000
A12. Interest income				
Group				
Loans, advances and financing				
- interest income	497	405	1,312	1,193
Money at call and deposits placements with banks and other financial institutions	8,892	6,361	22,610	26,020
Reverse repurchase agreements	1,279	1,687	3,900	4,775
Financial assets held for trading	1,149	1,550	3,567	3,844
Others	196	252	277	796
	12,013	10,255	31,666	36,628
Accretion of discount less amortisation of premium	476	1,099	2,246	2,384
	12,489	11,354	33,912	39,012
Bank				
Loans, advances and financing				
- interest income	497	405	1,312	1,193
Money at call and deposits placements with banks and other financial institutions	8,150	6,068	20,977	25,210
Reverse repurchase agreements	1,279	1,687	3,900	4,775
Financial assets held for trading	1,149	1,550	3,567	3,844
Others	196	252	277	796
	11,271	9,962	30,033	35,818
Accretion of discount less amortisation of premium	476	1,099	2,246	2,384
	11,747	11,061	32,279	38,202

	The Group		The Bank	
	30 September		30 September 2012	
	2012	31 December 2011	RM'000	31 December 2011
	RM'000	RM'000	RM'000	RM'000
A13. Interest expense				
Group				
Deposits and placements of banks and other financial institutions	4,462	3,754	15,221	12,916
Deposits from customers	9,645	6,799	23,419	24,606
Subordinated notes	126	-	341	-
	14,233	10,553	38,981	37,522
Bank				
Deposits and placements of banks and other financial institutions	4,462	3,754	15,221	12,916
Deposits from customers	9,645	6,799	23,419	24,606
	14,107	10,553	38,640	37,522

EXPLANATORY NOTES (Continued)

A14. Non interest income

	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Group				
a) Fee income and commission income:				
Portfolio management fees	2,119	1,824	6,330	7,034
Advisory and arrangement fees	4,747	12,890	55,634	98,033
Underwriting commissions	596	994	596	2,603
Placement fees	5,191	621	5,689	10,976
Other fee income	7,945	132	10,678	6,517
	20,598	16,461	78,927	125,163
b) Net trading expense:				
Loss arising from trading in financial assets held for trading	(809)	(4,433)	(918)	(4,489)
- realised gain	2,507	39	3,997	1,382
- unrealised loss	(3,316)	(4,472)	(4,915)	(5,871)
Gain/(loss) arising from trading in derivative financial instruments	194	620	1,219	(1,281)
- realised gain	487	236	1,005	866
- unrealised (loss)/gain	(293)	384	214	(2,147)
	(615)	(3,813)	301	(5,770)
c) Dividend income from:				
Financial assets held for trading	-	1	10	21
d) Other income:				
Foreign exchange loss	(1,190)	(972)	(790)	(1,261)
Gain on disposal of property, plant and equipment	507	205	1,376	1,836
Income from asset management and securities services	4,181	4,376	12,882	13,094
Brokerage income	50,523	40,569	134,537	116,345
Other non-operating income	226	987	913	2,047
	54,247	45,165	148,918	132,061
Total non interest income	74,230	57,814	228,156	251,475
Bank				
a) Fee income and commission income:				
Portfolio management fees	2,119	1,824	6,330	7,034
Advisory and arrangement fees	4,747	12,891	55,634	98,034
Underwriting commissions	596	994	596	2,603
Placement fees	5,191	621	5,689	10,976
Other fee income	7,945	131	10,678	6,516
	20,598	16,461	78,927	125,163
b) Net trading expense:				
Loss arising from trading in financial assets held for trading	(809)	(4,433)	(918)	(4,489)
- realised gain	2,507	39	3,997	1,382
- unrealised loss	(3,316)	(4,472)	(4,915)	(5,871)
Gain arising from trading in derivative financial instruments	194	620	1,219	(1,281)
- realised gain	487	236	1,005	866
- unrealised (loss)/gain	(293)	384	214	(2,147)
	(615)	(3,813)	301	(5,770)
c) Dividend income from:				
Financial assets held for trading	-	1	10	21
d) Other income:				
Foreign exchange loss	(1,184)	(972)	(784)	(1,261)
Gain on disposal of property, plant and equipment	507	205	1,376	1,836
Income from asset management and securities services	4,181	4,376	12,882	13,094
Brokerage income	49,333	39,660	131,173	113,588
Other non-operating income	226	987	912	2,048
	53,063	44,256	145,559	129,305
Total non interest income	73,046	56,905	224,797	248,719

EXPLANATORY NOTES (Continued)

A15. Overheads

Group	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	73,759	61,842	196,345	197,511
- Pension cost (defined contribution plan)	7,302	6,729	21,969	22,023
- Others	7,596	5,572	20,343	19,721
Establishment costs				
- Depreciation of property, plant and equipment	7,888	7,715	20,602	20,637
- Rental	3,807	4,308	12,416	11,271
- Others	5,725	4,952	20,334	19,235
Marketing expenses				
- Advertisement	4,014	14,287	8,155	33,636
- Others	3,618	4,159	6,804	10,764
Administration and general expenses				
- Legal and professional fees	2,054	2,269	5,186	7,711
- Others	11,142	14,337	35,486	36,080
	126,905	126,170	347,640	378,589
Shared services cost	(47,641)	(54,473)	(140,436)	(155,818)
	79,264	71,697	207,204	222,771
Bank				
Personnel costs				
- Salaries, allowances and bonuses	73,271	61,400	195,008	196,333
- Pension cost (defined contribution plan)	7,254	6,682	21,828	21,907
- Others	7,564	5,552	20,256	19,653
Establishment costs				
- Depreciation of property, plant and equipment	7,875	7,697	20,560	20,508
- Rental	3,549	4,124	11,600	10,705
- Others	5,768	4,950	20,242	19,223
Marketing expenses				
- Advertisement	4,014	14,276	8,152	33,621
- Others	3,600	4,154	6,746	10,743
Administration and general expenses				
- Legal and professional fees	2,044	2,262	5,158	7,684
- Others	11,017	14,255	35,057	35,849
	125,956	125,352	344,607	376,226
Shared services cost	(47,641)	(54,473)	(140,436)	(155,818)
	78,315	70,879	204,171	220,408

A16. Allowance for impairment losses on loans, advances and financing

The Group and The Bank	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and financing :				
Net allowance made/(written back) during the financial period				
-Individual impairment allowance/(written back)	23	67	(126)	19
-Portfolio impairment allowance	210	6	338	(2)
	233	73	212	17

EXPLANATORY NOTES (Continued)

A17. Derivative financial instruments and commitment and contingencies

i) Derivative financial instruments

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

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

	The Group and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 30 September 2012			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	284,260	2,147	(9,948)
- More than 3 years	520,500	30,950	(35,398)
	804,760	33,097	(45,346)
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	222,579	-	-
- More than 3 years	268,189	34	(34)
	490,768	34	(34)
Total derivative assets/(liabilities)	1,295,528	33,131	(45,380)
At 31 December 2011			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- 1 year to 3 years	314,660	5,040	(19,612)
- More than 3 years	546,450	42,347	(60,855)
	861,110	47,387	(80,467)
<u>Equity derivatives</u>			
Equity options			
- 1 year to 3 years	248,061	-	-
- More than 3 years	292,496	1,054	(1,054)
	540,557	1,054	(1,054)
Total derivative assets/(liabilities)	1,401,667	48,441	(81,521)

EXPLANATORY NOTES (Continued)

A17. Derivative financial instruments and commitment and contingencies (Continued)

i) Derivative financial instruments (Continued)

The Group's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest 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 interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2012, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM33,131,000 (31 December 2011: RM48,441,000). 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:

- a) 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;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2011 and the Risk Management section of the 2011 in Annual Report of CIMB Group Holdings Berhad.

ii) Commitment and contingencies

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements.

These commitments and contingencies are not secured over the Group and the Bank.

The notional or principal amount of the commitments and contingencies constitute the following :

	The Group and The Bank	
	30 September 2012	31 December 2011
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	6,014	59
Underwriting obligations	158,518	81,887
Miscellaneous commitments and contingencies	-	-
Total credit-related commitments and contingencies	164,532	81,946
<u>Treasury-related</u>		
Interest rate related contracts		
- Less than one year	284,260	-
- One year to less than 5 years	-	314,660
- Five years and above	520,500	546,450
Equity related contracts		
- Less than one year	222,579	-
- One year to less than 5 years	-	248,061
- Five years and above	268,189	292,496
Total treasury-related commitments and contingencies	1,295,528	1,401,667
	1,460,060	1,483,613

EXPLANATORY NOTES (Continued)

A18. Capital Adequacy

(A) 30 September 2012

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

	<u>The Group</u>	<u>The Bank</u>
Core capital ratio	16.57%	16.72%
Risk-weighted capital ratio	16.60%	16.72%

	<u>The Group</u> RM'000	<u>The Bank</u> RM'000
(b) Components of Tier I and Tier II capital are as follows:		
<u>Tier I capital</u>		
Paid-up capital	100,000	100,000
Retained profits	205,507	196,307
Other reserves	174,568	174,568
	480,075	470,875
Less: Deferred tax assets	(39,474)	(39,288)
Deduction in excess of Tier II Capital	-	(8,079) N1
Total Tier I capital	440,601	423,508
 <u>Tier II capital</u>		
Cumulative preference shares	10	10
Portfolio impairment allowance	961	961 N2
Total Tier II capital	971	971
 Less:		
Investments in subsidiaries	(50)	(9,050) N1
Total eligible Tier II capital	921	-
 Total capital base	 441,522	 423,508

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

	<u>The Group</u> RM'000	<u>The Bank</u> RM'000
Credit risk	1,353,102	1,235,133
Market risk	409,324	409,251
Operational risk	897,388	888,394
	<u>2,659,814</u>	<u>2,532,778</u>

N1 The excess of Tier II capital was deducted under Tier I capital

N2 The capital base of the Group and the Bank as at 30 September 2012 has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM961,000 respectively

EXPLANATORY NOTES (Continued)

A18. Capital Adequacy (Continued)

(B) 31 December 2011

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

	The Group	The Bank
<u>Before deducting proposed dividend</u>		
Core capital ratio	21.02%	20.96%
Risk-weighted capital ratio	21.04%	20.96%
<u>After deducting proposed dividend</u>		
Core capital ratio	16.51%	16.29%
Risk-weighted capital ratio	16.53%	16.29%

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2011 are as follows:

	The Group RM'000	The Bank RM'000
<u>Tier I capital</u>		
Paid-up capital	100,000	100,000
Retained profits	192,837	184,210
Other reserves	209,290	209,290
	502,127	493,500
Less: Deferred tax assets	(40,460)	(40,274)
Deduction in excess of Tier II Capital	-	(8,417) N1
Total Tier I capital	461,667	444,809
<u>Tier II capital</u>		
Cumulative preference shares	10	10
Portfolio impairment allowance	623	623 N2
Total Tier II capital	633	633
Less:		
Investments in subsidiaries	(50)	(9,050) N1
Total eligible Tier II capital	583	-
Total capital base before proposed dividend	462,250	444,809
Proposed dividend	(99,034)	(99,034)
Total capital base after proposed dividend	363,216	345,775

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

	The Group RM'000	The Bank RM'000
Credit risk	1,081,967	1,015,497
Market risk	307,315	307,251
Operational risk	807,424	799,822
	2,196,706	2,122,570

N1 The excess of Tier II capital was deducted under Tier I capital

N2 The capital base of the Group and the Bank as at 31 December 2011 has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM623,000 respectively

EXPLANATORY NOTES (Continued)

A19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

Definition of segments

For management purposes, the Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt related, Equity related, Investments and securities services and Support and others. The business lines are the basis on which the Group reports its primary segment information.

Financial advisory, underwriting and other fees mainly comprise fees derived from structured financial solutions, origination of capital market products including debt and equity, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

Debt related mainly comprises proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It also invests in proprietary capital.

Equity related mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

Investments and securities services mainly comprise annuity income derived from fund management, agency and securities services.

Support and others mainly comprise all middle and back-office processes and other related services which are non-core operations.

The following table presents an analysis of the Group's results by business segments:

The Group	Financial advisory, underwriting and other fees	Debt related	Equity related	Investments and securities services	Support and others	Total
30 September 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest expense	-	(5,069)	-	-	-	(5,069)
Non interest income	62,029	2,001	138,184	21,665	4,277	228,156
Income from Islamic Banking operations	79,751	3,779	50,517	3,186	1,290	138,523
	141,780	711	188,701	24,851	5,567	361,610
Overheads	(58,199)	(10,390)	(109,014)	(24,349)	(5,252)	(207,204)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(3,122)	(4,406)	(10,253)	(2,821)	-	(20,602)
Profit/(loss) before allowances	83,581	(9,679)	79,687	502	315	154,406
Allowance for impairment losses on loans, advances and financing	-	(212)	-	-	-	(212)
Allowance for impairment losses on other receivables	(5,736)	-	-	-	-	(5,736)
Segment results	77,845	(9,891)	79,687	502	315	148,458
Share of results of associates						541
Profit before taxation						148,999
Taxation						(44,674)
Net profit for the period						104,325

EXPLANATORY NOTES (Continued)

A19. Segment reporting (Continued)

The following table presents an analysis of the Group's results by business segments: (continued)

The Group 30 September 2011	Financial advisory, underwriting and other fees RM'000	Debt related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
Net interest income	-	1,490	-	-	-	1,490
Non interest income	70,610	27,417	136,795	13,244	3,409	251,475
Income from Islamic Banking operations	32,176	961	31,308	-	218	64,663
	102,786	29,868	168,103	13,244	3,627	317,628
Recoveries from investment management and securities services	-	-	-	30,000	-	30,000
Overheads	(38,978)	(36,562)	(123,590)	(18,516)	(5,125)	(222,771)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(3,374)</i>	<i>(4,886)</i>	<i>(9,443)</i>	<i>(2,934)</i>	-	<i>(20,637)</i>
Profit/(loss) before allowances	63,808	(6,694)	44,513	24,728	(1,498)	124,857
Allowance for impairment losses on loans, advances and financing	-	(17)	-	-	-	(17)
Allowance for impairment losses on other receivables	(4,738)	-	-	-	-	(4,738)
Segment results	59,070	(6,711)	44,513	24,728	(1,498)	120,102
Share of results of associates						148
Profit before taxation						120,250
Taxation						(35,563)
Net profit for the period						84,687

EXPLANATORY NOTES (Continued)

A20. The operations of Islamic Banking

A20a. Unaudited Statements of Financial Position as at 30 September 2012

	Notes	The Group and The Bank	
		30 September 2012	31 December 2011
		RM'000	RM'000
Assets			
Cash and short-term funds		683,957	602,544
Deposit and placements with banks and other financial institutions		391,203	250,728
Islamic derivative financial instruments		35,306	50,830
Other assets		185,840	185,887
Property, plant and equipment		17	5
Amount due from related companies		-	171
Total assets		1,296,323	1,090,165
Liabilities and Islamic Banking capital funds			
Deposits from customers	A20d	275,718	259,490
Deposits and placements of banks and other financial institutions		381,431	312,475
Islamic derivative financial instruments		45,381	81,521
Provision for taxation and zakat		134,069	99,728
Other liabilities		13,137	2,312
Amount due to related companies		9,865	961
Total liabilities		859,601	756,487
Islamic Banking capital funds		55,250	55,000
Reserves		381,472	278,678
Total Islamic Banking capital funds		436,722	333,678
Total liabilities and Islamic Banking capital funds		1,296,323	1,090,165

A20b. Unaudited Statements of Income for the financial period ended 30 September 2012

	The Group and The Bank			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	928	(2,255)	1,452	514
Income derived from investment of shareholders' funds	62,136	39,333	154,583	72,687
Allowance for impairment losses on other receivables	301	(8)	8	(72)
Total attributable income	63,365	37,070	156,043	73,129
Income attributable to the depositors	(10,943)	(2,790)	(17,512)	(8,538)
Total net income	52,422	34,280	138,531	64,591
Personnel expenses	(18)	(149)	(466)	(561)
Other overheads and expenditures	(506)	(335)	(928)	(1,030)
Profit before taxation	51,898	33,796	137,137	63,000
Taxation	(24,548)	(890)	(34,341)	(1,193)
Profit after taxation	27,350	32,906	102,796	61,807

A20c. Unaudited Statements of Comprehensive Income for the financial period ended 30 September 2012

	The Group and The Bank			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	27,350	32,906	102,796	61,807
Total comprehensive income for the period	27,350	32,906	102,796	61,807

A20d. Deposits from customers

	The Group and The Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
By type of deposits		
Non-Mudharabah Fund		
Variable rate deposits	102,218	77,340
Equity Linked Sukuk	173,500	182,150
	275,718	259,490

EXPLANATORY NOTES (Continued)

B1. Group Performance Review

The Group achieved a profit after tax of RM104.3million for the period ended 30 September 2012, a 23.1% increase compared to the profit after tax of RM84.7 million for the period ended 30 September 2011. This was mainly due to an increase in fee income from several Islamic equity capital market transactions in 2012.

Overhead expenses decreased 7.0% from RM222.8 million in September 2011 to RM207.2 million in September 2012, mainly due to a decrease of advertisement expenses by RM25.5 million.

B2. Prospects for the Current Financial Year

The Group momentum is strong going into 4Q12 but so are the external headwinds as growth in the region has slowed. But the Group remains optimistic as its capital market deal pipeline is good. These are key to strengthening the Group's competitive edge across various businesses and achieving its long term aspirations.

B3. Tax Expense

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	13,306	21,212	43,689	40,237
Deferred tax	-	(5,773)	985	(4,674)
	13,306	15,439	44,674	35,563
Reconciliation				
Profit before taxation	44,668	49,872	148,999	120,250
Tax calculated at a tax rate of 25% (2011: 25%)	11,167	12,468	37,250	30,063
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	2,139	2,971	7,424	5,500
	13,306	15,439	44,674	35,563

	The Bank			
	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	13,093	21,112	43,279	39,927
Deferred tax	-	(5,773)	985	(4,674)
	13,093	15,339	44,264	35,253
Reconciliation				
Profit before taxation	43,639	49,440	146,824	118,845
Tax calculated at a tax rate of 25% (2011: 25%)	10,910	12,360	36,706	29,711
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	2,183	2,979	7,558	5,542
	13,093	15,339	44,264	35,253

EXPLANATORY NOTES (Continued)

B4. Computation of Earning Per Share (EPS)

Basic EPS

The Group's and the Bank's basic EPS is calculated by dividing the net profit for the financial period by the weighted average number of ordinary shares in issue during the financial period.

The Group

	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net profit for the financial period (RM '000)	31,362	34,433	104,325	84,687
Weighted average number of share ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	31.36	34.43	104.33	84.69

The Bank

	3rd quarter ended		Nine months ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net profit for the financial period (RM '000)	30,546	34,101	102,560	83,592
Weighted average number of share ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	30.55	34.10	102.56	83.59