

**CIMB GROUP HOLDINGS BERHAD**

(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

|                                                                       |             | <b>The Group</b>   |                    |
|-----------------------------------------------------------------------|-------------|--------------------|--------------------|
|                                                                       | <b>Note</b> | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> |
|                                                                       |             | <b>RM'000</b>      | <b>RM'000</b>      |
|                                                                       |             |                    | <b>1 Jan 2011</b>  |
|                                                                       |             |                    | <b>RM'000</b>      |
| <b>ASSETS</b>                                                         |             |                    |                    |
| Cash and short-term funds                                             |             | 30,763,061         | 34,203,978         |
| Reverse repurchase agreements                                         |             | 5,594,278          | 4,230,482          |
| Deposits and placements with banks and other financial institutions   |             | 4,990,331          | 4,174,012          |
| Financial investments at fair value through profit or loss            | A8          | 25,383,276         | 13,665,700         |
| Derivative financial instruments                                      | A21 (i)     | 4,125,907          | 4,274,073          |
| Financial investments available-for-sale                              | A9          | 29,207,522         | 18,417,726         |
| Financial investments held-to-maturity                                | A10         | 8,985,294          | 12,460,832         |
| Loans, advances and financing                                         | A11         | 202,137,818        | 183,838,777        |
| Other assets                                                          | A12         | 7,392,298          | 6,518,355          |
| Deferred tax assets                                                   |             | 110,344            | 78,669             |
| Tax recoverable                                                       |             | 73,934             | 139,258            |
| Statutory deposits with central banks                                 |             | 5,264,920          | 5,084,105          |
| Investment in associates and jointly controlled entities              |             | 893,716            | 1,353,638          |
| Property, plant and equipment                                         |             | 1,534,341          | 1,458,400          |
| Investment properties                                                 |             | 17,451             | 8,653              |
| Prepaid lease payments                                                |             | 159,613            | 170,564            |
| Goodwill                                                              |             | 8,180,586          | 8,242,489          |
| Intangible assets                                                     |             | 1,677,520          | 1,611,879          |
|                                                                       |             | <b>336,492,210</b> | <b>299,931,590</b> |
| Non-current assets held for sale                                      |             | 564,674            | 17,248             |
| <b>TOTAL ASSETS</b>                                                   |             | <b>337,056,884</b> | <b>299,948,838</b> |
| <b>LIABILITIES AND EQUITY</b>                                         |             |                    |                    |
| Deposits from customers                                               | A13         | 243,970,307        | 221,933,142        |
| Deposits and placements of banks and other financial institutions     | A14         | 21,402,758         | 12,964,309         |
| Repurchase agreements                                                 |             | 3,068,039          | 1,067,946          |
| Derivative financial instruments                                      | A21 (i)     | 4,083,366          | 4,217,291          |
| Bills and acceptances payable                                         |             | 4,257,257          | 7,566,691          |
| Other liabilities                                                     | A15         | 7,479,226          | 6,362,943          |
| Deferred tax liabilities                                              |             | 132,682            | 210,146            |
| Current tax liabilities                                               |             | 322,400            | 483,820            |
| Amount due to Cagamas Berhad                                          |             | -                  | 107,523            |
| Bonds and debentures                                                  | B7          | 3,350,499          | 521,225            |
| Other borrowings                                                      | B7          | 5,586,698          | 5,324,032          |
| Subordinated notes                                                    | B7          | 13,220,286         | 11,417,980         |
| Non-cumulative guaranteed and redeemable preference shares            |             | 831,920            | 881,016            |
| <b>TOTAL LIABILITIES</b>                                              |             | <b>307,705,438</b> | <b>272,950,541</b> |
| Ordinary share capital                                                |             | 7,432,775          | 7,432,775          |
| Reserves                                                              |             | 20,944,487         | 18,641,686         |
| Less: Shares held under trust                                         |             | (563)              | (563)              |
| Treasury shares, at cost                                              |             | (32)               | (30)               |
|                                                                       |             | <b>28,376,667</b>  | <b>26,073,868</b>  |
| Perpetual preference shares                                           |             | 200,000            | 200,000            |
| Non-controlling interests                                             |             | 774,779            | 724,429            |
| <b>TOTAL EQUITY</b>                                                   |             | <b>29,351,446</b>  | <b>24,415,086</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |             | <b>337,056,884</b> | <b>299,948,838</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                  | A21 (ii)    | <b>461,648,463</b> | <b>414,197,407</b> |
| <b>Net assets per share attributable to owners of the Parent (RM)</b> |             | <b>3.82</b>        | <b>3.51</b>        |
|                                                                       |             |                    | <b>3.14</b>        |

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 GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012**

|                                                                                                       | Note   | The Group          |             |                     |             |
|-------------------------------------------------------------------------------------------------------|--------|--------------------|-------------|---------------------|-------------|
|                                                                                                       |        | 4th quarter ended  |             | Twelve months ended |             |
|                                                                                                       |        | 31 Dec 2012        | 31 Dec 2011 | 31 Dec 2012         | 31 Dec 2011 |
|                                                                                                       |        | RM'000             | RM'000      | RM'000              | RM'000      |
| <b>Continuing operations</b>                                                                          |        |                    |             |                     |             |
| Interest income                                                                                       | A16    | 3,462,118          | 3,356,955   | 13,540,605          | 12,681,512  |
| Interest expense                                                                                      | A17    | <b>(1,554,342)</b> | (1,596,974) | <b>(6,144,725)</b>  | (6,005,261) |
| Net interest income                                                                                   |        | <b>1,907,776</b>   | 1,759,981   | <b>7,395,880</b>    | 6,676,251   |
| Income from Islamic Banking operations                                                                | A24(c) | <b>397,933</b>     | 362,508     | <b>1,689,343</b>    | 1,470,321   |
| Net non-interest income                                                                               | A18    | <b>1,063,642</b>   | 1,008,474   | <b>4,407,035</b>    | 3,725,457   |
| Gain on disposal of net assets and interest in subsidiaries                                           |        | <b>3,369,351</b>   | 3,130,963   | <b>13,492,258</b>   | 11,872,029  |
|                                                                                                       |        | <b>(61)</b>        | 250,000     | <b>2,567</b>        | 250,000     |
| Overheads                                                                                             | A19    | <b>3,369,290</b>   | 3,380,963   | <b>13,494,825</b>   | 12,122,029  |
|                                                                                                       |        | <b>(1,965,978)</b> | (1,721,926) | <b>(7,612,099)</b>  | (6,629,912) |
| Profit before allowances                                                                              |        | <b>1,403,312</b>   | 1,659,037   | <b>5,882,726</b>    | 5,492,117   |
| Allowance for impairment losses on loans, advances and financing                                      | A20    | <b>(52,324)</b>    | (289,204)   | <b>(329,098)</b>    | (487,343)   |
| Allowance made for impairment losses on other receivables                                             |        | <b>(4,383)</b>     | (3,571)     | <b>(31,387)</b>     | (8,908)     |
| Allowance made/(written back) for commitments and contingencies                                       |        | <b>(1,332)</b>     | 18,234      | <b>13,473</b>       | 55,435      |
| Recoveries from investment management and securities services                                         |        | -                  | -           | -                   | 15,000      |
| Allowance made for other impairment losses                                                            |        | <b>(13,472)</b>    | (6,387)     | <b>(15,314)</b>     | (14,190)    |
| Share of results of jointly controlled entities                                                       |        | <b>1,331,801</b>   | 1,378,109   | <b>5,520,400</b>    | 5,052,111   |
| Share of results of associates                                                                        |        | <b>7,370</b>       | 5,401       | <b>16,025</b>       | 16,993      |
|                                                                                                       |        | <b>27,837</b>      | 20,926      | <b>101,886</b>      | 110,625     |
| Profit before taxation                                                                                |        | <b>1,367,008</b>   | 1,404,436   | <b>5,638,311</b>    | 5,179,729   |
| Taxation                                                                                              | B4     | <b>(281,756)</b>   | (259,804)   | <b>(1,281,086)</b>  | (1,128,816) |
| Profit for the period for continuing operations                                                       |        | <b>1,085,252</b>   | 1,144,632   | <b>4,357,225</b>    | 4,050,913   |
| <b>Discontinuing operations</b>                                                                       |        |                    |             |                     |             |
| Share fo results of associate from discontinuing operations<br>(attributable to owners of the Parent) |        | <b>4,368</b>       | 534         | <b>39,582</b>       | 23,413      |
| Profit for the period                                                                                 |        | <b>1,089,620</b>   | 1,145,166   | <b>4,396,807</b>    | 4,074,326   |
| Profit for the period attributable to :                                                               |        |                    |             |                     |             |
| Owners of the Parent                                                                                  |        | <b>1,081,598</b>   | 1,132,514   | <b>4,344,776</b>    | 4,030,798   |
| Non-controlling interests                                                                             |        | <b>8,022</b>       | 12,652      | <b>52,031</b>       | 43,528      |
|                                                                                                       |        | <b>1,089,620</b>   | 1,145,166   | <b>4,396,807</b>    | 4,074,326   |
| Earnings per share (sen):                                                                             |        |                    |             |                     |             |
| - Basic                                                                                               |        |                    |             |                     |             |
| From continuing operations                                                                            | B9(a)  | <b>14.5</b>        | 15.2        | <b>57.9</b>         | 53.9        |
| From discontinuing operations                                                                         | B9(a)  | <b>0.1</b>         | 0.0         | <b>0.5</b>          | 0.3         |
|                                                                                                       |        | <b>14.6</b>        | 15.2        | <b>58.4</b>         | 54.2        |
| - Fully diluted                                                                                       | B9(b)  | N/A                | N/A         | N/A                 | N/A         |

*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 GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012**

|                                                                                              | The Group         |             |                     |             |
|----------------------------------------------------------------------------------------------|-------------------|-------------|---------------------|-------------|
|                                                                                              | 4th quarter ended |             | Twelve months ended |             |
|                                                                                              | 31 Dec 2012       | 31 Dec 2011 | 31 Dec 2012         | 31 Dec 2011 |
|                                                                                              | RM'000            | RM'000      | RM'000              | RM'000      |
| Profit for the period                                                                        | 1,089,620         | 1,145,166   | 4,396,807           | 4,074,326   |
| Other comprehensive income:                                                                  |                   |             |                     |             |
| <b>Continuing operations</b>                                                                 |                   |             |                     |             |
| Revaluation reserve-financial investments available-for-sale                                 | 59,206            | 43,192      | 87,547              | 62,598      |
| - Net gain from change in fair value                                                         | 199,366           | 111,803     | 440,874             | 320,066     |
| - Realised gain transferred to statement of income on disposal and impairment                | (145,006)         | (72,063)    | (390,306)           | (271,725)   |
| - Income tax effects                                                                         | 6,474             | 9,429       | 42,490              | 13,075      |
| - Currency translation difference                                                            | (1,628)           | (5,977)     | (5,511)             | 1,182       |
| Net investment hedge                                                                         | 25,427            | 12,816      | 82,222              | (46,887)    |
| Hedging reserve - cash flow hedge                                                            |                   |             |                     |             |
| - Net loss from change in fair value                                                         | (12)              | 1,670       | (45)                | 226         |
| Exchange fluctuation reserve                                                                 |                   |             |                     |             |
| - Currency translation differences in respect of foreign operations                          | (135,994)         | (354,621)   | (1,069,673)         | 178,309     |
| Share of other comprehensive income/(expense) of associates                                  | 2,799             | 25,041      | (13,505)            | 25,041      |
| Other comprehensive (expense)/income for the period, net of tax for continuing operations    | (48,574)          | (271,902)   | (913,454)           | 219,287     |
| Total comprehensive income for the period                                                    | <b>1,041,046</b>  | 873,264     | <b>3,483,353</b>    | 4,293,613   |
| Total comprehensive income for the period attributable to:                                   |                   |             |                     |             |
| Owners of the Parent                                                                         | 1,028,362         | 865,522     | 3,446,001           | 4,243,953   |
| Non-controlling interests                                                                    | 12,684            | 7,742       | 37,352              | 49,660      |
|                                                                                              | <b>1,041,046</b>  | 873,264     | <b>3,483,353</b>    | 4,293,613   |
| Total comprehensive income for the period attributable to owners of the Parent arising from: |                   |             |                     |             |
| - Continuing operations                                                                      | 1,023,994         | 864,988     | 3,406,419           | 4,220,540   |
| - Discontinuing operations                                                                   | 4,368             | 534         | 39,582              | 23,413      |
|                                                                                              | 1,028,362         | 865,522     | 3,446,001           | 4,243,953   |

*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 GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012**

← Attributable to owners of the Parent →

The Group  
31 December 2012

|                                                                       | Share capital<br>RM'000 | Share premium-ordinary shares<br>RM'000 | Statutory reserve<br>RM'000 | Capital reserve<br>RM'000 | Exchange fluctuation reserve<br>RM'000 | Shares held under trust<br>RM'000 | Treasury shares<br>RM'000 | Revaluation reserve - financial investments available-for-sale<br>RM'000 | Other reserves<br>RM'000 | Share-based payment reserve<br>RM'000 | Regulatory reserve*<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Perpetual preference shares<br>RM'000 | Non-controlling interests<br>RM'000 | Total<br>RM'000 |
|-----------------------------------------------------------------------|-------------------------|-----------------------------------------|-----------------------------|---------------------------|----------------------------------------|-----------------------------------|---------------------------|--------------------------------------------------------------------------|--------------------------|---------------------------------------|-------------------------------|-----------------------------|-----------------|---------------------------------------|-------------------------------------|-----------------|
| At 1 January 2012, as previously reported                             | 7,432,775               | 4,192,596                               | 4,103,591                   | 137,104                   | (172,673)                              | (563)                             | (30)                      | 535,762                                                                  | 20,094                   | 374,332                               | 490,627                       | 8,822,855                   | 25,936,470      | 200,000                               | 726,690                             | 26,863,160      |
| Effect of adopting MFRS 1                                             | -                       | -                                       | -                           | -                         | 347,337                                | -                                 | -                         | 193,789                                                                  | (131,736)                | -                                     | -                             | (271,992)                   | 137,398         | -                                     | (2,261)                             | 135,137         |
| 1 January 2012, as restated                                           | 7,432,775               | 4,192,596                               | 4,103,591                   | 137,104                   | 174,664                                | (563)                             | (30)                      | 729,551                                                                  | (111,642)                | 374,332                               | 490,627                       | 8,550,863                   | 26,073,868      | 200,000                               | 724,429                             | 26,998,297      |
| Profit for the financial period                                       | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | 4,344,776                   | 4,344,776       | -                                     | 52,031                              | 4,396,807       |
| Other comprehensive income (net of tax)                               | -                       | -                                       | (29)                        | -                         | (1,051,161)                            | -                                 | -                         | 71,414                                                                   | 82,011                   | (1,010)                               | -                             | -                           | (898,775)       | -                                     | (14,679)                            | (913,454)       |
| - financial investments available-for-sales                           | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | 84,919                                                                   | -                        | -                                     | -                             | -                           | 84,919          | -                                     | 2,628                               | 87,547          |
| - net investment hedge                                                | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | 82,056                   | -                                     | -                             | -                           | 82,056          | -                                     | 166                                 | 82,222          |
| - hedging reserve - cash flow hedge                                   | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | (45)                     | -                                     | -                             | -                           | (45)            | -                                     | -                                   | (45)            |
| - currency translation difference                                     | -                       | -                                       | (29)                        | -                         | (1,051,161)                            | -                                 | -                         | -                                                                        | -                        | (1,010)                               | -                             | -                           | (1,052,200)     | -                                     | (17,473)                            | (1,069,673)     |
| - share of other comprehensive expense of associate                   | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | (13,505)                                                                 | -                        | -                                     | -                             | -                           | (13,505)        | -                                     | -                                   | (13,505)        |
| Total comprehensive income for the period                             | -                       | -                                       | (29)                        | -                         | (1,051,161)                            | -                                 | -                         | 71,414                                                                   | 82,011                   | (1,010)                               | -                             | 4,344,776                   | 3,446,001       | -                                     | 37,352                              | 3,483,353       |
| Dividend for the financial year ended 31 December 2011                | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (743,277)                   | (743,277)       | -                                     | -                                   | (743,277)       |
| - single tier second interim dividend                                 | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (743,277)                   | (743,277)       | -                                     | -                                   | (743,277)       |
| Dividend for the financial year ending 31 December 2012               | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (371,639)                   | (371,639)       | -                                     | -                                   | (371,639)       |
| - single tier interim dividend                                        | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (371,639)                   | (371,639)       | -                                     | -                                   | (371,639)       |
| Non-controlling interest share of dividend                            | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | -                           | -               | -                                     | (1,425)                             | (1,425)         |
| Transfer to statutory reserve                                         | -                       | -                                       | 202,902                     | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (202,902)                   | -               | -                                     | -                                   | -               |
| Transfer to regulatory reserve                                        | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | 682,950                       | (682,950)                   | -               | -                                     | -                                   | -               |
| Arising from (dilution)/accretion of equity interests in subsidiaries | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | (7,530)                     | (7,530)         | -                                     | (19,192)                            | (26,722)        |
| Bonus issue and capital repayment of subsidiaries                     | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | -                           | -               | -                                     | 33,615                              | 33,615          |
| Purchase of treasury shares                                           | -                       | -                                       | -                           | -                         | -                                      | -                                 | (2)                       | -                                                                        | -                        | -                                     | -                             | -                           | (2)             | -                                     | -                                   | (2)             |
| Share-based payment expense                                           | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | 87,961                                | -                             | -                           | 87,961          | -                                     | -                                   | 87,961          |
| Shares released under Equity Ownership Plan                           | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | (66,308)                              | -                             | -                           | (66,308)        | -                                     | -                                   | (66,308)        |
| Purchase of shares in relation to Equity Ownership Plan               | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | (46,070)                 | -                                     | -                             | -                           | (46,070)        | -                                     | -                                   | (46,070)        |
| Arising from staffs resigned under Equity Ownership Plan              | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | -                                     | -                             | 3,663                       | 3,663           | -                                     | -                                   | 3,663           |
| Expiry of Management Equity Scheme                                    | -                       | -                                       | -                           | -                         | -                                      | -                                 | -                         | -                                                                        | -                        | (335,516)                             | -                             | 335,516                     | -               | -                                     | -                                   | -               |
| At 31 December 2012                                                   | 7,432,775               | 4,192,596                               | 4,306,464                   | 137,104                   | (876,497)                              | (563)                             | (32)                      | 800,965                                                                  | (75,701)                 | 59,459                                | 1,173,577                     | 11,226,520                  | 28,376,667      | 200,000                               | 774,779                             | 29,351,446      |

\* Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012**

← Attributable to owners of the Parent →

The Group  
31 December 2011

|                                                                                               | Share capital<br>RM'000 | Share premium-<br>ordinary shares<br>RM'000 | Statutory<br>reserve<br>RM'000 | Capital<br>reserve<br>RM'000 | Exchange<br>fluctuation<br>reserve<br>RM'000 | Shares held<br>under trust<br>RM'000 | Treasury<br>shares<br>RM'000 | Revaluation<br>reserve -<br>financial<br>investments<br>available-<br>for-sale<br>RM'000 | Other<br>reserves<br>RM'000 | Share-based<br>payment<br>reserve<br>RM'000 | Regulatory<br>reserve*<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 | Perpetual<br>preference<br>shares<br>RM'000 | Non-controlling<br>interests<br>RM'000 | Total<br>Total<br>RM'000 |
|-----------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------|--------------------------------|------------------------------|----------------------------------------------|--------------------------------------|------------------------------|------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------|----------------------------------|--------------------------------|-----------------|---------------------------------------------|----------------------------------------|--------------------------|
| At 1 January 2011, as previously reported                                                     | 7,432,775               | 4,192,596                                   | 3,935,308                      | 136,954                      | (347,337)                                    | (563)                                | (21)                         | 474,673                                                                                  | 131,736                     | 318,071                                     | 117,595                          | 6,838,179                      | 23,229,966      | 200,000                                     | 873,233                                | 24,303,199               |
| Effect of adopting MFRS 1                                                                     | -                       | -                                           | -                              | -                            | 347,337                                      | -                                    | -                            | 170,539                                                                                  | (131,736)                   | -                                           | -                                | (271,992)                      | 114,148         | -                                           | (2,261)                                | 111,887                  |
| 1 January 2011, as restated                                                                   | 7,432,775               | 4,192,596                                   | 3,935,308                      | 136,954                      | -                                            | (563)                                | (21)                         | 645,212                                                                                  | -                           | 318,071                                     | 117,595                          | 6,566,187                      | 23,344,114      | 200,000                                     | 870,972                                | 24,415,086               |
| Profit for the financial period                                                               | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | 4,030,798                      | 4,030,798       | -                                           | 43,528                                 | 4,074,326                |
| Other comprehensive income (net of tax)                                                       | -                       | -                                           | (3)                            | -                            | 174,664                                      | -                                    | -                            | 84,339                                                                                   | (46,254)                    | 409                                         | -                                | -                              | 213,155         | -                                           | 6,132                                  | 219,287                  |
| - financial investments available-for-sales                                                   | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | 59,298                                                                                   | -                           | -                                           | -                                | -                              | -               | -                                           | 3,300                                  | 62,598                   |
| - net investment hedge                                                                        | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | (46,480)                    | -                                           | -                                | -                              | (46,480)        | -                                           | (407)                                  | (46,887)                 |
| - hedging reserve - cash flow hedge                                                           | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | 226                         | -                                           | -                                | -                              | 226             | -                                           | -                                      | 226                      |
| - currency translation difference                                                             | -                       | -                                           | (3)                            | -                            | 174,664                                      | -                                    | -                            | -                                                                                        | -                           | 409                                         | -                                | -                              | 175,070         | -                                           | 3,239                                  | 178,309                  |
| - share of other comprehensive income of associate                                            | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | 25,041                                                                                   | -                           | -                                           | -                                | -                              | 25,041          | -                                           | -                                      | 25,041                   |
| Total comprehensive income for the period                                                     | -                       | -                                           | (3)                            | -                            | 174,664                                      | -                                    | -                            | 84,339                                                                                   | (46,254)                    | 409                                         | -                                | 4,030,798                      | 4,243,953       | -                                           | 49,660                                 | 4,293,613                |
| Dividend for the financial year ended 31 December 2010                                        | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | (594,622)                      | (594,622)       | -                                           | -                                      | (594,622)                |
| Dividend for the financial year ended 31 December 2011                                        | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | (891,933)                      | (891,933)       | -                                           | -                                      | (891,933)                |
| - single tier interim dividend                                                                | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | -                              | -               | -                                           | -                                      | -                        |
| Non-controlling interest share of dividend                                                    | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | -                              | -               | -                                           | (11,250)                               | (11,250)                 |
| Transfer to statutory reserve                                                                 | -                       | -                                           | 168,286                        | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | (168,286)                      | -               | -                                           | -                                      | -                        |
| Transfer to regulatory reserve                                                                | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | 373,032                          | (373,032)                      | -               | -                                           | -                                      | -                        |
| Arising from reorganisation of investment in subsidiaries and deemed disposal of subsidiaries | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | (15,953)                       | (15,953)        | -                                           | (185,592)                              | (201,545)                |
| Issue of share capital arising from:                                                          | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | (1,796)                        | (1,796)         | -                                           | (9,110)                                | (10,906)                 |
| Bonus issue and capital repayment of a subsidiary                                             | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | -                              | 150             | -                                           | -                                      | 150                      |
| Issue of capital funds                                                                        | -                       | -                                           | -                              | 150                          | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | -                              | (500)           | -                                           | 9,749                                  | 9,249                    |
| Rights issue of a subsidiary                                                                  | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | -                                           | -                                | -                              | (9)             | -                                           | -                                      | (9)                      |
| Purchase of treasury shares                                                                   | -                       | -                                           | -                              | -                            | -                                            | -                                    | (9)                          | -                                                                                        | -                           | -                                           | -                                | -                              | -               | -                                           | -                                      | -                        |
| Share-based payment expense                                                                   | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | 76,281                                      | -                                | -                              | 76,281          | -                                           | -                                      | 76,281                   |
| Shares released under Equity Ownership Plan                                                   | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | -                                                                                        | -                           | (20,429)                                    | -                                | -                              | (20,429)        | -                                           | -                                      | (20,429)                 |
| Purchase of shares in relation to Equity Ownership Plan                                       | -                       | -                                           | -                              | -                            | -                                            | -                                    | -                            | (65,388)                                                                                 | -                           | -                                           | -                                | -                              | (65,388)        | -                                           | -                                      | (65,388)                 |
| At 31 December 2011                                                                           | 7,432,775               | 4,192,596                                   | 4,103,591                      | 137,104                      | 174,664                                      | (563)                                | (30)                         | 729,551                                                                                  | (111,642)                   | 374,332                                     | 490,627                          | 8,550,863                      | 26,073,868      | 200,000                                     | 724,429                                | 26,998,297               |

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 GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2012**

|                                                                                | <b>The Group</b>   |                    |
|--------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> |
|                                                                                | <b>RM'000</b>      | <b>RM'000</b>      |
| Profit before taxation                                                         |                    |                    |
| - From continuing operations                                                   | 5,638,311          | 5,179,729          |
| - From discontinued operations                                                 | 39,582             | 23,413             |
|                                                                                | <u>5,677,893</u>   | <u>5,203,142</u>   |
| Adjustments for non-operating and non-cash items                               | (198,301)          | (308,490)          |
| Operating profit before changes in working capital                             | 5,479,592          | 4,894,652          |
| Net changes in operating assets                                                | (32,872,419)       | (17,739,387)       |
| Net changes in operating liabilities                                           | 30,166,304         | 23,674,486         |
|                                                                                | <u>(2,706,115)</u> | <u>5,935,099</u>   |
| Cash flows generated from operations                                           | 2,773,477          | 10,829,751         |
| Taxation paid                                                                  | (1,451,419)        | (927,431)          |
| Net cash flows generated from operating activities                             | 1,322,058          | 9,902,320          |
| Net cash flows used in investing activities                                    | (7,388,927)        | (4,924,876)        |
| Net cash flows generated from financing activities                             | 3,789,831          | 1,620,679          |
| Net (decrease)/increase in cash and cash equivalents during the financial year | (2,277,038)        | 6,598,123          |
| Effects of exchange rate changes                                               | (1,163,879)        | 420,595            |
| Cash and short-term funds at beginning of the financial year                   | 34,203,978         | 27,185,260         |
| <b>Cash and short-term funds at end of the financial year</b>                  | <u>30,763,061</u>  | <u>34,203,978</u>  |
| Statutory deposits with Bank Indonesia*                                        | (4,060,668)        | (3,887,585)        |
| Monies held in trust                                                           | (29,786)           | (27,683)           |
| <b>Cash and cash equivalents at end of the financial year</b>                  | <u>26,672,607</u>  | <u>30,288,710</u>  |

\* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

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

## **PART A - 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, 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 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 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 ("MRFS 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"

Other than the adoption of "MRFS 1", 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 Company.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group 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 A26(i).

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 Company'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**

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

### A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the year ended 31 December 2012:-

(a) From 25 January 2012 to 31 December 2012, the Company purchased 205 of its own shares from the open market at an average market price of RM7.61 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM1,784.

Subsequent to the financial year ended 31 December 2012, the Company purchased 99 of its own shares from the open market at an average market price of RM7.21 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM727.

The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

(b) On 23 February 2012, the Company announced that it will be seeking its shareholders' approval at its 55th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 17 April 2012.

(c) CIMB Thai Bank, a subsidiary of CIMB Bank, had fully settled its USD 40 million subordinated notes on 21 February 2012.

(d) On 8 March 2012, CIMB Thai Bank announced a 3-for-10 rights issue at THB1 per share. The exercise was approved at the AGM and approved by Thailand's Ministry of Finance on 12 April 2012 and 21 June 2012 respectively. The exercise was completed on 7 August 2012 and CIMB Thai Bank successfully raised a total capital of THB 4.769 billion.

(e) CIMB Bank Berhad, acting through its Labuan Offshore Branch, issued HKD462 million nominal value 5-year senior unsecured notes (the "Notes") under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes were issued on 8 May 2012 and will mature on 8 May 2017. The Notes bear a coupon rate of 2.55% per annum payable annually in arrears.

(f) CIMB Bank Berhad issued USD350 million nominal value 5-year senior unsecured notes (the "Notes") under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes were issued on 26 July 2012 and will mature on 26 July 2017. The Notes bear a coupon rate of 2.375% per annum payable semi-annually in arrears.

(g) CIMB Islamic Bank, has issued a RM300 million subordinated Sukuk ("the Sukuk") under its RM2 billion Tier 2 Junior Sukuk Program which was approved by the Securities Commission on 22 May 2009. The Sukuk was issued on 18 September 2012 and will mature on 18 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter subject to prior approval by Bank Negara Malaysia. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The Sukuk qualifies as Tier-2 capital for the purpose of the RWCR computation.

(h) CIMB Niaga, has issued 3-year Series A and 5-year Series B Senior Bond ("the bonds") of IDR600 billion and IDR1,400 billion respectively, totalling IDR2 trillion on 30 October 2012. The bonds will mature on 30 October 2015 and 30 October 2017 for Series A and Series B respectively. The bonds bear a coupon rate of 7.35% per annum and 7.75% per annum for Series A and Series B respectively.

(i) CIMB Thai Bank, has issued a THB3,000 million Tier 2 subordinated debt ("the Subdebt") which was approved by the CIMB Thai Board of Directors on 28 September 2012. The Subdebt was issued on 9 November 2012 and will mature on 9 November 2022, with the optional redemption on 9 November 2017. The Subdebt bears an interest rate of 4.8% per annum, payable semi-annually in arrears.

(j) PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued an IDR600,000 million bond ("the bonds") on 22 November 2012. The bonds are divided in 2 series. Series 1 is IDR152,000 million with 370 days tenor which will mature on 2 December 2013. It bears fixed interest rate of 7% per annum. Series 2 is IDR448,000 million with 3 years tenor which will mature on 22 November 2015. It bears fixed interest rate of 8.10% per annum.

(k) CIMB Bank Berhad, has issued a RM1,500 million Tier 2 Subordinated Debt ("the Subdebt") under its RM5.0 billion Programme on 30 November 2012. The Subdebt is rated AA+ by Malaysian Rating Corporation Berhad.

The Subdebt has a maturity of 10 years from the issue date and is callable on any coupon payment date on or after 5 years prior to the maturity date (10NC5). The coupon rate of the Subdebt is 4.15% per annum to be paid semi-annually. The exercise of the call option on the Subdebt is amongst others, subject to the approval of Bank Negara Malaysia.



### **A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (Continued)**

(l) On 22 January 2013, CIMB Bank Berhad issued (i) HKD430 million in nominal value, 1.20 per cent senior unsecured fixed rate notes due on 22 January 2016; and (ii) HKD171 million in nominal value, 1.60 per cent senior unsecured fixed rate notes due on 22 January 2018 (collectively the “HKD Issuances”). The HKD Issuances were issued under the CIMB Bank Berhad’s USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The coupon for the HKD Issuances are payable quarterly in arrears.

(m) CIMB Bank Berhad issued USD45 million senior unsecured floating rate notes (the “Notes”) under its USD 1 billion Euro Medium Term Note Programme. The Notes were issued on 29 January 2013 and will mature on the interest payment date falling in or nearest to January 2015. The coupon rate is calculated based on the 3 month U.S.\$ LIBOR plus a margin of 0.70% per annum and coupon is payable quarterly in arrears.

(n) In the month of January 2013, CIMB Thai Bank issued various unsecured structured debentures amounted to THB461 million with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rate at THBFIX 6 month + 0.50% per annum payable semi annually.

(o) In the month of January 2013, CIMB Thai Bank issued various unsecured short term debentures amounted to THB6.4 billion, with maturity dates varies from 11 days to 6 months. The debentures carry fixed interest rates of 2.70% to 2.93%, payable at respective maturity dates.

(p) On 18 January 2013, the Group had announced its proposal to put in place a dividend reinvestment scheme that will allow its shareholders the option to elect to reinvest their cash dividend, whether interim, final, special or any other cash dividend, in new ordinary share(s) of RM 1.00 each in the Group (“Proposed DRS”). At the Group extraordinary general meeting on 25 February 2013, the Group’s shareholders approved the Proposed DRS.

### **A4. DIVIDENDS PAID**

A single tier second interim dividend of 10.0 sen per ordinary share, on 7,432,771,631 ordinary shares amounting to RM743,277,163 in respect of the financial year ended 31 December 2011, which was approved by the Board of Directors on 27 February 2012, was paid on 30 March 2012.

A single tier first interim dividend of 5 sen per ordinary share, on 7,432,774,644 ordinary shares amounted to RM371,638,732 in respect of the financial year ended 31 December 2012, which was approved by the Board of Directors on 15 August 2012, was paid on 28 September 2012.

The Directors have proposed a second interim single tier dividend of 18.38 sen per ordinary share, on 7,432,771,338 ordinary shares amounting to RM1,366,000,000 in respect of the financial year ended 31 December 2012, to be paid in 2013. The single tier second interim dividend was approved by the Board of Directors on 17 January 2013. The proposed dividend consist of an electable portion of 18.38 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme as disclosed in A5(h) and is pending approval from Bank Negara Malaysia.

### **A5. STATUS OF CORPORATE PROPOSAL**

(a) On 8 May 2012, CIMB Bank Berhad (“CIMB Bank”) has entered into share purchase agreements (“SPA”) with San Miguel Properties, Inc., San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings, Inc. and various minority shareholders for the proposed acquisition of 59.98% of the issued and paid-up share capital of Bank of Commerce (“BOC”) (“Proposed Acquisition”), which is equivalent to 67,325,197 fully paid ordinary shares of PHP100 par value each, for a total cash consideration of PHP12,203 million (equivalent to approximately RM881 million).

Monetary Board of Bangko Sentral ng Pilipinas, the central bank of the Republic of the Philippines, had vide its letter dated 20 November 2012 approved the Proposed Acquisition. The Proposed Acquisition is subject to certain conditions to be met prior to the completion.

(b) On 15 February 2012, CIMB Securities International Pte. Ltd. (“CSI”), an indirect wholly-owned subsidiary of the Company, completed the acquisition of 70.06% interest in SICCO Securities Public Company Limited (“SSEC”) at a total cash consideration of THB767,907,519 (equivalent to RM78,426,395) or cash consideration of THB1.72 per ordinary share of SSEC. Consequently, CSI owned approximately 82.07% of the total issued and outstanding shares of SSEC as at 15 February 2012.

CSI made a tender offer under the laws of Thailand to acquire the remaining SSEC shares not owned by CSI which represents approximately 17.93% of the total issued and outstanding shares of SSEC (“Tender Offer”). The Tender Offer was completed on 11 April 2012, and CSI had acquired 15.31% of the total issued and outstanding shares, increasing CSI’s equity stake in SSEC to approximately 97.37% of the total issued and outstanding shares of SSEC.

On 12 September 2012, CSI acquired an additional 2.22% of the total issued and outstanding shares in SSEC via a delisting tender offer. As a result of this, the Group’s equity interest in SSEC was increased to approximately 99.59% of the total issued and outstanding shares of SSEC.

(c) On 21 February 2012, CIMB Bank has completed the disposal of a 6.8% stake in The South East Asian Strategic Assets Fund LP to a third party.

#### A5. STATUS OF CORPORATE PROPOSAL (Continued)

(d) On 28 February 2012, CIMB Securities International Pte. Ltd (“CIMBSI”) has entered into a Deed of Accession to the Joint Venture and Shareholders' Agreement to facilitate the entry of Vista Knowledge Pte Ltd (“Vista Knowledge”), a wholly-owned subsidiary of Genting Berhad, as a new shareholder of CIMBSI's investment banking advisory joint venture in Sri Lanka, CIMB Private Limited. The new shareholding structure following Vista Knowledge's entry is: CIMB (45%), Mr. Alex Lovell (20%), Vista Knowledge (20%) and Ms Reshani Dangalla (15%).

(e) On 2 April 2012, CIMB Group Sdn Bhd (“CIMBG”), a wholly-owned subsidiary of the Group, has entered into a Sale and Purchase Agreement with the RBS for the acquisition of selected cash equities business in Australia, China, Hong Kong, India and Taiwan, equity capital markets business and M&A corporate finance business in Australia, China (excluding any activities carried on by Hua Ying Securities Co., Ltd.), Hong Kong, India, Indonesia, Malaysia, Singapore, Taiwan and Thailand for a total cash consideration of GBP88.4 million (or equivalent to approximately RM431.8 million) (“Proposed Acquisition”).

Pursuant to, CIMBG had entered into a cooperation letter agreement with RBS to confirm their mutual understanding to explore cooperation in various areas, which include capital markets activities, mergers and acquisitions, equities, derivatives, loan markets, trade advisory and trade financing solutions, cash management services and agent/custodian bank arrangements.

The acquisition of selected equity capital markets and M&A corporate finance businesses in Indonesia, Malaysia, Singapore and Thailand has been completed on 27 April 2012.

The acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in China and Hong Kong was completed on 30 June 2012.

On 12 July 2012, the proposed acquisition of the cash equities, equity capital markets and M&A corporate finance business of RBS in India had been terminated due to an unexpected legal issue.

The acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Australia was completed on 2 November 2012.

(f) On 5 March 2012, CIMB Securities (Singapore) Pte Ltd, an indirect wholly-owned subsidiary of the Company, has entered into a strategic collaboration agreement with John Keells Stock Brokers (Pvt) Ltd (“JKSB”) to facilitate the Company's stock broking business in Sri Lanka.

(g) CIG Berhad (“CIG”), a wholly-owned subsidiary of the Group, has entered into an implementation agreement (“the Agreement”) dated 17 January 2013 in relation to the proposed disposal of CIG's and its affiliates (collectively, the “Seller”) and Aviva International Holdings Limited's stakes in both CIMB Aviva Assurance Berhad (“CAAB”) and both CIMB Aviva Takaful Berhad (“CATB”) to Renggis Ventures Sdn Bhd (“RVSB”), a wholly-owned subsidiary of Khazanah Nasional Berhad and Sun Life Assurance Company of Canada respectively (“Proposed Transaction”).

Under the agreement, the understanding is for the Seller to dispose its stake in CAAB and CATB to RVSB, upon receipt of the relevant regulatory approvals, for a purchase consideration of RM1,110.0 million, of which RM1,066.5 million shall be satisfied in cash and RM43.5 million in ordinary shares of RVSB. As a result, CIMB Group will maintain an effective 2% interest in CAAB and CATB.

The application in respect of the Proposed Transaction has also been submitted to Bank Negara Malaysia on 17 January 2013.

(h) On 18 January 2013 the Company announced the proposal to put in place a dividend reinvestment scheme that would allow the shareholders of the Company (“Shareholders”) to have the option to elect to reinvest their cash dividends in new ordinary shares (“New CIMB Shares”) (“Dividend Reinvestment Scheme”).

The scheme would allow the Board, at its absolute discretion, to offer either the Dividend Reinvestment Scheme or full cash for the Group's dividends as and when it deems appropriate vis-à-vis the Group's capital strategy and plans.

The rationale of the Dividend Reinvestment Scheme are as follows:

(i) CIMB's capital management strategy

As part of the Company's capital management strategy, the Dividend Reinvestment Scheme would provide the Company additional flexibility in managing its capital position.

(ii) Enhancing shareholder value with reasonable dividend yield

The Dividend Reinvestment Scheme will provide an opportunity for shareholders to enjoy dividend yield while preserving capital for the Company.

Since the announcement of Basel III, many global banks have taken a cautious stance in capital management including that of reducing dividend payments. Whilst this stance will improve a banks' capital ratios, such actions may result in lower dividend yields and may eventually reduce investors' interest in the banking industry.

#### **A5. STATUS OF CORPORATE PROPOSAL (Continued)**

The Dividend Reinvestment Scheme provides an alternative for banks to balance the demand of its investors and its capital objective.

##### **(iii) Alternative mode of payment of Dividends**

The implementation of the Dividend Reinvestment Scheme will provide an avenue for shareholders to elect to exercise the option to reinvest all or part of their dividends into New CIMB Shares in lieu of receiving cash dividend.

The shareholders shall have the following options in respect of an option to reinvest announced by the Board under the Dividend Reinvestment Scheme:

(i) to elect to participate by reinvesting the whole or part of the Electable Portion at the issue price for New CIMB Shares.

In the event that only part of the Electable Portion is reinvested, the shareholders shall receive cash for the remaining portion of the Electable Portion not reinvested; or

(ii) to elect not to participate in the option to reinvest and thereby receive the entire dividend entitlement wholly in cash.

The Dividend Reinvestment Scheme had received the necessary approvals from Bursa Securities and from its Shareholders via an Extraordinary General Meeting held on 25 February 2013. The Dividend Reinvestment Scheme is pending approval from Bank Negara Malaysia.

#### **A6. EVENTS DURING THE REPORTING PERIOD**

a) On 29 March 2012, CIMB Strategic Assets Sdn Bhd (“CIMB SA”), a wholly owned subsidiary of the Group, had disposed 300,000 ordinary issued shares of Capital Advisors Partners Asia Sdn Bhd (“CAPA”), representing 60% of issued share capital, for a cash consideration of RM2,000,000.00. As a result, CAPA became a joint venture of CIMB SA and indirect owned joint venture of the Group.

b) On 29 March 2012, CIMB SA, a wholly owned subsidiary of the Group, had disposed 6 ordinary issued shares of its subsidiary, CapAsia Islamic Infrastructure Fund (General Partner) Limited (“CIIF”), representing 60% of the issued share capital, for a cash consideration of RM3,999,000.00. Upon completion of the disposal, CIIF became a joint venture of CIMB SA and indirect owned joint venture of the Group.

c) On 29 March 2012, CIMB SA, a wholly owned subsidiary of the Group, had disposed 3 ordinary issued shares of CapAsia ASEAN Infrastructure Fund III (General Partner) Limited (“CAIF III GP”), representing 60% of the issued share capital, for a cash consideration of RM1,000.00. Upon completion of the disposal, CAIF III GP became a joint venture of CIMB SA and indirect owned joint venture of the Group.

d) CIMB Group Sdn Bhd, a 100%-owned subsidiary of CIMB had on 8 October 2012 entered into a sale and purchase agreement with Yusuf bin Ahmed Kanoo (Holdings) WLL (“Kanoo”) to acquire the remaining 10 million ordinary shares in CIMB Middle East BSC (C) (“CIMB ME”), representing 50% of the issued and paid-up share capital of CIMB ME, for a total cash consideration of USD12.25 million (equivalent to RM37.5 million). As a result, CIMB ME is now an indirect 100%-owned subsidiary of the Group.

#### **A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no significant events that had occurred between 31 December 2012 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

**PART A - EXPLANATORY NOTES**

**A8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**A8(a). FINANCIAL ASSETS HELD FOR TRADING**

|                                                 | 31 Dec 2012<br>RM'000 | The Group<br>31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
|-------------------------------------------------|-----------------------|------------------------------------|----------------------|
| <b>Money market instruments:</b>                |                       |                                    |                      |
| <b>Unquoted</b>                                 |                       |                                    |                      |
| Malaysian Government securities                 | 310,623               | 253,409                            | 360,214              |
| Cagamas bonds                                   | -                     | 52,511                             | 13,186               |
| Khazanah bonds                                  | 16,914                | -                                  | -                    |
| Malaysian Government treasury bills             | 215,116               | 90,484                             | 57,779               |
| Bank Negara Malaysia bills                      | 1,223,834             | 156,856                            | 2,597,966            |
| Bank Negara Malaysia negotiable notes           | 6,423,927             | 1,817,293                          | 2,226,623            |
| Negotiable instruments of deposit               | 2,929,556             | 2,069,683                          | 1,778,088            |
| Bankers' acceptances and Islamic accepted bills | 584,737               | 575,819                            | 740,811              |
| Credit-linked notes                             | 46,291                | 46,059                             | 123,158              |
| Other Government's securities                   | 3,574,330             | 2,933,501                          | 163,033              |
| Commercial papers                               | 320,059               | 168,458                            | 2,053,218            |
| Government investment issues                    | 413,357               | 147,201                            | 320,534              |
|                                                 | <b>16,058,744</b>     | <b>8,311,274</b>                   | <b>10,434,610</b>    |
| <b>Quoted securities:</b>                       |                       |                                    |                      |
| <i>In Malaysia:</i>                             |                       |                                    |                      |
| Warrants                                        | -                     | -                                  | 5                    |
| Shares                                          | 1,056,010             | 904,743                            | 1,210,166            |
| <i>Outside Malaysia:</i>                        |                       |                                    |                      |
| Shares                                          | 2,452                 | 6,534                              | 26,102               |
| Private and Islamic debt securities             | 387,834               | 305,183                            | 57,525               |
| Other Government bonds                          | 621,390               | 448,161                            | 79,143               |
| Bank Indonesia certificates                     | -                     | 67,775                             | 1,478,043            |
| Investment linked funds                         | 472,208               | 299,213                            | 54,017               |
|                                                 | <b>2,539,894</b>      | <b>2,031,609</b>                   | <b>2,905,001</b>     |
| <b>Unquoted securities:</b>                     |                       |                                    |                      |
| <i>In Malaysia:</i>                             |                       |                                    |                      |
| Private and Islamic debt securities             | 4,886,688             | 1,925,800                          | 1,628,798            |
| Shares                                          | 6,544                 | 6,243                              | 5,948                |
| <i>Outside Malaysia:</i>                        |                       |                                    |                      |
| Private and Islamic debt securities             | 1,822,141             | 1,322,944                          | 1,246,789            |
| Shares                                          | 59,769                | 58,157                             | -                    |
| Unit trust                                      | 9,496                 | 9,673                              | -                    |
|                                                 | <b>6,784,638</b>      | <b>3,322,817</b>                   | <b>2,881,535</b>     |
| Total financial assets held-for-trading         | <b>25,383,276</b>     | <b>13,665,700</b>                  | <b>16,221,146</b>    |

**A8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

**A8(b). FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                                                         | The Group         |                   |                   |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                                         | 31 Dec 2012       | 31 Dec 2011       | 1 Jan 2011        |
|                                                                         | RM'000            | RM'000            | RM'000            |
| <b>Money market instruments:</b>                                        |                   |                   |                   |
| <b>Unquoted</b>                                                         |                   |                   |                   |
| Malaysian Government securities                                         | -                 | -                 | 223,810           |
| Cagamas bonds                                                           | -                 | -                 | 22,536            |
| Khazanah bonds                                                          | -                 | -                 | 8,012             |
| Government investment issues                                            | -                 | -                 | 195,523           |
|                                                                         | -                 | -                 | 449,881           |
| <b>Quoted securities:</b>                                               |                   |                   |                   |
| <i>In Malaysia:</i>                                                     |                   |                   |                   |
| Shares                                                                  | -                 | -                 | 81,637            |
| Unit trusts                                                             | -                 | -                 | 10,797            |
|                                                                         | -                 | -                 | 92,434            |
| <b>Unquoted securities:</b>                                             |                   |                   |                   |
| <i>In Malaysia:</i>                                                     |                   |                   |                   |
| Private and Islamic debt securities                                     | -                 | -                 | 265,410           |
| Shares                                                                  | -                 | -                 | 2,334             |
| Investment linked fund                                                  | -                 | -                 | 51,391            |
|                                                                         | -                 | -                 | 319,135           |
| Total financial assets designated at fair value through profit or loss  | -                 | -                 | 861,450           |
| <b>TOTAL FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b> | <b>25,383,276</b> | <b>13,665,700</b> | <b>17,082,596</b> |

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

|                                                       | <b>The Group</b>   |                    |                   |
|-------------------------------------------------------|--------------------|--------------------|-------------------|
|                                                       | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                       | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>Money market instruments:</b>                      |                    |                    |                   |
| <b>Unquoted</b>                                       |                    |                    |                   |
| Malaysian Government securities                       | 860,826            | 1,422,455          | 1,333,672         |
| Cagamas bonds                                         | 290,288            | 453,651            | 437,562           |
| Khazanah bonds                                        | 400,350            | 190,187            | -                 |
| Other Government securities                           | 104,099            | -                  | -                 |
| Other Government treasury bills                       | 49,398             | 25,874             | -                 |
| Bank Negara Malaysia bills                            | 497,386            | -                  | -                 |
| Government investment issues                          | 3,480,923          | 1,198,283          | 882,712           |
| Commercial papers                                     | 9,999              | -                  | -                 |
|                                                       | <b>5,693,269</b>   | <b>3,290,450</b>   | <b>2,653,946</b>  |
| <b>Quoted securities:</b>                             |                    |                    |                   |
| <i>In Malaysia:</i>                                   |                    |                    |                   |
| Shares                                                | 20,476             | 26,504             | 115,676           |
| Unit trusts                                           | 134,276            | 122,654            | 240,949           |
| <i>Outside Malaysia:</i>                              |                    |                    |                   |
| Shares                                                | 289                | 21,319             | 12,074            |
| Private and Islamic debt securities                   | 1,212,714          | 371,387            | 24,582            |
| Other Government bonds                                | 3,211,801          | 2,807,382          | 2,635,564         |
| Unit trusts                                           | 292,873            | 292,209            | 318,435           |
|                                                       | <b>4,872,429</b>   | <b>3,641,455</b>   | <b>3,347,280</b>  |
| <b>Unquoted securities:</b>                           |                    |                    |                   |
| <i>In Malaysia:</i>                                   |                    |                    |                   |
| Private and Islamic debt securities                   | 13,982,613         | 8,940,133          | 7,949,059         |
| Shares                                                | 1,003,666          | 976,604            | 905,404           |
| Loan stocks                                           | 18,507             | 19,774             | 26,624            |
| Property funds                                        | 194                | 188                | 175               |
| Investment linked funds                               | -                  | -                  | 6,947             |
| Bond funds                                            | -                  | 12,611             | 12,380            |
| <i>Outside Malaysia:</i>                              |                    |                    |                   |
| Shares                                                | 75,903             | 207,581            | 80,480            |
| Private equity and unit trust funds                   | 88,291             | 81,604             | 224,453           |
| Private and Islamic debt securities                   | 3,758,795          | 1,622,114          | 321,077           |
| Loan stocks                                           | 1,889              | 1,568              | 1,531             |
|                                                       | <b>18,929,858</b>  | <b>11,862,177</b>  | <b>9,528,130</b>  |
|                                                       | <b>29,495,556</b>  | <b>18,794,082</b>  | <b>15,529,356</b> |
| <b>Allowance for impairment loss:</b>                 |                    |                    |                   |
| Private debt securities                               | (115,716)          | (210,510)          | (240,661)         |
| Quoted shares                                         | (12,464)           | (16,854)           | (27,413)          |
| Quoted bonds                                          | (8,423)            | (3,411)            | -                 |
| Unquoted shares                                       | (134,972)          | (131,662)          | (134,266)         |
| Unit trusts                                           | (1,898)            | (1,113)            | (878)             |
| Loan stocks                                           | (14,561)           | (12,806)           | (14,092)          |
|                                                       | <b>(288,034)</b>   | <b>(376,356)</b>   | <b>(417,310)</b>  |
| <b>Total financial investments available-for-sale</b> | <b>29,207,522</b>  | <b>18,417,726</b>  | <b>15,112,046</b> |

On 1 January 2012, the Group designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM4,647,899,000 (1 January 2011: RM3,456,736,000) and RM4,457,952,000 (1 January 2011: RM3,299,763) respectively.

**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

|                                                      | <b>The Group</b>   |                    |                   |
|------------------------------------------------------|--------------------|--------------------|-------------------|
|                                                      | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                      | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>Money market instruments:</b>                     |                    |                    |                   |
| <b>Unquoted</b>                                      |                    |                    |                   |
| Malaysian Government securities                      | -                  | 13,228             | 149,967           |
| Cagamas bonds                                        | <b>4,834</b>       | 5,977              | 4,817             |
| Other government securities                          | <b>754,593</b>     | 490,820            | -                 |
| Bank Negara negotiable notes                         | <b>9,719</b>       | 9,986              | 9,948             |
| Malaysian Government investment issues               | <b>20,686</b>      | 11,403             | -                 |
|                                                      | <b>789,832</b>     | 531,414            | 164,732           |
| <b>Quoted securities</b>                             |                    |                    |                   |
| <i>Outside Malaysia</i>                              |                    |                    |                   |
| Private debt securities                              | <b>2,560,527</b>   | 3,602,677          | 1,414,395         |
| Islamic bonds                                        | <b>18,519</b>      | 23,818             | 23,983            |
| Medium term notes - Islamic                          | -                  | 3,527              | 8,565             |
| Other Government bonds                               | <b>177,690</b>     | 204,816            | 117,303           |
| Bank Indonesia certificates                          | <b>150,745</b>     | 363,350            | 286,090           |
|                                                      | <b>2,907,481</b>   | 4,198,188          | 1,850,336         |
| <b>Unquoted securities</b>                           |                    |                    |                   |
| <i>In Malaysia</i>                                   |                    |                    |                   |
| Private debt securities                              | <b>3,654,055</b>   | 4,680,206          | 5,847,319         |
| Loan stocks                                          | <b>28,813</b>      | 30,781             | 31,814            |
| Danaharta Urus Sdn Bhd ("DUSB") bonds                | <b>130,139</b>     | 795,335            | 795,335           |
| <i>Outside Malaysia</i>                              |                    |                    |                   |
| Private debt securities                              | <b>1,485,557</b>   | 1,932,271          | 1,901,967         |
|                                                      | <b>5,298,564</b>   | 7,438,593          | 8,576,435         |
|                                                      | <b>8,995,877</b>   | 12,168,195         | 10,591,503        |
| Accretion of discount net of amortisation of premium | <b>30,746</b>      | 339,260            | 274,509           |
| Less : Allowance for impairment losses               | <b>(41,329)</b>    | (46,623)           | (45,512)          |
| <b>Total financial investments held-to-maturity</b>  | <b>8,985,294</b>   | 12,460,832         | 10,820,500        |

On 1 January 2012, the Group designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM4,647,899,111 and RM4,457,951,926 respectively.

Included in the financial investments held-to-maturity of the Group as at 31 December 2012 are 10-year promissory notes of THB263 million (31 December 2011: THB415 million; 1 January 2011: THB746 million) maturing between 2013 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. CIMB Bank Thai has recognised a gain of approximately RM133 million (31 December 2011: RM101 million; 1 January 2011: RMNil) arising from the sharing agreement.

## A11. LOANS, ADVANCES AND FINANCING

### (i) By type

|                                                  | <b>The Group</b>   |                    |                    |
|--------------------------------------------------|--------------------|--------------------|--------------------|
|                                                  | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b>  |
| <b>At amortised cost</b>                         | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>      |
| Overdrafts                                       | 5,981,019          | 6,052,496          | 6,317,493          |
| Term loans/financing                             |                    |                    |                    |
| - Housing loans/financing                        | 52,299,880         | 48,812,565         | 42,496,812         |
| - Syndicated term loans                          | 9,288,422          | 9,656,325          | 6,996,472          |
| - Hire purchase receivables                      | 12,772,502         | 11,614,260         | 11,384,643         |
| - Lease receivables                              | 205,565            | 109,868            | 32,087             |
| - Factoring receivables                          | 19,007             | 12,172             | 23,655             |
| - Other term loans/financing                     | 79,003,082         | 72,727,971         | 60,588,953         |
| Bills receivable                                 | 3,720,725          | 3,740,413          | 2,636,548          |
| Trust receipts                                   | 2,389,242          | 1,300,741          | 1,145,109          |
| Claims on customers under acceptance credits     | 5,010,728          | 4,578,277          | 4,548,433          |
| Staff loans *                                    | 685,699            | 706,835            | 728,594            |
| Credit card receivables                          | 5,690,695          | 5,604,180          | 4,981,667          |
| Revolving credits                                | 28,966,355         | 24,593,593         | 24,289,359         |
| Share margin financing                           | 2,309,686          | 1,882,615          | 1,299,816          |
| Other loans                                      | 432                | 890                | 9,730              |
| Gross loans, advances and financing              | 208,343,039        | 191,393,201        | 167,479,371        |
| Fair value changes arising from fair value hedge | 360,979            | 398,797            | 44,340             |
|                                                  | <b>208,704,018</b> | <b>191,791,998</b> | <b>167,523,711</b> |
| Less: Allowance for impairment losses            |                    |                    |                    |
| - Individual impairment allowance                | (3,270,343)        | (3,988,345)        | (4,079,367)        |
| - Portfolio impairment allowance                 | (3,295,857)        | (3,964,876)        | (4,262,959)        |
|                                                  | <b>(6,566,200)</b> | <b>(7,953,221)</b> | <b>(8,342,326)</b> |
| <b>Total net loans, advances and financing</b>   | <b>202,137,818</b> | <b>183,838,777</b> | <b>159,181,385</b> |

\* Included in staff loans of the Group are loans to Directors amounting to RM2,275,218 (31 December 2011: RM10,050,224; 1 January 2011: RM6,473,245).

Included in the Group's loans, advances and financing balances are RM65,305,000 (31 December 2011: RM69,977,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,869,471,000 (31 December 2011: RM7,237,885,000; 1 January 2011: RM7,663,278,000) of its loan exposure using interest rate swaps.

|                                                   | <b>The Group</b>   |                    |                   |
|---------------------------------------------------|--------------------|--------------------|-------------------|
|                                                   | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                   | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Gross loan hedged                                 | 7,869,471          | 7,237,885          | 7,663,278         |
| Fair value changes arising from fair value hedges | 360,979            | 398,797            | 44,340            |
|                                                   | <b>8,230,450</b>   | <b>7,636,682</b>   | <b>7,707,618</b>  |

The fair value loss of interest rate swaps as at 31 December 2012 was RM304,637,514 (31 December 2011: RM445,176,674; 1 January 2011: RM127,755,094).



**A11. LOANS, ADVANCES AND FINANCING (Continued)**
**(ii) By type of customers**

|                                          | <b>31 Dec 2012</b> | <b>The Group<br/>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|------------------------------------------|--------------------|----------------------------------|-------------------|
|                                          | <b>RM'000</b>      | <b>RM'000</b>                    | <b>RM'000</b>     |
| Domestic banking financial institutions  | <b>384,015</b>     | 57,963                           | 65,091            |
| Domestic non-bank financial institutions |                    |                                  |                   |
| - stockbroking companies                 | <b>10,009</b>      | -                                | -                 |
| - others                                 | <b>1,807,723</b>   | 1,705,420                        | 2,645,801         |
| Domestic business enterprises            |                    |                                  |                   |
| - small medium enterprises               | <b>29,702,223</b>  | 29,824,771                       | 24,984,641        |
| - others                                 | <b>45,972,378</b>  | 44,209,093                       | 37,223,540        |
| Government and statutory bodies          | <b>12,883,567</b>  | 12,657,089                       | 10,666,029        |
| Individuals                              | <b>96,771,514</b>  | 89,303,602                       | 80,444,835        |
| Other domestic entities                  | <b>5,846,174</b>   | 3,515,254                        | 3,878,422         |
| Foreign entities                         | <b>14,965,436</b>  | 10,120,009                       | 7,571,012         |
| Gross loans, advances and financing      | <b>208,343,039</b> | 191,393,201                      | 167,479,371       |

**(iii) By interest/profit rate sensitivity**

|                                     | <b>31 Dec 2012</b> | <b>The Group<br/>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|-------------------------------------|--------------------|----------------------------------|-------------------|
|                                     | <b>RM'000</b>      | <b>RM'000</b>                    | <b>RM'000</b>     |
| Fixed rate                          |                    |                                  |                   |
| - Housing loans                     | <b>1,944,961</b>   | 2,124,405                        | 3,718,109         |
| - Hire-purchase receivables         | <b>12,765,401</b>  | 11,606,719                       | 11,403,949        |
| - Other fixed rate loans            | <b>41,206,674</b>  | 40,418,809                       | 33,223,936        |
| Variable rate                       |                    |                                  |                   |
| - BLR plus                          | <b>101,437,673</b> | 91,771,906                       | 78,906,381        |
| - Cost plus                         | <b>25,595,375</b>  | 24,913,736                       | 22,845,941        |
| - Other variable rates              | <b>25,392,955</b>  | 20,557,626                       | 17,381,055        |
| Gross loans, advances and financing | <b>208,343,039</b> | 191,393,201                      | 167,479,371       |

**(iv) By economic purpose**

|                                                       | <b>31 Dec 2012</b> | <b>The Group<br/>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|-------------------------------------------------------|--------------------|----------------------------------|-------------------|
|                                                       | <b>RM'000</b>      | <b>RM'000</b>                    | <b>RM'000</b>     |
| Personal use                                          | <b>7,242,619</b>   | 6,781,937                        | 5,123,491         |
| Credit card                                           | <b>5,690,695</b>   | 5,604,180                        | 4,981,667         |
| Purchase of consumer durables                         | <b>25,342</b>      | 954                              | 1,216             |
| Construction                                          | <b>7,276,301</b>   | 5,217,186                        | 4,324,911         |
| Residential property (Housing)                        | <b>52,491,785</b>  | 48,808,900                       | 43,708,701        |
| Non-residential property                              | <b>15,963,686</b>  | 12,758,609                       | 11,843,651        |
| Purchase of fixed assets other than land and building | <b>14,901,632</b>  | 16,528,217                       | 10,261,260        |
| Mergers and acquisitions                              | <b>1,987,139</b>   | 5,186,293                        | 2,620,451         |
| Purchase of securities                                | <b>12,214,573</b>  | 8,668,328                        | 8,013,606         |
| Purchase of transport vehicles                        | <b>18,720,872</b>  | 16,281,213                       | 15,803,368        |
| Working capital                                       | <b>53,855,535</b>  | 46,078,495                       | 46,081,461        |
| Other purposes                                        | <b>17,972,860</b>  | 19,478,889                       | 14,715,588        |
| Gross loans, advances and financing                   | <b>208,343,039</b> | 191,393,201                      | 167,479,371       |

**A11. LOANS, ADVANCES AND FINANCING (Continued)**
**(v) By geographical distribution**

|                                     | <b>The Group</b>   |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
|                                     | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b>  |
|                                     | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>      |
| Malaysia                            | 125,727,508        | 118,894,085        | 111,065,224        |
| Indonesia                           | 48,347,157         | 46,022,974         | 37,516,196         |
| Thailand                            | 15,243,168         | 13,077,940         | 9,906,698          |
| Singapore                           | 13,423,878         | 9,514,291          | 5,964,290          |
| United Kingdom                      | 934,931            | 996,344            | 621,152            |
| Hong Kong                           | 1,119,775          | 598,442            | 248,187            |
| Other countries                     | 3,546,622          | 2,289,125          | 2,157,624          |
| Gross loans, advances and financing | <b>208,343,039</b> | <b>191,393,201</b> | <b>167,479,371</b> |

**(vi) By residual contractual maturity**

|                                     | <b>The Group</b>   |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|
|                                     | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b>  |
|                                     | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>      |
| Within one year                     | 49,322,168         | 47,260,671         | 43,362,071         |
| One year to less than three years   | 28,500,116         | 25,060,561         | 21,307,164         |
| Three years to less than five years | 23,576,875         | 21,348,048         | 22,449,382         |
| Five years and more                 | 106,943,880        | 97,723,921         | 80,360,754         |
| Gross loans, advances and financing | <b>208,343,039</b> | <b>191,393,201</b> | <b>167,479,371</b> |

**(vii) Impaired loans, advances and financing by economic purpose**

|                                                       | <b>The Group</b>   |                    |                   |
|-------------------------------------------------------|--------------------|--------------------|-------------------|
|                                                       | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                       | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Personal use                                          | 244,752            | 355,210            | 399,960           |
| Credit card                                           | 39,687             | 127,609            | 98,523            |
| Purchase of consumer durables                         | 204                | 570                | 251               |
| Construction                                          | 1,226,694          | 1,343,284          | 1,380,526         |
| Residential property (Housing)                        | 1,645,152          | 1,781,704          | 1,909,586         |
| Non-residential property                              | 338,853            | 406,835            | 491,942           |
| Purchase of fixed assets other than land and building | 416,280            | 556,579            | 365,872           |
| Purchase of securities                                | 193,583            | 123,855            | 101,641           |
| Purchase of transport vehicles                        | 338,661            | 424,208            | 322,967           |
| Working capital                                       | 2,678,973          | 3,566,045          | 4,123,317         |
| Other purpose                                         | 804,978            | 1,118,782          | 1,089,794         |
| Gross impaired loans, advances and financing          | <b>7,927,817</b>   | <b>9,804,681</b>   | <b>10,284,379</b> |

**(viii) Impaired loans, advances and financing by geographical distribution**

|                     | <b>The Group</b>   |                    |                   |
|---------------------|--------------------|--------------------|-------------------|
|                     | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                     | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Malaysia            | 5,078,112          | 6,058,318          | 6,781,354         |
| Indonesia           | 1,335,882          | 1,846,522          | 1,687,775         |
| Thailand            | 1,225,674          | 1,442,422          | 1,466,154         |
| Singapore           | 45,764             | 62,500             | 116,176           |
| United Kingdom      | 2,310              | 54,025             | 48,095            |
| Other countries     | 240,075            | 340,894            | 184,825           |
| Gross impaired loan | <b>7,927,817</b>   | <b>9,804,681</b>   | <b>10,284,379</b> |

**A11. LOANS, ADVANCES AND FINANCING (Continued)**

**(ix) Movements in impaired loans**

|                                                                      | The Group             |                       |
|----------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                      | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 |
| At 1 January                                                         | 9,804,681             | 10,284,379            |
| Classified as impaired during the year                               | 3,111,369             | 3,973,790             |
| Reclassified as not impaired during the year                         | (1,818,922)           | (1,967,542)           |
| Amount written back in respect of recoveries                         | (1,263,113)           | (1,380,212)           |
| Arising from deemed disposal of a subsidiary                         | -                     | (942)                 |
| Amount written off                                                   | (2,129,372)           | (1,202,023)           |
| Purchase of impaired loans from third party                          | 195,004               | 126                   |
| Loans/financing converted to securities                              | (13,219)              | -                     |
| Exchange fluctuation                                                 | 41,389                | 97,105                |
| At 31 December                                                       | <b>7,927,817</b>      | <b>9,804,681</b>      |
| Ratio of gross impaired loans to gross loans, advances and financing | <b>3.81%</b>          | <b>5.12%</b>          |

**(x) Movements in the allowance for impaired loans, advances and financing are as follows:**

|                                                                                                                                                                                     | The Group             |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                                                     | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 |
| <u>Individual impairment allowance</u>                                                                                                                                              |                       |                       |
| At 1 January                                                                                                                                                                        | 3,988,345             | 4,079,367             |
| Net allowance made during the year                                                                                                                                                  | 164,322               | 348,005               |
| Amount written off                                                                                                                                                                  | (895,452)             | (339,739)             |
| Loans/financing converted to securities                                                                                                                                             | (13,219)              | -                     |
| Allowance made and charged to deferred assets                                                                                                                                       | 1,221                 | 140                   |
| Amount transferred from/(to) portfolio impairment allowance                                                                                                                         | 22,111                | (1,970)               |
| Allowance written off in relation to disposal/deemed disposal of a subsidiary                                                                                                       | -                     | (942)                 |
| Unwinding income                                                                                                                                                                    | 85,234                | (73,737)              |
| Exchange fluctuation                                                                                                                                                                | (82,219)              | (22,779)              |
| At 31 December                                                                                                                                                                      | <b>3,270,343</b>      | <b>3,988,345</b>      |
| <u>Portfolio impairment allowance</u>                                                                                                                                               |                       |                       |
| At 1 January                                                                                                                                                                        | 3,964,876             | 4,262,959             |
| Net allowance made during the year                                                                                                                                                  | 600,195               | 539,855               |
| Amount transferred (to)/from individual impairment allowance                                                                                                                        | (22,111)              | 1,970                 |
| Amount transferred to allowance for impairment losses on other receivables                                                                                                          | (28,786)              | -                     |
| Amount written off                                                                                                                                                                  | (1,221,111)           | (828,307)             |
| Allowance (written back)/made and charged to deferred assets                                                                                                                        | (1,510)               | 844                   |
| Unwinding income                                                                                                                                                                    | 69,404                | (20,293)              |
| Exchange fluctuation                                                                                                                                                                | (65,100)              | 7,848                 |
| At 31 December                                                                                                                                                                      | <b>3,295,857</b>      | <b>3,964,876</b>      |
| Portfolio impairment allowance (inclusive of regulatory reserve)<br>as % of gross loans, advances and financing (excluding RPSIA financing) less<br>individual impairment allowance | <b>2.32%</b>          | <b>2.55%</b>          |

**A12. OTHER ASSETS**

|                                                                             | <b>The Group</b>   |                    |                   |
|-----------------------------------------------------------------------------|--------------------|--------------------|-------------------|
|                                                                             | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                                             | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Due from brokers and clients net of allowance for doubtful debts            | <b>1,905,758</b>   | 1,352,950          | 1,250,003         |
| Other debtors, deposits and prepayments net of allowance for doubtful debts | <b>2,775,848</b>   | 2,438,201          | 2,976,433         |
| Due from jointly controlled entity                                          | <b>1,285,914</b>   | 1,371,367          | 1,671,488         |
| Due from insurers, brokers and reinsurers                                   | <b>33,271</b>      | 28,716             | 25,476            |
| Option premium receivable                                                   | <b>246,723</b>     | 249,461            | 278,032           |
| Deferred assets                                                             | <b>103,524</b>     | 131,204            | 170,961           |
| Foreclosed properties net of allowance for impairment losses                | <b>178,713</b>     | 167,765            | 228,785           |
| Collateral pledged for derivative transactions                              | <b>862,547</b>     | 778,691            | 752,344           |
|                                                                             | <b>7,392,298</b>   | 6,518,355          | 7,353,522         |

**A13. DEPOSITS FROM CUSTOMERS**

|                                   | <b>The Group</b>   |                    |                   |
|-----------------------------------|--------------------|--------------------|-------------------|
|                                   | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                   | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| <u>By type of deposit</u>         |                    |                    |                   |
| Demand deposits                   | <b>57,438,752</b>  | 51,191,447         | 43,982,722        |
| Savings deposits                  | <b>28,178,314</b>  | 25,380,012         | 22,242,066        |
| Fixed deposits                    | <b>110,497,486</b> | 98,257,823         | 90,291,236        |
| Negotiable instruments of deposit | <b>3,371,484</b>   | 3,020,467          | 1,545,997         |
| Others                            | <b>44,484,271</b>  | 44,083,393         | 41,783,643        |
|                                   | <b>243,970,307</b> | 221,933,142        | 199,845,664       |
| <u>By type of customer</u>        |                    |                    |                   |
| Government and statutory bodies   | <b>11,507,833</b>  | 12,579,786         | 14,123,891        |
| Business enterprises              | <b>97,653,374</b>  | 96,573,598         | 89,923,855        |
| Individuals                       | <b>92,727,823</b>  | 84,078,467         | 70,213,582        |
| Others                            | <b>42,081,277</b>  | 28,701,291         | 25,584,336        |
|                                   | <b>243,970,307</b> | 221,933,142        | 199,845,664       |

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

|                                       |                    |             |            |
|---------------------------------------|--------------------|-------------|------------|
| One year or less (short term)         | <b>110,580,730</b> | 98,006,686  | 88,610,604 |
| More than one year (medium/long term) | <b>3,288,240</b>   | 3,271,604   | 3,226,629  |
|                                       | <b>113,868,970</b> | 101,278,290 | 91,837,233 |

**A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

|                              | <b>The Group</b>   |                    |                   |
|------------------------------|--------------------|--------------------|-------------------|
|                              | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                              | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Licensed banks               | <b>12,383,677</b>  | 8,549,707          | 7,241,711         |
| Licensed finance companies   | <b>405,825</b>     | 129,555            | 145,025           |
| Licensed investment banks    | <b>437,756</b>     | 200,041            | 529,845           |
| Bank Negara Malaysia         | <b>1,988,428</b>   | 372,677            | 1,598,400         |
| Other financial institutions | <b>6,187,072</b>   | 3,712,329          | 3,577,176         |
|                              | <b>21,402,758</b>  | 12,964,309         | 13,092,157        |

**A15. OTHER LIABILITIES**

|                                                      | <b>The Group</b>   |                    |                   |
|------------------------------------------------------|--------------------|--------------------|-------------------|
|                                                      | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                                      | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| Due to brokers and clients                           | <b>1,730,672</b>   | 1,275,520          | 1,042,668         |
| Expenditure payable                                  | <b>1,849,179</b>   | 1,530,272          | 1,716,722         |
| Provision for legal claims                           | <b>86,801</b>      | 128,254            | 138,319           |
| Sundry creditors                                     | <b>809,560</b>     | 881,454            | 897,968           |
| Insurance fund - life and takaful insurance business | <b>51,277</b>      | 45,397             | 998,019           |
| Insurance fund - general insurance business          | -                  | -                  | 541,062           |
| Allowance for commitments and contingencies          | <b>46,497</b>      | 33,061             | 88,631            |
| Post employment benefit obligations                  | <b>253,924</b>     | 292,022            | 286,019           |
| Credit card expenditure payable                      | <b>222,557</b>     | 125,537            | 221,237           |
| Call deposit borrowing                               | <b>456,832</b>     | 436,242            | 281,833           |
| Others                                               | <b>1,971,927</b>   | 1,615,184          | 2,065,893         |
|                                                      | <b>7,479,226</b>   | 6,362,943          | 8,278,371         |

## A16. INTEREST INCOME

|                                                                  | The Group         |                  |                     |                   |
|------------------------------------------------------------------|-------------------|------------------|---------------------|-------------------|
|                                                                  | 4th quarter ended |                  | Twelve months ended |                   |
|                                                                  | 31 Dec 2012       | 31 Dec 2011      | 31 Dec 2012         | 31 Dec 2011       |
|                                                                  | RM'000            | RM'000           | RM'000              | RM'000            |
| Loans, advances and financing                                    |                   |                  |                     |                   |
| - Interest income                                                | 2,751,689         | 2,691,250        | 10,809,389          | 10,130,012        |
| - Unwinding income <sup>^</sup>                                  | 31,503            | 33,827           | 140,015             | 158,602           |
| Money at call and deposit placements with financial institutions | 181,449           | 158,077          | 571,901             | 531,544           |
| Reverse repurchase agreements                                    | 41,432            | 31,579           | 157,942             | 107,351           |
| Financial assets held for trading                                | 38,372            | 77,529           | 342,539             | 351,863           |
| Financial investments available-for-sale                         | 263,172           | 176,363          | 896,330             | 694,747           |
| Financial investments held-to-maturity                           | 89,961            | 128,088          | 390,585             | 521,447           |
| Others                                                           | 7,447             | 6,783            | 16,317              | 17,878            |
|                                                                  | <b>3,405,025</b>  | <b>3,303,496</b> | <b>13,325,018</b>   | <b>12,513,444</b> |
| Accretion of discounts less amortisation of premiums             | 57,093            | 53,459           | 215,587             | 168,068           |
|                                                                  | <b>3,462,118</b>  | <b>3,356,955</b> | <b>13,540,605</b>   | <b>12,681,512</b> |

<sup>^</sup> Unwinding income is interest income earned on impaired financial assets

## A17. INTEREST EXPENSE

|                                                                   | The Group         |                  |                     |                  |
|-------------------------------------------------------------------|-------------------|------------------|---------------------|------------------|
|                                                                   | 4th quarter ended |                  | Twelve months ended |                  |
|                                                                   | 31 Dec 2012       | 31 Dec 2011      | 31 Dec 2012         | 31 Dec 2011      |
|                                                                   | RM'000            | RM'000           | RM'000              | RM'000           |
| Deposits and placements of banks and other financial institutions | 49,796            | 17,727           | 165,629             | 112,832          |
| Deposits from other customers                                     | 1,186,098         | 1,283,100        | 4,835,399           | 4,868,975        |
| Repurchase agreements                                             | 10,093            | 981              | 32,085              | 2,480            |
| Bonds and debentures                                              | 27,974            | 968              | 64,267              | 968              |
| Subordinated notes                                                | 154,053           | 155,058          | 564,087             | 576,782          |
| Loans sold to Cagamas                                             | -                 | -                | -                   | 1,635            |
| Negotiable certificates of deposits                               | 28,441            | 29,515           | 99,960              | 141,756          |
| Other borrowings                                                  | 65,631            | 69,582           | 263,569             | 186,480          |
| Others                                                            | 32,256            | 40,043           | 119,729             | 113,353          |
|                                                                   | <b>1,554,342</b>  | <b>1,596,974</b> | <b>6,144,725</b>    | <b>6,005,261</b> |

**A18. NET NON-INTEREST INCOME**

|                                                                           | The Group         |             |                     |             |
|---------------------------------------------------------------------------|-------------------|-------------|---------------------|-------------|
|                                                                           | 4th quarter ended |             | Twelve months ended |             |
|                                                                           | 31 Dec 2012       | 31 Dec 2011 | 31 Dec 2012         | 31 Dec 2011 |
|                                                                           | RM'000            | RM'000      | RM'000              | RM'000      |
| (a) Net fee income and commission income:                                 |                   |             |                     |             |
| Commissions                                                               | 128,927           | 115,072     | 517,216             | 475,792     |
| Fee on loans, advances and financing                                      | 149,927           | 76,109      | 463,879             | 394,805     |
| Portfolio management fees                                                 | 7,896             | 6,138       | 20,948              | 18,391      |
| Service charges and fees                                                  | 121,340           | 117,771     | 528,455             | 459,343     |
| Corporate advisory fees                                                   | 76,075            | 24,195      | 143,695             | 133,989     |
| Guarantee fees                                                            | 14,133            | 13,044      | 48,880              | 66,148      |
| Other fee income                                                          | 51,371            | 69,370      | 289,795             | 240,899     |
| Placement fees                                                            | 52,209            | 14,371      | 96,053              | 51,441      |
| Underwriting commission                                                   | 23,072            | 8,746       | 35,168              | 34,286      |
| Fee and commission income                                                 | 624,950           | 444,816     | 2,144,089           | 1,875,094   |
| Fee and commission expense                                                | (108,413)         | (100,054)   | (415,647)           | (365,195)   |
| Net fee and commission income                                             | 516,537           | 344,762     | 1,728,442           | 1,509,899   |
| (b) Gross dividend income from :                                          |                   |             |                     |             |
| <i>In Malaysia</i>                                                        |                   |             |                     |             |
| - Financial assets held for trading                                       | 7,256             | 6,321       | 33,785              | 31,477      |
| - Financial investments available-for-sale                                | 5,231             | 7,253       | 14,437              | 20,757      |
| <i>Outside Malaysia</i>                                                   |                   |             |                     |             |
| - Financial assets held for trading                                       | 489               | 64          | 1,664               | 2,143       |
| - Financial investments available-for-sale                                | 468               | 552         | 11,760              | 20,023      |
|                                                                           | 13,444            | 14,190      | 61,646              | 74,400      |
| (c) Net (loss)/gain arising from financial assets held for trading        | 33,095            | 6,076       | 99,764              | (352,239)   |
| - realised                                                                | (47,171)          | (101,932)   | 60,820              | (315,618)   |
| - unrealised                                                              | 80,266            | 108,008     | 38,944              | (36,621)    |
| (d) Net gain/(loss) arising from derivative financial instruments         | 156,159           | 93,773      | 598,328             | 887,936     |
| - realised                                                                | 417,127           | 122,198     | 848,823             | 538,520     |
| - unrealised                                                              | (260,968)         | (28,425)    | (250,495)           | 349,416     |
| (e) Net (loss)/gain arising from hedging derivatives                      | 26,165            | (1,187)     | (26,912)            | (16,284)    |
| (f) Net gain/(loss) from sale of financial investments available-for-sale | 92,612            | 127,141     | 388,868             | 329,432     |
| (g) Net gain from maturity of financial investment held-to-maturity       | (62)              | 51,239      | 35,581              | 76,864      |
| (h) Income from assets management and securities services                 | 43,943            | 41,871      | 181,992             | 178,901     |
| (i) Brokerage income                                                      | 96,041            | 76,687      | 385,959             | 349,461     |
| (j) Other non-interest income:                                            |                   |             |                     |             |
| Foreign exchange gain                                                     | (46,066)          | 74,049      | 328,826             | 201,764     |
| Rental income                                                             | 2,753             | 2,187       | 9,597               | 13,069      |
| Gain on disposal of property, plant and equipment/assets held for sale    | 8,059             | 842         | 14,868              | 16,194      |
| Gain on disposal of leased assets                                         | 168               | 99          | 168                 | 99          |
| Gain on deemed disposal of an interests in subsidiaries                   | -                 | -           | -                   | -           |
| Gain on disposal of associates                                            | 20                | -           | 445                 | -           |
| Gain on revaluation of investment properties                              | 4,755             | 1,842       | 4,755               | 1,842       |
| Underwriting surplus before management expenses                           | (1,001)           | 4,475       | 9,753               | 16,809      |
| Share of gain from recovery of impaired loans                             | -                 | 101,220     | 133,464             | 101,220     |
| Loss on disposal of foreclosed properties                                 | (4,534)           | (6,253)     | (9,387)             | (19,942)    |
| Other non-operating income                                                | 121,554           | 75,461      | 460,878             | 356,032     |
|                                                                           | 85,708            | 253,922     | 953,367             | 687,087     |
| Total other operating income                                              | 1,063,642         | 1,008,474   | 4,407,035           | 3,725,457   |

## A19. OVERHEADS

|                                                 | The Group         |                  |                     |                  |
|-------------------------------------------------|-------------------|------------------|---------------------|------------------|
|                                                 | 4th quarter ended |                  | Twelve months ended |                  |
|                                                 | 31 Dec 2012       | 31 Dec 2011      | 31 Dec 2012         | 31 Dec 2011      |
|                                                 | RM'000            | RM'000           | RM'000              | RM'000           |
| Personnel costs                                 |                   |                  |                     |                  |
| - Salaries, allowances and bonus                | 869,918           | 695,298          | 3,285,005           | 2,711,023        |
| - Pension cost                                  | 71,668            | 92,956           | 252,957             | 216,433          |
| - Overtime                                      | 6,793             | 7,642            | 32,157              | 33,014           |
| - Staff incentives and other staff payments     | 44,224            | 7,088            | 182,813             | 139,560          |
| - Medical expenses                              | 25,589            | 21,555           | 88,648              | 78,530           |
| - Others                                        | 162,698           | 78,732           | 475,047             | 339,375          |
|                                                 | <b>1,180,890</b>  | <b>903,271</b>   | <b>4,316,627</b>    | <b>3,517,935</b> |
| Establishment costs                             |                   |                  |                     |                  |
| - Depreciation of property, plant and equipment | 87,598            | 84,983           | 345,663             | 332,205          |
| - Amortisation of prepaid lease payments        | 3,106             | 3,827            | 12,642              | 14,910           |
| - Rental                                        | 91,105            | 78,563           | 333,261             | 301,823          |
| - Repair and maintenance                        | 75,822            | 56,409           | 309,778             | 215,492          |
| - Outsourced services                           | 30,499            | 99,081           | 215,782             | 287,695          |
| - Security expenses                             | 26,325            | 22,541           | 95,943              | 95,600           |
| - Others                                        | 66,059            | 49,838           | 218,739             | 196,428          |
|                                                 | <b>380,514</b>    | <b>395,242</b>   | <b>1,531,808</b>    | <b>1,444,153</b> |
| Marketing expenses                              |                   |                  |                     |                  |
| - Sales commission                              | 3,163             | 3,831            | 15,844              | 13,556           |
| - Advertisement                                 | 66,136            | 63,819           | 268,810             | 278,573          |
| - Others                                        | 26,018            | 18,000           | 71,739              | 64,543           |
|                                                 | <b>95,317</b>     | <b>85,650</b>    | <b>356,393</b>      | <b>356,672</b>   |
| Administration and general expenses             |                   |                  |                     |                  |
| - Amortisation of intangible assets             | 71,294            | 62,409           | 262,112             | 242,179          |
| - Legal and professional fees                   | 34,482            | 43,331           | 178,418             | 171,449          |
| - Stationery                                    | 22,861            | 26,387           | 82,921              | 91,070           |
| - Communication                                 | 34,808            | 43,710           | 154,339             | 160,733          |
| - Incidental expenses on banking operations     | 9,720             | 13,101           | 39,875              | 56,487           |
| - Insurance                                     | 86,658            | 39,655           | 179,975             | 150,796          |
| - Others                                        | 49,434            | 109,170          | 509,631             | 438,438          |
|                                                 | <b>309,257</b>    | <b>337,763</b>   | <b>1,407,271</b>    | <b>1,311,152</b> |
|                                                 | <b>1,965,978</b>  | <b>1,721,926</b> | <b>7,612,099</b>    | <b>6,629,912</b> |

## A20. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

|                                                       | The Group         |                |                     |                |
|-------------------------------------------------------|-------------------|----------------|---------------------|----------------|
|                                                       | 4th quarter ended |                | Twelve months ended |                |
|                                                       | 31 Dec 2012       | 31 Dec 2011    | 31 Dec 2012         | 31 Dec 2011    |
|                                                       | RM'000            | RM'000         | RM'000              | RM'000         |
| Allowance for impaired loans, advances and financing: |                   |                |                     |                |
| Net allowance made during the financial period/year   |                   |                |                     |                |
| - Individual impairment allowance                     | 72,787            | 156,887        | 164,322             | 348,005        |
| - Portfolio impairment allowance                      | 94,359            | 242,479        | 600,195             | 539,855        |
| Impaired loans, advances and financing:               |                   |                |                     |                |
| - recovered                                           | (113,611)         | (112,448)      | (442,195)           | (413,472)      |
| - written off                                         | (1,211)           | 2,286          | 6,776               | 12,955         |
|                                                       | <b>52,324</b>     | <b>289,204</b> | <b>329,098</b>      | <b>487,343</b> |



**A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES**
**(i) DERIVATIVE FINANCIAL INSTRUMENTS**

The following tables summarise the contractual or underlying principal amounts of trading derivatives 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 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                  |                                 |                       |
|---------------------------------------------|----------------------------|---------------------------------|-----------------------|
|                                             | Principal amount<br>RM'000 | Fair values<br>Assets<br>RM'000 | Liabilities<br>RM'000 |
| <b>At 31 December 2012</b>                  |                            |                                 |                       |
| <b><u>Trading derivatives</u></b>           |                            |                                 |                       |
| <b><u>Foreign exchange derivatives</u></b>  |                            |                                 |                       |
| Currency forward                            | <b>13,542,140</b>          | <b>170,004</b>                  | <b>(171,271)</b>      |
| - Less than 1 year                          | 10,297,294                 | 67,972                          | (104,824)             |
| - 1 year to 3 years                         | 1,136,705                  | 59,776                          | (33,953)              |
| - More than 3 years                         | 2,108,141                  | 42,256                          | (32,494)              |
| Currency swaps                              | <b>53,863,289</b>          | <b>235,347</b>                  | <b>(193,694)</b>      |
| - Less than 1 year                          | 53,461,234                 | 219,441                         | (191,879)             |
| - 1 year to 3 years                         | 215,636                    | 5,172                           | (1,251)               |
| - More than 3 years                         | 186,419                    | 10,734                          | (564)                 |
| Currency spot                               | <b>5,559,618</b>           | <b>2,491</b>                    | <b>(3,729)</b>        |
| - Less than 1 year                          | 5,559,618                  | 2,491                           | (3,729)               |
| Currency options                            | <b>1,592,825</b>           | <b>7,455</b>                    | <b>(6,494)</b>        |
| - Less than 1 year                          | 1,592,825                  | 7,455                           | (6,494)               |
| Cross currency interest rate swaps          | <b>20,868,765</b>          | <b>578,385</b>                  | <b>(339,913)</b>      |
| - Less than 1 year                          | 3,511,121                  | 137,088                         | (87,179)              |
| - 1 year to 3 years                         | 7,257,431                  | 189,356                         | (109,816)             |
| - More than 3 years                         | 10,100,213                 | 251,941                         | (142,918)             |
|                                             | <b>95,426,637</b>          | <b>993,682</b>                  | <b>(715,101)</b>      |
| <b><u>Interest rate derivative</u></b>      |                            |                                 |                       |
| Interest rate swaps                         | <b>254,831,493</b>         | <b>2,095,358</b>                | <b>(1,695,206)</b>    |
| - Less than 1 year                          | 38,432,806                 | 71,625                          | (68,101)              |
| - 1 year to 3 years                         | 161,514,518                | 700,612                         | (680,522)             |
| - More than 3 years                         | 54,884,169                 | 1,323,121                       | (946,583)             |
| Interest rate futures                       | <b>8,199,677</b>           | <b>20,571</b>                   | <b>(606)</b>          |
| - Less than 1 year                          | 4,571,511                  | 8,894                           | (551)                 |
| - 1 year to 3 years                         | 3,119,440                  | 10,459                          | (55)                  |
| - More than 3 years                         | 508,726                    | 1,218                           | -                     |
| Interest rate options                       | <b>2,478,652</b>           | <b>1,400</b>                    | <b>(14,283)</b>       |
| - Less than 1 year                          | 290,000                    | 862                             | (1,788)               |
| - 1 year to 3 years                         | 170,000                    | 489                             | (3,959)               |
| - More than 3 years                         | 2,018,652                  | 49                              | (8,536)               |
|                                             | <b>265,509,822</b>         | <b>2,117,329</b>                | <b>(1,710,095)</b>    |
| <b><u>Equity related derivatives</u></b>    |                            |                                 |                       |
| Index futures                               | <b>1,245,997</b>           | <b>15,325</b>                   | <b>(15,336)</b>       |
| - Less than 1 year                          | 713,516                    | 2,616                           | (2,627)               |
| - 1 year to 3 years                         | 151,964                    | 2,556                           | (2,556)               |
| - More than 3 years                         | 380,517                    | 10,153                          | (10,153)              |
| Equity options                              | <b>8,706,537</b>           | <b>551,515</b>                  | <b>(983,801)</b>      |
| - Less than 1 year                          | 3,355,279                  | 524,471                         | (941,504)             |
| - 1 year to 3 years                         | 2,630,101                  | 26,202                          | (29,627)              |
| - More than 3 years                         | 2,721,157                  | 842                             | (12,670)              |
| Equity swaps                                | <b>340,784</b>             | <b>937</b>                      | <b>(945)</b>          |
| - More than 3 years                         | 340,784                    | 937                             | (945)                 |
|                                             | <b>10,293,318</b>          | <b>567,777</b>                  | <b>(1,000,082)</b>    |
| <b><u>Commodity related derivatives</u></b> |                            |                                 |                       |
| Commodity swaps                             | <b>199,464</b>             | <b>19,072</b>                   | <b>(19,870)</b>       |
| - Less than 1 year                          | 163,152                    | 11,675                          | (12,565)              |
| - 1 year to 3 years                         | 29,711                     | 3,458                           | (3,366)               |
| - More than 3 years                         | 6,601                      | 3,939                           | (3,939)               |
| Commodity futures                           | <b>135</b>                 | <b>15</b>                       | <b>-</b>              |
| - Less than 1 year                          | 135                        | 15                              | -                     |
| Commodity options                           | <b>521,350</b>             | <b>141,739</b>                  | <b>(141,752)</b>      |
| - Less than 1 year                          | 367,498                    | 16,895                          | (16,908)              |
| - More than 3 years                         | 153,852                    | 124,844                         | (124,844)             |
|                                             | <b>720,949</b>             | <b>160,826</b>                  | <b>(161,622)</b>      |
| <b><u>Credit related contract</u></b>       |                            |                                 |                       |
| Credit default swaps                        | <b>2,167,635</b>           | <b>31,603</b>                   | <b>(99,750)</b>       |
| - Less than 1 year                          | 445,962                    | 819                             | (59,782)              |
| - 1 year to 3 years                         | 1,064,578                  | 3,488                           | (9,653)               |
| - More than 3 years                         | 657,095                    | 27,296                          | (30,315)              |
| <b><u>Hedging derivatives</u></b>           |                            |                                 |                       |
| Interest rate swaps                         | <b>18,488,500</b>          | <b>240,707</b>                  | <b>(384,450)</b>      |
| - Less than 1 year                          | 1,088,711                  | 10,360                          | (3,697)               |
| - 1 year to 3 years                         | 3,700,279                  | 127,898                         | (53,971)              |
| - More than 3 years                         | 13,699,510                 | 102,449                         | (326,782)             |
| Currency forward                            | <b>208,663</b>             | <b>203</b>                      | <b>-</b>              |
| - Less than 1 year                          | 208,663                    | 203                             | -                     |
| Cross currency interest rate swaps          | <b>991,873</b>             | <b>13,780</b>                   | <b>(12,266)</b>       |
| - 1 year to 3 years                         | 563,674                    | 8,322                           | (1,055)               |
| - More than 3 years                         | 428,199                    | 5,458                           | (11,211)              |
|                                             | <b>19,689,036</b>          | <b>254,690</b>                  | <b>(396,716)</b>      |
| Total derivative assets/(liabilities)       | <b>393,807,397</b>         | <b>4,125,907</b>                | <b>(4,083,366)</b>    |

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

|                                       | The Group                  |                                 |                       |
|---------------------------------------|----------------------------|---------------------------------|-----------------------|
|                                       | Principal amount<br>RM'000 | Fair values<br>Assets<br>RM'000 | Liabilities<br>RM'000 |
| At 31 December 2011                   |                            |                                 |                       |
| <b>Trading derivatives</b>            |                            |                                 |                       |
| <u>Foreign exchange derivatives</u>   |                            |                                 |                       |
| Currency forward                      | 11,664,292                 | 152,198                         | (172,128)             |
| - Less than 1 year                    | 9,407,525                  | 107,872                         | (126,346)             |
| - 1 year to 3 years                   | 971,908                    | 40,641                          | (22,110)              |
| - More than 3 years                   | 1,284,859                  | 3,685                           | (23,672)              |
| Currency swaps                        | 38,210,727                 | 412,086                         | (328,753)             |
| - Less than 1 year                    | 37,870,738                 | 394,071                         | (324,315)             |
| - 1 year to 3 years                   | 128,276                    | 6,806                           | (4,081)               |
| - More than 3 years                   | 211,713                    | 11,209                          | (357)                 |
| Currency spot                         | 3,185,666                  | 2,100                           | (2,329)               |
| - Less than 1 year                    | 3,185,666                  | 2,100                           | (2,329)               |
| Currency options                      | 2,246,845                  | 9,030                           | (14,226)              |
| - Less than 1 year                    | 2,246,845                  | 9,030                           | (14,226)              |
| Cross currency interest rate swaps    | 16,993,262                 | 535,129                         | (393,016)             |
| - Less than 1 year                    | 3,516,246                  | 90,581                          | (130,104)             |
| - 1 year to 3 years                   | 6,199,649                  | 255,084                         | (106,253)             |
| - More than 3 years                   | 7,277,367                  | 189,464                         | (156,659)             |
|                                       | 72,300,792                 | 1,110,543                       | (910,452)             |
| <u>Interest rate derivative</u>       |                            |                                 |                       |
| Interest rate swaps                   | 244,561,024                | 2,711,995                       | (2,338,891)           |
| - Less than 1 year                    | 32,606,090                 | 85,636                          | (60,632)              |
| - 1 year to 3 years                   | 131,899,721                | 1,010,775                       | (1,050,691)           |
| - More than 3 years                   | 80,055,213                 | 1,615,584                       | (1,227,568)           |
| Interest rate futures                 | 11,930,771                 | 31,861                          | (2,279)               |
| - Less than 1 year                    | 5,734,380                  | 10,485                          | (2,279)               |
| - 1 year to 3 years                   | 4,844,425                  | 17,375                          | -                     |
| - More than 3 years                   | 1,351,966                  | 4,001                           | -                     |
| Interest rate options                 | 150,000                    | 10,407                          | (4,549)               |
| - 1 year to 3 years                   | 100,000                    | 9,730                           | (4,542)               |
| - More than 3 years                   | 50,000                     | 677                             | (7)                   |
|                                       | 256,641,795                | 2,754,263                       | (2,345,719)           |
| <u>Equity related derivatives</u>     |                            |                                 |                       |
| Index futures                         | 17,121                     | 1                               | (132)                 |
| - Less than 1 year                    | 17,121                     | 1                               | (132)                 |
| Equity options                        | 8,651,175                  | 60,008                          | (392,563)             |
| - Less than 1 year                    | 1,839,406                  | 50,392                          | (290,103)             |
| - 1 year to 3 years                   | 3,087,134                  | 351                             | (69,162)              |
| - More than 3 years                   | 3,724,635                  | 9,265                           | (33,298)              |
| Equity swaps                          | 525,927                    | 416                             | (385)                 |
| - More than 3 years                   | 525,927                    | 416                             | (385)                 |
|                                       | 9,194,223                  | 60,425                          | (393,080)             |
| <u>Commodity related derivatives</u>  |                            |                                 |                       |
| Commodity swaps                       | 80,961                     | 4,456                           | (5,498)               |
| - Less than 1 year                    | 44,312                     | 3,730                           | (3,663)               |
| - 1 year to 3 years                   | 36,649                     | 726                             | (1,835)               |
| Commodity futures                     | 39,642                     | 782                             | (863)                 |
| - Less than 1 year                    | 38,235                     | 684                             | (845)                 |
| - 1 year to 3 years                   | 1,407                      | 98                              | (18)                  |
| Commodity options                     | 203,200                    | 48,048                          | (48,048)              |
| - Less than 1 year                    | 34,947                     | 10,075                          | (10,075)              |
| - 1 year to 3 years                   | 168,253                    | 37,973                          | (37,973)              |
|                                       | 323,803                    | 53,286                          | (54,409)              |
| <u>Credit related contract</u>        |                            |                                 |                       |
| Credit default swaps                  | 1,344,019                  | 38,374                          | (40,744)              |
| - Less than 1 year                    | 158,850                    | 24                              | -                     |
| - 1 year to 3 years                   | 839,250                    | 3,613                           | (10,290)              |
| - More than 3 years                   | 345,919                    | 34,737                          | (30,454)              |
| <u>Hedging derivatives</u>            |                            |                                 |                       |
| Interest rate swaps                   | 14,221,710                 | 257,182                         | (472,290)             |
| - Less than 1 year                    | 20,911                     | 318                             | (329)                 |
| - 1 year to 3 years                   | 1,163,570                  | 32,874                          | (10,503)              |
| - More than 3 years                   | 13,037,229                 | 223,990                         | (461,458)             |
| Cross currency interest rate swaps    | 71,131                     | -                               | (597)                 |
| - More than 3 years                   | 71,131                     | -                               | (597)                 |
|                                       | 14,292,841                 | 257,182                         | (472,887)             |
| Total derivative assets/(liabilities) | 354,097,473                | 4,274,073                       | (4,217,291)           |

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

|                                       | The Group                     |                       |             |
|---------------------------------------|-------------------------------|-----------------------|-------------|
|                                       | Principal<br>amount<br>RM'000 | Fair values           |             |
|                                       | Assets<br>RM'000              | Liabilities<br>RM'000 |             |
| <b>At 31 December 2010</b>            |                               |                       |             |
| <b>Trading derivatives</b>            |                               |                       |             |
| <u>Foreign exchange derivatives</u>   |                               |                       |             |
| Currency forwards                     | 10,895,870                    | 160,377               | (155,349)   |
| - Less than 1 year                    | 8,620,215                     | 52,888                | (127,990)   |
| - 1 year to 3 years                   | 423,654                       | 13,602                | (4,281)     |
| - More than 3 years                   | 1,852,001                     | 93,887                | (23,078)    |
| Currency swaps                        | 34,993,961                    | 515,653               | (489,576)   |
| - Less than 1 year                    | 34,684,832                    | 507,854               | (486,527)   |
| - 1 year to 3 years                   | 49,362                        | 2,018                 | -           |
| - More than 3 years                   | 259,767                       | 5,781                 | (3,049)     |
| Currency options                      | 3,405,312                     | 16,694                | (20,901)    |
| - Less than 1 year                    | 3,405,312                     | 16,694                | (20,901)    |
| Cross currency interest rate swaps    | 15,962,201                    | 626,336               | (746,157)   |
| - Less than 1 year                    | 4,521,983                     | 145,670               | (239,900)   |
| - 1 year to 3 years                   | 6,239,274                     | 266,962               | (294,195)   |
| - More than 3 years                   | 5,200,944                     | 213,704               | (212,062)   |
|                                       | 65,257,344                    | 1,319,060             | (1,411,983) |
| <u>Interest rate derivatives</u>      |                               |                       |             |
| Interest rate swaps                   | 183,436,844                   | 1,791,631             | (1,344,587) |
| - Less than 1 year                    | 54,389,510                    | 339,772               | (308,923)   |
| - 1 year to 3 years                   | 63,610,038                    | 441,927               | (357,772)   |
| - More than 3 years                   | 65,437,296                    | 1,009,932             | (677,892)   |
| Interest rate futures                 | 13,746,090                    | 18,185                | (15,428)    |
| - Less than 1 year                    | 7,276,246                     | 8,610                 | (13,457)    |
| - 1 year to 3 years                   | 5,273,591                     | 6,772                 | (1,971)     |
| - More than 3 years                   | 1,196,253                     | 2,803                 | -           |
| Interest rate options                 | 750,000                       | 7,179                 | (3,602)     |
| - Less than 1 year                    | 600,000                       | -                     | -           |
| - 1 year to 3 years                   | 100,000                       | 5,314                 | (2,818)     |
| - More than 3 years                   | 50,000                        | 1,865                 | (784)       |
|                                       | 197,932,934                   | 1,816,995             | (1,363,617) |
| <u>Equity related derivatives</u>     |                               |                       |             |
| Index futures                         | 10,845                        | -                     | (145)       |
| - Less than 1 year                    | 10,845                        | -                     | (145)       |
| Equity options                        | 10,545,680                    | 223,081               | (606,369)   |
| - Less than 1 year                    | 3,593,370                     | 168,358               | (571,441)   |
| - 1 year to 3 years                   | 3,606,018                     | 3,849                 | (3,849)     |
| - More than 3 years                   | 3,346,292                     | 50,874                | (31,079)    |
| Equity swaps                          | 273,717                       | 1,777                 | (51,329)    |
| - Less than 1 year                    | 272,086                       | 1,433                 | (51,023)    |
| - 1 year to 3 years                   | 1,631                         | 344                   | (306)       |
|                                       | 10,830,242                    | 224,858               | (657,843)   |
| <u>Commodity related derivatives</u>  |                               |                       |             |
| Commodity options                     | 104,840                       | 15,028                | (15,028)    |
| - Less than 1 year                    | 70,921                        | 12,068                | (12,068)    |
| - 1 year to 3 years                   | 33,919                        | 2,960                 | (2,960)     |
| Commodity swaps                       | 60,480                        | 4,085                 | -           |
| - Less than 1 year                    | 20,400                        | 1,624                 | -           |
| - 1 year to 3 years                   | 40,080                        | 2,461                 | -           |
| Commodity futures                     | 60,553                        | 1                     | (3,653)     |
| - Less than 1 year                    | 60,553                        | 1                     | (3,653)     |
|                                       | 225,873                       | 19,114                | (18,681)    |
| <u>Credit related contract</u>        |                               |                       |             |
| Credit default swaps                  | 1,397,612                     | 31,585                | (37,674)    |
| - Less than 1 year                    | 580,483                       | 2,805                 | (175)       |
| - 1 year to 3 years                   | 169,593                       | 143                   | (2,386)     |
| - More than 3 years                   | 647,536                       | 28,637                | (35,113)    |
| <u>Hedging derivatives</u>            |                               |                       |             |
| Interest rate swaps                   | 13,426,998                    | 165,543               | (215,376)   |
| - Less than 1 year                    | 1,428,650                     | 31,058                | -           |
| - 1 year to 3 years                   | 1,180,155                     | 30,646                | (6,211)     |
| - More than 3 years                   | 10,818,193                    | 103,839               | (209,165)   |
| Cross currency interest rate swaps    | 218,378                       | -                     | (43,342)    |
| - More than 3 years                   | 218,378                       | -                     | (43,342)    |
|                                       | 13,645,376                    | 165,543               | (258,718)   |
| Total derivative assets/(liabilities) | 289,289,381                   | 3,577,155             | (3,748,516) |

**A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS 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 the positive fair value or receivable resulting from the execution of contract terms. As at 31 December 2012, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,125,908,000 (31 December 2011: RM4,274,073,000; 1 January 2011: RM3,577,155,000). 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 are discussed in the audited annual financial statements for the financial year ended 31 December 2011 and the Risk Management section of the 2011 Annual Report.

## A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)

### (ii) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

| <u>The Group</u>                                        | <b>31 Dec 2012</b><br><b>Principal</b><br><b>Amount</b><br><b>RM'000</b> | <b>31 Dec 2011</b><br><b>Principal</b><br><b>Amount</b><br><b>RM'000</b> | <b>1 Jan 2011</b><br><b>Principal</b><br><b>Amount</b><br><b>RM'000</b> |
|---------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <u>Credit-related</u>                                   |                                                                          |                                                                          |                                                                         |
| Direct credit substitutes                               | 6,091,247                                                                | 5,255,701                                                                | 4,929,234                                                               |
| Certain transaction-related contingent items            | 6,084,990                                                                | 5,464,748                                                                | 5,468,256                                                               |
| Short-term self-liquidating trade-related contingencies | 2,597,320                                                                | 2,549,245                                                                | 3,511,093                                                               |
| Obligations under underwriting agreement                | -                                                                        | 226,887                                                                  | 235,000                                                                 |
| Irrevocable commitments to extend credit                |                                                                          |                                                                          |                                                                         |
| - maturity not exceeding one year                       | 47,395,370                                                               | 36,370,852                                                               | 33,812,453                                                              |
| - maturity exceeding one year                           | 5,834,498                                                                | 6,710,863                                                                | 6,778,430                                                               |
| Forward assets purchases                                | -                                                                        | -                                                                        | 303,084                                                                 |
| Miscellaneous commitments and contingencies             | 2,183,684                                                                | 4,941,508                                                                | 5,609,923                                                               |
| Total credit-related commitments and contingencies      | <b>70,187,109</b>                                                        | <b>61,519,804</b>                                                        | <b>60,647,473</b>                                                       |
| <u>Treasury-related</u>                                 |                                                                          |                                                                          |                                                                         |
| <u>Foreign exchange related contracts</u>               |                                                                          |                                                                          |                                                                         |
| - less than one year                                    | 74,207,227                                                               | 55,646,664                                                               | 51,504,531                                                              |
| - one year to less than five years                      | 17,555,418                                                               | 12,201,742                                                               | 10,668,701                                                              |
| - five years and above                                  | 4,864,528                                                                | 4,523,518                                                                | 3,688,354                                                               |
|                                                         | <b>96,627,173</b>                                                        | <b>72,371,924</b>                                                        | <b>65,861,586</b>                                                       |
| <u>Interest rate related contracts</u>                  |                                                                          |                                                                          |                                                                         |
| - less than one year                                    | 74,657,093                                                               | 58,228,737                                                               | 63,095,660                                                              |
| - one year to less than five years                      | 164,276,556                                                              | 173,654,325                                                              | 102,937,958                                                             |
| - five years and above                                  | 45,607,215                                                               | 39,228,394                                                               | 45,696,333                                                              |
|                                                         | <b>284,540,864</b>                                                       | <b>271,111,456</b>                                                       | <b>211,729,951</b>                                                      |
| <u>Equity related contracts</u>                         |                                                                          |                                                                          |                                                                         |
| - less than one year                                    | 3,943,985                                                                | 1,852,206                                                                | 3,616,346                                                               |
| - one year to less than five years                      | 4,655,934                                                                | 4,949,209                                                                | 5,121,018                                                               |
| - five years and above                                  | 1,693,398                                                                | 2,392,808                                                                | 2,092,883                                                               |
|                                                         | <b>10,293,317</b>                                                        | <b>9,194,223</b>                                                         | <b>10,830,247</b>                                                       |
| Total treasury-related commitments and contingencies    | <b>391,461,354</b>                                                       | <b>352,677,603</b>                                                       | <b>288,421,784</b>                                                      |
|                                                         | <b>461,648,463</b>                                                       | <b>414,197,407</b>                                                       | <b>349,069,257</b>                                                      |

**A22. CAPITAL ADEQUACY**  
**31 December 2012**

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

- The capital adequacy ratios of the CIMB Bank Group (other than CIMB Thai Bank and CIMB Bank PLC), CIMB Bank and CIMB Islamic 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.

- The capital adequacy ratios of Bank CIMB Niaga and CIMB Thai Bank remained unchanged based on Bank Indonesia and Bank of Thailand requirements respectively. The approach for Credit Risk and Market Risk is Standardised Approach (SA approach). Operational Risk is based on Basic Indicator Approach. The capital adequacy ratio of CIMB Bank PLC is computed based on National Bank of Cambodia's requirements.

- The capital adequacy ratios of CIMB Investment Bank are computed in accordance with SA approach for Credit Risk and Basic Indicator Approach for Operational Risk with effect from November 2011. Market Risk remained unchanged under SA approach.

|                                           | CIMB Bank  | CIMB Islamic Bank | CIMB Thai Bank | CIMB Bank Group | CIMB Investment Bank Group | Bank CIMB Niaga | CIMB Bank PLC * |
|-------------------------------------------|------------|-------------------|----------------|-----------------|----------------------------|-----------------|-----------------|
| <b>Before deducting proposed dividend</b> |            |                   |                |                 |                            |                 |                 |
| Core capital ratio                        | 13.16%     | 8.69%             | 10.27%         | 10.47%          | 20.98%                     | 12.25%          | N/A             |
| Risk-weighted capital ratio               | 16.34%     | 13.27%            | 16.21%         | 16.19%          | 21.02%                     | 15.08%          | 26.82%          |
| <b>After deducting proposed dividend</b>  |            |                   |                |                 |                            |                 |                 |
| Core capital ratio                        | 12.35% # ^ | 8.69%             | 10.27%         | 9.86% # ^       | 18.58%                     | 12.25%          | N/A             |
| Risk-weighted capital ratio               | 15.53% # ^ | 13.27%            | 16.21%         | 15.58% # ^      | 18.63%                     | 15.08%          | 26.82%          |

|  | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|

Components of Tier I and Tier II capitals are as follows:

|                                                                                           | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|-------------------------------------------------------------------------------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
| <b>Tier I capital</b>                                                                     |                     |                             |                          |                           |                                      |                           |                         |
| Paid-up capital                                                                           | 3,764,469           | 1,000,000                   | 1,054,244                | 3,764,469                 | 100,000                              | 511,740                   | 113,183                 |
| Perpetual preference shares                                                               | 200,000             | 70,000                      | -                        | 200,000                   | -                                    | -                         | -                       |
| Non-innovative Tier 1 Capital                                                             | 1,000,000           | -                           | -                        | 1,000,000                 | -                                    | -                         | -                       |
| Innovative Tier 1 capital                                                                 | 1,611,800           | -                           | -                        | 1,611,800                 | -                                    | -                         | -                       |
| Share premium                                                                             | 5,033,633           | -                           | 386,774                  | 5,033,633                 | -                                    | 2,571,266                 | -                       |
| Other reserves                                                                            | 7,679,028           | 1,008,841                   | 262,722                  | 9,408,892                 | 433,319                              | 2,996,653                 | (17,717)                |
| Non-controlling interests                                                                 | -                   | -                           | -                        | 306,905                   | -                                    | -                         | -                       |
| Less :                                                                                    |                     |                             |                          |                           |                                      |                           |                         |
| Investment in subsidiaries and holding of other banking institutions' capital             | -                   | -                           | -                        | -                         | -                                    | (56,105)                  | -                       |
| Deferred tax assets                                                                       | (140,439)           | (18,057)                    | -                        | (146,237)                 | (42,998)                             | -                         | -                       |
| Intangible assets                                                                         | -                   | -                           | -                        | -                         | -                                    | -                         | (3,260)                 |
| Goodwill                                                                                  | (3,555,075)         | (136,000)                   | -                        | (4,891,433)               | -                                    | -                         | -                       |
| Total Tier I capital                                                                      | 15,593,416          | 1,924,784                   | 1,703,740                | 16,288,029                | 490,321                              | 6,023,554                 | 92,206                  |
| <b>Tier II capital</b>                                                                    |                     |                             |                          |                           |                                      |                           |                         |
| Redeemable preference shares                                                              | 29,740              | -                           | -                        | 29,740                    | 10                                   | -                         | -                       |
| Subordinated notes                                                                        | 6,500,000           | 850,000                     | 600,000                  | 7,881,400                 | -                                    | -                         | -                       |
| Subordinated loans                                                                        | -                   | -                           | -                        | -                         | -                                    | 924,728                   | -                       |
| Revaluation reserve                                                                       | -                   | -                           | 74,037                   | -                         | -                                    | -                         | -                       |
| Regulatory reserve                                                                        | 930,953             | 242,624                     | -                        | 1,173,577                 | -                                    | -                         | -                       |
| Portfolio impairment allowance <sup>√</sup>                                               | 133,220             | 45,257                      | 54,567                   | 278,012                   | 1,115                                | 486,464                   | 2,587                   |
| Surplus of total eligible provision over expected loss under the IRB approach             | 250,350             | (122,870)                   | -                        | 91,670                    | -                                    | -                         | -                       |
| Others                                                                                    | -                   | -                           | 257,410                  | -                         | -                                    | 36,439                    | -                       |
| Total Tier II capital                                                                     | 7,844,263           | 1,015,011                   | 986,014                  | 9,454,399                 | 1,125                                | 1,447,631                 | 2,587                   |
| Less :                                                                                    |                     |                             |                          |                           |                                      |                           |                         |
| Investment in subsidiaries and holding of other banking institutions' capital instruments | (3,716,715)         | -                           | -                        | (186,901)                 | (50)                                 | (56,105)                  | -                       |
| Securitisation exposures subject to deductions**                                          | (65,621)            | -                           | -                        | (65,621)                  | -                                    | -                         | -                       |
| Investment in associates                                                                  | (305,584)           | -                           | -                        | (305,584)                 | -                                    | -                         | -                       |
| Total Eligible Tier II capital                                                            | 3,756,343           | 1,015,011                   | 986,014                  | 8,896,293                 | 1,075                                | 1,391,526                 | 2,587                   |
| Total capital base                                                                        | 19,349,759          | 2,939,795                   | 2,689,754                | 25,184,322                | 491,396                              | 7,415,080                 | 94,793                  |
| Less :                                                                                    |                     |                             |                          |                           |                                      |                           |                         |
| Proposed dividends                                                                        | (959,000)           | -                           | -                        | (959,000)                 | (56,000)                             | -                         | -                       |
| Total capital base (net of proposed dividend)                                             | 18,390,759          | 2,939,795                   | 2,689,754                | 24,225,322                | 435,396                              | 7,415,080                 | 94,793                  |

Breakdown of risk-weighted assets ("RWA") by each major risk category:

|                     | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|---------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
| Credit risk         | 94,244,713          | 19,554,311                  | 15,042,700               | 126,983,208               | 1,387,711                            | 43,728,549                | 353,503                 |
| Market risk         | 13,283,095          | 913,826                     | 563,332                  | 14,568,174                | 126,634                              | 365,323                   | -                       |
| Operational risk    | 397,786             | 1,678,915                   | 990,901                  | 397,786                   | 823,010                              | 5,062,114                 | -                       |
| Large exposure risk | 10,528,945          | -                           | -                        | 13,560,253                | -                                    | -                         | -                       |
|                     | 118,454,539         | 22,147,052                  | 16,596,933               | 155,509,421               | 2,337,355                            | 49,155,986                | 353,503                 |

# Interim dividend for financial year ending 31 December 2012 was paid in September 2012.

\*\* Financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;

The investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

<sup>√</sup> The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2012 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM339,039,051, RM322,557,239 and RM16,481,812 respectively.

\* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank Plc's net worth divided by its risk-weighted assets.

<sup>^</sup> The Board of Directors of CIMB Group Holdings Berhad ("CIMBGH"), has in December 2012 approved the Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2012. Pursuant to the DRS, CIMBGH intends to reinvest the excess cash dividend into the Bank, which will increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank higher than those stated above. The DRS of CIMBGH had received the necessary approvals from Bursa Securities and from its shareholders via an Extraordinary General Meeting held on 25 February 2013. The DRS is pending approval from Bank Negara Malaysia.

A22. CAPITAL ADEQUACY (continued)  
31 December 2011

|                                           | CIMB Bank | CIMB Islamic Bank | CIMB Thai Bank | CIMB Bank Group | CIMB Investment Bank Group | Bank CIMB Niaga | CIMB Bank PLC * |
|-------------------------------------------|-----------|-------------------|----------------|-----------------|----------------------------|-----------------|-----------------|
| <b>Before deducting proposed dividend</b> |           |                   |                |                 |                            |                 |                 |
| Core capital ratio                        | 15.07%    | 10.44%            | 7.65%          | 11.91%          | 21.02%                     | 10.17%          | N/A             |
| Risk-weighted capital ratio               | 17.40%    | 14.42%            | 13.00%         | 16.81%          | 21.04%                     | 13.09%          | 56.33%          |
| <b>After deducting proposed dividend</b>  |           |                   |                |                 |                            |                 |                 |
| Core capital ratio                        | 14.26% @  | 10.44%            | 7.65%          | 11.28% @        | 16.51% @                   | 10.17%          | N/A             |
| Risk-weighted capital ratio               | 16.59% @  | 14.42%            | 13.00%         | 16.18% @        | 16.53% @                   | 13.09%          | 56.33%          |

|  | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|

Components of Tier I and Tier II capitals are as follows:

|                                                                                          | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|------------------------------------------------------------------------------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
| <b>Tier I capital</b>                                                                    |                     |                             |                          |                           |                                      |                           |                         |
| Paid-up capital                                                                          | 3,764,469           | 1,000,000                   | 809,961                  | 3,764,469                 | 100,000                              | 561,888                   | 117,549                 |
| Perpetual preference shares                                                              | 200,000             | 70,000                      | -                        | 200,000                   | -                                    | -                         | -                       |
| Non-innovative Tier 1 Capital                                                            | 1,000,000           | -                           | -                        | 1,000,000                 | -                                    | -                         | -                       |
| Innovative Tier 1 capital                                                                | 1,635,400           | -                           | -                        | 1,635,400                 | -                                    | -                         | -                       |
| Share premium                                                                            | 5,033,633           | -                           | 147,266                  | 5,033,633                 | -                                    | 2,823,236                 | -                       |
| Other reserves                                                                           | 7,448,197           | 791,169                     | 141,948                  | 8,706,891                 | 402,127                              | 1,948,607                 | (12,130)                |
| Non-controlling interests                                                                | -                   | -                           | -                        | 266,211                   | -                                    | -                         | -                       |
| Less :                                                                                   |                     |                             |                          |                           |                                      |                           |                         |
| Investment in subsidiaries and holding of other banking institutions' capital            | -                   | -                           | -                        | -                         | -                                    | (35,245)                  | -                       |
| Deferred tax assets                                                                      | (118,506)           | (10,791)                    | -                        | (89,327)                  | (40,460)                             | -                         | -                       |
| Intangible assets                                                                        | -                   | -                           | -                        | -                         | -                                    | -                         | (2,916)                 |
| Goodwill                                                                                 | (3,555,075)         | (136,000)                   | -                        | (4,899,904)               | -                                    | -                         | -                       |
| Total Tier I capital                                                                     | 15,408,118          | 1,714,378                   | 1,099,175                | 15,617,373                | 461,667                              | 5,298,486                 | 102,503                 |
| <b>Tier II capital</b>                                                                   |                     |                             |                          |                           |                                      |                           |                         |
| Redeemable preference shares                                                             | 29,740              | -                           | -                        | 29,740                    | 10                                   | -                         | -                       |
| Subordinated notes                                                                       | 5,000,000           | 550,000                     | 439,728                  | 5,813,057                 | -                                    | -                         | -                       |
| Subordinated loans                                                                       | -                   | -                           | -                        | -                         | -                                    | 1,051,495                 | -                       |
| Revaluation reserve                                                                      | -                   | -                           | 36,571                   | -                         | -                                    | -                         | -                       |
| Regulatory reserve                                                                       | 431,514             | 59,113                      | -                        | 490,627                   | -                                    | -                         | -                       |
| Portfolio impairment allowance <sup>√</sup>                                              | 188,389             | 64,585                      | 41,044                   | 397,291                   | 623                                  | 464,878                   | 1,346                   |
| Surplus of total eligible provision over expected loss under the IRB approach            | 359,190             | (18,719)                    | -                        | 255,860                   | -                                    | -                         | -                       |
| Others                                                                                   | -                   | -                           | 251,674                  | -                         | -                                    | 40,010                    | -                       |
| Total Tier II capital                                                                    | 6,008,833           | 654,979                     | 769,017                  | 6,986,575                 | 633                                  | 1,556,383                 | 1,346                   |
| Less :                                                                                   |                     |                             |                          |                           |                                      |                           |                         |
| Investment in subsidiaries and holding of other banking institutions' capital intruments | (3,249,823)         | -                           | -                        | (177,125)                 | (50)                                 | (35,245)                  | -                       |
| Securitisation exposures subject to deductions**                                         | (70,116)            | -                           | -                        | (70,116)                  | -                                    | -                         | -                       |
| Investment in associates                                                                 | (306,061)           | -                           | -                        | (306,061)                 | -                                    | -                         | -                       |
| Total Eligible Tier II capital                                                           | 2,382,833           | 654,979                     | 769,017                  | 6,433,273                 | 583                                  | 1,521,138                 | 1,346                   |
| Total capital base                                                                       | 17,790,951          | 2,369,357                   | 1,868,192                | 22,050,646                | 462,250                              | 6,819,624                 | 103,849                 |
| Less :                                                                                   |                     |                             |                          |                           |                                      |                           |                         |
| Proposed dividends                                                                       | (827,000)           | -                           | -                        | (827,000)                 | (99,034)                             | -                         | -                       |
| Total capital base (net of dividend)                                                     | 16,963,951          | 2,369,357                   | 1,868,192                | 21,223,646                | 363,216                              | 6,819,624                 | 103,849                 |

Breakdown of risk-weighted assets ("RWA") by each major risk category:

|                     | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|---------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
| Credit risk         | 83,785,262          | 14,677,578                  | 13,168,819               | 109,351,226               | 1,081,967                            | 46,387,969                | 184,352                 |
| Market risk         | 8,105,302           | 346,673                     | 339,155                  | 8,785,131                 | 307,315                              | 611,862                   | -                       |
| Operational risk    | 9,949,736           | 1,402,324                   | 862,316                  | 12,620,584                | 807,424                              | 5,117,613                 | -                       |
| Large exposure risk | 400,148             | -                           | -                        | 400,148                   | -                                    | -                         | -                       |
|                     | 102,240,448         | 16,426,575                  | 14,370,290               | 131,157,089               | 2,196,706                            | 52,117,444                | 184,352                 |

@ Interim dividend for financial year ended 31 December 2011 was paid in March 2012.

\*\* Financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;

The investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

<sup>√</sup> The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2011 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM463,064,140, RM441,690,248 and RM21,373,892 respectively.

\* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank Plc's net worth divided by its risk-weighted assets.

A22. CAPITAL ADEQUACY (continued)  
**1 January 2011**

|                                            | CIMB Bank | CIMB Islamic Bank | CIMB Thai Bank | CIMB Bank Group | CIMB Investment Bank Group | Bank CIMB Niaga | CIMB Bank PLC * |
|--------------------------------------------|-----------|-------------------|----------------|-----------------|----------------------------|-----------------|-----------------|
| <b>Before deducting proposed dividends</b> |           |                   |                |                 |                            |                 |                 |
| Core capital ratio                         | 14.20%    | 13.22%            | 9.04%          | 11.77%          | 19.76%                     | 9.53%           | N/A             |
| Risk-weighted capital ratio                | 15.09%    | 17.19%            | 14.69%         | 15.24%          | 19.76%                     | 9.39%           | 636.20%         |
| <b>After deducting proposed dividends</b>  |           |                   |                |                 |                            |                 |                 |
| Core capital ratio                         | 13.63% +  | 13.22%            | 9.04%          | 11.29% +        | 17.06% @                   | 9.53%           | N/A             |
| Risk-weighted capital ratio                | 14.53% +  | 17.19%            | 14.69%         | 14.76% +        | 17.06% @                   | 9.39%           | 636.20%         |

|  | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC*<br>RM'000 |
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------|
|--|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------|

Components of Tier I and Tier II capital are as follows:

| <b>Tier I capital</b>                                                         | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC*<br>RM'000 |
|-------------------------------------------------------------------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------|
| Paid-up capital                                                               | 3,764,469           | 750,000                     | 837,999                  | 3,764,469                 | 100,000                              | 531,876                   | 114,090                  |
| Perpetual preference shares                                                   | 200,000             | 70,000                      | -                        | 200,000                   | -                                    | -                         | -                        |
| Non-innovative Tier I Capital                                                 | 1,000,000           | -                           | -                        | 1,000,000                 | -                                    | -                         | -                        |
| Innovative Tier I Capital                                                     | 1,616,700           | -                           | -                        | 1,616,700                 | -                                    | -                         | -                        |
| Share premium                                                                 | 5,033,633           | -                           | 152,364                  | 5,033,633                 | -                                    | 2,283,429                 | -                        |
| Other reserves                                                                | 7,157,203           | 506,180                     | 95,115                   | 7,975,343                 | 336,741                              | 1,053,455                 | (1,395)                  |
| Non-controlling interests                                                     | -                   | -                           | -                        | 260,586                   | -                                    | -                         | -                        |
| Less:                                                                         |                     |                             |                          |                           |                                      |                           |                          |
| Investment in subsidiaries and holding of other banking institutions' capital | -                   | -                           | -                        | -                         | -                                    | (56,634)                  | -                        |
| Deferred tax assets                                                           | (115,206)           | (7,283)                     | -                        | (82,519)                  | (44,329)                             | -                         | -                        |
| Intangible assets                                                             | -                   | -                           | -                        | -                         | -                                    | -                         | (3,374)                  |
| Goodwill                                                                      | (3,555,075)         | (136,000)                   | -                        | (4,923,428)               | -                                    | -                         | -                        |
| <b>Total Tier I capital</b>                                                   | <b>15,101,724</b>   | <b>1,182,897</b>            | <b>1,085,478</b>         | <b>14,844,784</b>         | <b>392,412</b>                       | <b>3,812,126</b>          | <b>109,321</b>           |

| <b>Tier II capital</b>                                                        | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC*<br>RM'000 |
|-------------------------------------------------------------------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------|
| Redeemable preference shares                                                  | 29,740              | -                           | -                        | 29,740                    | 10                                   | -                         | -                        |
| Subordinated notes                                                            | 3,500,000           | 300,000                     | 342,732                  | 3,936,919                 | -                                    | -                         | -                        |
| Subordinated loans                                                            | -                   | -                           | -                        | -                         | -                                    | 1,108,000                 | -                        |
| Revaluation reserve                                                           | -                   | -                           | 38,336                   | -                         | -                                    | -                         | -                        |
| Regulatory reserve                                                            | 110,190             | 7,405                       | -                        | 117,595                   | -                                    | -                         | -                        |
| Portfolio impairment allowance √                                              | 221,940             | 30,892                      | 30,840                   | 381,876                   | 650                                  | 391,631                   | -                        |
| Surplus of total eligible provision over expected loss under the IRB approach | 404,989             | 17,577                      | -                        | 409,200                   | 209                                  | -                         | -                        |
| Others                                                                        | -                   | -                           | 265,240                  | -                         | -                                    | 39,333                    | -                        |
| <b>Total eligible Tier II capital</b>                                         | <b>4,266,859</b>    | <b>355,874</b>              | <b>677,148</b>           | <b>4,875,330</b>          | <b>869</b>                           | <b>1,538,964</b>          | <b>-</b>                 |

|                                                                               |                |                |                |                  |             |                 |          |
|-------------------------------------------------------------------------------|----------------|----------------|----------------|------------------|-------------|-----------------|----------|
| Less:                                                                         |                |                |                |                  |             |                 |          |
| Investment in subsidiaries and holding of other banking institutions' capital | (3,000,892)    | -              | -              | (178,194)        | (50)        | (56,634)        | -        |
| Investment in joint venture                                                   | -              | -              | -              | -                | -           | -               | -        |
| Securitisation exposures subject to deductions**                              | (70,116)       | -              | -              | (70,116)         | -           | -               | -        |
| Investment in associates                                                      | (245,134)      | -              | -              | (245,134)        | -           | -               | -        |
| <b>Total Eligible Tier II capital</b>                                         | <b>950,717</b> | <b>355,874</b> | <b>677,148</b> | <b>4,381,886</b> | <b>(50)</b> | <b>(56,634)</b> | <b>-</b> |

Total Capital base 16,052,441 1,538,771 1,762,626 19,226,670 392,362 3,755,492 109,321

|                                                      |                   |                  |                  |                   |                |                  |                |
|------------------------------------------------------|-------------------|------------------|------------------|-------------------|----------------|------------------|----------------|
| Less:                                                |                   |                  |                  |                   |                |                  |                |
| Proposed dividends                                   | (600,903)         | -                | -                | (600,903)         | (53,500)       | -                | -              |
| <b>Total Capital base (net of proposed dividend)</b> | <b>15,451,538</b> | <b>1,538,771</b> | <b>1,762,626</b> | <b>18,625,767</b> | <b>338,862</b> | <b>3,755,492</b> | <b>109,321</b> |

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

|                     | CIMB Bank<br>RM'000 | CIMB Islamic Bank<br>RM'000 | CIMB Thai Bank<br>RM'000 | CIMB Bank Group<br>RM'000 | CIMB Investment Bank Group<br>RM'000 | Bank CIMB Niaga<br>RM'000 | CIMB Bank PLC<br>RM'000 |
|---------------------|---------------------|-----------------------------|--------------------------|---------------------------|--------------------------------------|---------------------------|-------------------------|
| Credit risk         | 87,236,173          | 7,623,657                   | 10,911,021               | 104,892,665               | 1,028,430                            | 36,364,455                | 17,184                  |
| Market risk         | 9,176,183           | 285,115                     | 313,670                  | 9,658,308                 | 192,321                              | 394,887                   | -                       |
| Operational risk    | 9,604,531           | 1,041,278                   | -                        | 11,242,737                | 765,308                              | 3,230,655                 | -                       |
| Large exposure risk | 360,424             | -                           | 777,097                  | 360,424                   | -                                    | -                         | -                       |
| <b>Total</b>        | <b>106,377,311</b>  | <b>8,950,050</b>            | <b>12,001,788</b>        | <b>126,154,134</b>        | <b>1,986,059</b>                     | <b>39,989,997</b>         | <b>17,184</b>           |

+ Second interim dividend for financial year ended 31 December 2010 to be paid before 31 March 2011

@ Final dividend for financial year ended 31 December 2010 to be paid before 30 April 2011

\*\* In the previous financial year, CIMB Bank was required to deduct 50% of its investment in its jointly controlled entity, PCSB, from the capital base for purposes of computing the capital adequacy ratio in accordance with a circular by Bank Negara Malaysia ("BNM") dated 25 April 2006.  
As at 31 December 2010, the following has been applied in computing the capital adequacy ratio:  
- financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;  
- the investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2010 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM495,950,492, RM476,240,986 and RM19,709,506 respectively.

\* The amount presented here is the Solvency Ratio of CIMB Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank Plc's net worth divided by its risk-weighted assets.



A22. CAPITAL ADEQUACY (continued)

1 January 2011

In November 2011, Investment Bank Group has adopted the SA approach to better reflect the nature of the underlying business activities. Had the Investment Bank Group adopted the SA approach in 2010, the capital adequacy ratios and risk-weighted assets are as follows:

|                                                  | <b>CIMB<br/>Investment<br/>Bank Group<br/>RM '000</b> |
|--------------------------------------------------|-------------------------------------------------------|
| <b><u>Before deducting proposed dividend</u></b> |                                                       |
| Core capital ratio                               | 19.12%                                                |
| Risk-weighted capital ratio                      | <u>19.16%</u>                                         |
| <b><u>After deducting proposed dividend</u></b>  |                                                       |
| Core capital ratio                               | 16.51%                                                |
| Risk-weighted capital ratio                      | <u>16.55%</u>                                         |
| Risk-weighted assets                             | <u>2,052,644</u>                                      |

## A23. SEGMENTAL REPORT

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 and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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

### Business segment reporting

#### Definition of segments:

During the end of financial year 2011, an internal reorganisation has resulted in a change in business segment reporting. The Group has been reorganised into the following four major operating divisions:

#### ***Consumer Banking***

Consumer Banking provides full-fledged financial services to individual and commercial customer. Its encompass the banking services across the Group's main operating markets of Malaysia, Indonesia, Singapore, Thailand and Cambodia.. The divisions which make up the Consumer Banking are Consumer Sales & Distribution, Retail Financial Services, Commercial Banking, Group Cards & Personal Financing and Group Insurance.

Consumer Sales & Distribution oversees the Group's sales network including branches and mobile sales teams.

Retail Financial Services is responsible for most of the products and services to individual and micro enterprise customers. It offers products covering lending, deposit, wealth management, remittance and other services.

Commercial Banking is responsible for the development of products and services for small and medium-scale enterprises (SMEs) and mid-sized corporation.

Group Cards & Personal Financing is responsible for the Group's credit card business and personal loans portfolio.

Group Insurance is responsible of manufacturing and distribution of life and takaful insurance products.

#### ***Wholesale Banking***

Wholesale Banking comprises Investment Banking and Corporate Banking, Treasury & Markets.

Investment Banking includes client coverage, advisory, equities and asset management businesses. Client coverage focuses on marketing and delivering solutions to corporate and institutional clients.

### **A23. SEGMENTAL REPORT** (continued)

#### ***Wholesale Banking*** (Continued)

Advisory offers financial advisory services to corporations, advising issuance of equity and equity-linked products, debt restructuring, mergers and acquisitions, initial public offerings, secondary offerings and general corporate advisory. Equities, provides services including acting as underwriter, global co-ordinator, book runner or lead manager for equity and equity-linked transactions, originating, structuring, pricing and executing equity and equity-linked issues and executing programme trades, block trades and market making, as well as provides nominee services and stock broking services to retail and corporate clients.

Asset Management comprises wholesale fund management and unit trust.

Corporate Banking, Treasury and Markets (CBTM) is responsible for corporate lending and deposit taking, transaction banking, treasury and markets activities. Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

#### ***Investment***

Investments focus on Group Strategy and Strategic Investments (GSSI) including funding operations for the group. GSSI consists of Group Strategy, Private Equity and Strategic Investment which focuss in defining and formulating strategies at the corporate and business unit levels, oversee the Group's strategic, private equity fund management and Strategic Investments. It also invests in the Group's proprietary capital.

#### ***Support and others***

Support services comprise all middle and back-office processes, cost centres and non-profit generating divisions of companies in the Group. Other business segments in the Group include investment holding, property management and other related services, whose results are not material to the Group.

**A23. SEGMENTAL REPORT** (continued)

|                                                                                      | <b>Wholesale Banking</b>               |                                          |                                                                       |                              |                                          |                         |
|--------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------|-----------------------------------------------------------------------|------------------------------|------------------------------------------|-------------------------|
|                                                                                      | <b>Consumer<br/>Banking<br/>RM'000</b> | <b>Investment<br/>Banking<br/>RM'000</b> | <b>Corporate<br/>Banking,<br/>Treasury and<br/>Markets<br/>RM'000</b> | <b>Investment<br/>RM'000</b> | <b>Support<br/>and others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>31 December 2012</b>                                                              |                                        |                                          |                                                                       |                              |                                          |                         |
| Net interest income                                                                  |                                        |                                          |                                                                       |                              |                                          |                         |
| - external income/(expense)                                                          | 4,874,629                              | 59,576                                   | 2,524,312                                                             | (87,566)                     | 24,929                                   | 7,395,880               |
| - inter-segment income/(expense)                                                     | (29,119)                               | (13,514)                                 | (3,677)                                                               | 162,924                      | (116,614)                                | -                       |
|                                                                                      | 4,845,510                              | 46,062                                   | 2,520,635                                                             | 75,358                       | (91,685)                                 | 7,395,880               |
| Income from Islamic Banking operations                                               | 814,215                                | 140,173                                  | 344,936                                                               | 384,196                      | 5,823                                    | 1,689,343               |
| Net non-interest income                                                              | 1,666,281                              | 864,707                                  | 1,308,922                                                             | 585,934                      | (18,809)                                 | 4,407,035               |
| Gain on deemed disposal of interest in subsidiaries                                  | -                                      | 63,493                                   | -                                                                     | (60,926)                     | -                                        | 2,567                   |
| Net income/(expense)                                                                 | 7,326,006                              | 1,114,435                                | 4,174,493                                                             | 984,562                      | (104,671)                                | 13,494,825              |
| Overheads                                                                            | (4,868,256)                            | (805,383)                                | (1,382,561)                                                           | (483,798)                    | (72,101)                                 | (7,612,099)             |
| of which:                                                                            |                                        |                                          |                                                                       |                              |                                          |                         |
| - Depreciation of property, plant and equipment                                      | (211,636)                              | (43,990)                                 | (37,272)                                                              | (9,702)                      | (43,063)                                 | (345,663)               |
| - Amortisation of prepaid lease payments                                             | (34)                                   | (90)                                     | -                                                                     | -                            | (12,518)                                 | (12,642)                |
| - Amortisation of intangible assets                                                  | (130,535)                              | (5,600)                                  | (13,893)                                                              | (89,314)                     | (22,770)                                 | (262,112)               |
| Profit/(loss) before allowances                                                      | 2,457,750                              | 309,052                                  | 2,791,932                                                             | 500,764                      | (176,772)                                | 5,882,726               |
| Allowance (made)/written back for impairment losses on loans, advances and financing | (116,153)                              | 2,106                                    | (152,744)                                                             | (27)                         | (62,280)                                 | (329,098)               |
| Allowance (made)/written back for losses on other receivables                        | (15,760)                               | (1,920)                                  | 2,107                                                                 | (2,379)                      | (13,435)                                 | (31,387)                |
| Allowance written back for commitments and contingencies                             | 14,507                                 | -                                        | (1,330)                                                               | -                            | 296                                      | 13,473                  |
| Allowance written back/(made) for other impairment losses                            | -                                      | -                                        | (842)                                                                 | (17,466)                     | 2,994                                    | (15,314)                |
| Segment results                                                                      | 2,340,344                              | 309,238                                  | 2,639,123                                                             | 480,892                      | (249,197)                                | 5,520,400               |
| Share of results of jointly controlled entities                                      | 4,349                                  | (1,126)                                  | -                                                                     | 12,802                       | -                                        | 16,025                  |
| Share of results of associates                                                       | -                                      | 602                                      | -                                                                     | 101,284                      | -                                        | 101,886                 |
| Profit/(loss) before taxation                                                        | 2,344,693                              | 308,714                                  | 2,639,123                                                             | 594,978                      | (249,197)                                | 5,638,311               |
| % of profit before taxation                                                          | 41.6                                   | 5.5                                      | 46.8                                                                  | 10.6                         | (4.4)                                    | 100.0                   |
| Taxation                                                                             |                                        |                                          |                                                                       |                              |                                          | (1,281,086)             |
| <b>Profit for the period for continuing operation</b>                                |                                        |                                          |                                                                       |                              |                                          | <b>4,357,225</b>        |
| <b>Discontinued operation</b>                                                        |                                        |                                          |                                                                       |                              |                                          |                         |
| Share of results of association from discontinuing operation                         | 39,582                                 | -                                        | -                                                                     | -                            | -                                        | 39,582                  |
| <b>Profit for the period</b>                                                         |                                        |                                          |                                                                       |                              |                                          | <b>4,396,807</b>        |

**A23. SEGMENTAL REPORT (continued)**

|                                                                                      | <b>Wholesale Banking<br/>Corporate<br/>Banking,<br/>Treasury and<br/>Markets</b> |                                          |                                          |                                          |                                          |                         |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-------------------------|
|                                                                                      | <b>Consumer<br/>Banking<br/>RM'000</b>                                           | <b>Investment<br/>Banking<br/>RM'000</b> | <b>Investment<br/>Banking<br/>RM'000</b> | <b>Investment<br/>Banking<br/>RM'000</b> | <b>Support<br/>and others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>31 December 2011</b>                                                              |                                                                                  |                                          |                                          |                                          |                                          |                         |
| Net interest income                                                                  |                                                                                  |                                          |                                          |                                          |                                          |                         |
| - external income/(expense)                                                          | 4,349,136                                                                        | 46,040                                   | 2,488,863                                | (227,892)                                | 20,104                                   | 6,676,251               |
| - inter-segment income/(expense)                                                     | 30,882                                                                           | (8,704)                                  | (181,674)                                | 277,489                                  | (117,993)                                | -                       |
|                                                                                      | 4,380,018                                                                        | 37,336                                   | 2,307,189                                | 49,597                                   | (97,889)                                 | 6,676,251               |
| Income from Islamic Banking operations                                               | 731,176                                                                          | 68,139                                   | 293,249                                  | 374,958                                  | 2,799                                    | 1,470,321               |
| Non-interest income                                                                  | 1,489,821                                                                        | 858,018                                  | 844,771                                  | 532,349                                  | 498                                      | 3,725,457               |
| Gain on disposal of interest in subsidiaries                                         | -                                                                                | -                                        | -                                        | 250,000                                  | -                                        | 250,000                 |
| Net income/(expense)                                                                 | 6,601,015                                                                        | 963,493                                  | 3,445,209                                | 1,206,904                                | (94,592)                                 | 12,122,029              |
| Overheads                                                                            | (4,363,994)                                                                      | (693,878)                                | (1,271,986)                              | (266,695)                                | (33,359)                                 | (6,629,912)             |
| of which:                                                                            |                                                                                  |                                          |                                          |                                          |                                          |                         |
| - Depreciation of property, plant and equipment                                      | (226,518)                                                                        | (25,511)                                 | (36,499)                                 | (22,762)                                 | (20,915)                                 | (332,205)               |
| - Amortisation of prepaid lease payments                                             | (2,914)                                                                          | -                                        | -                                        | -                                        | (11,996)                                 | (14,910)                |
| - Amortisation of intangible assets                                                  | (124,240)                                                                        | (2,684)                                  | (12,169)                                 | (87,842)                                 | (15,244)                                 | (242,179)               |
| Profit/(loss) before allowances                                                      | 2,237,021                                                                        | 269,615                                  | 2,173,223                                | 940,209                                  | (127,951)                                | 5,492,117               |
| Allowance (made)/written back for impairment losses on loans, advances and financing | (285,770)                                                                        | 412                                      | (82,265)                                 | (5,803)                                  | (113,917)                                | (487,343)               |
| Allowance (made)/written back for losses on other receivables                        | (24,329)                                                                         | (4,465)                                  | (1,254)                                  | 22,137                                   | (97)                                     | (8,908)                 |
| Allowance (made)/written back for commitment and contingencies                       | 6,762                                                                            | -                                        | 23,097                                   | (72)                                     | 25,648                                   | 55,435                  |
| Recoveries from investment management and securities services                        | -                                                                                | -                                        | -                                        | 15,000                                   | -                                        | 15,000                  |
| Allowance written back/(made) for other impairment losses                            | 1,554                                                                            | -                                        | 452                                      | (17,567)                                 | 1,371                                    | (14,190)                |
| Segment results                                                                      | 1,935,238                                                                        | 265,562                                  | 2,113,253                                | 953,904                                  | (215,846)                                | 5,052,111               |
| Share of results of jointly controlled entities                                      | 9,359                                                                            | (1,264)                                  | -                                        | 8,898                                    | -                                        | 16,993                  |
| Share of results of associates                                                       | -                                                                                | -                                        | -                                        | 110,625                                  | -                                        | 110,625                 |
| Profit/(loss) before taxation                                                        | 1,944,597                                                                        | 264,298                                  | 2,113,253                                | 1,073,427                                | (215,846)                                | 5,179,729               |
| % of profit before taxation                                                          | 37.5                                                                             | 5.1                                      | 40.8                                     | 20.7                                     | (4.2)                                    | 100.0                   |
| Taxation                                                                             |                                                                                  |                                          |                                          |                                          |                                          | (1,128,816)             |
| <b>Profit for the period for continuing operation</b>                                |                                                                                  |                                          |                                          |                                          |                                          | <b>4,050,913</b>        |
| <b>Discontinued operation</b>                                                        |                                                                                  |                                          |                                          |                                          |                                          |                         |
| Share fo results of association from discontinuing operation                         | 23,413                                                                           |                                          |                                          |                                          |                                          | <b>23,413</b>           |
| <b>Profit for the period</b>                                                         |                                                                                  |                                          |                                          |                                          |                                          | <b>4,074,326</b>        |

## A24. OPERATIONS OF ISLAMIC BANKING

### A24a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

|                                                                     | Note    | The Group             |                       |                      |
|---------------------------------------------------------------------|---------|-----------------------|-----------------------|----------------------|
|                                                                     |         | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| <b>Assets</b>                                                       |         |                       |                       |                      |
| Cash and short-term funds                                           |         | 7,418,491             | 8,238,796             | 7,934,045            |
| Deposits and placements with banks and other financial institutions |         | 873,775               | 1,437,457             | 1,340,924            |
| Financial assets held for trading                                   |         | 6,252,944             | 2,911,603             | 2,549,533            |
| Islamic derivative financial instruments                            |         | 261,629               | 249,169               | 284,789              |
| Financial investments available-for-sale                            |         | 3,296,450             | 1,436,119             | 659,172              |
| Financial investments held-to-maturity                              |         | 1,075,590             | 1,397,598             | 1,230,451            |
| Financing, advances and other financing/loans                       | A24d(i) | 36,002,810            | 29,500,400            | 23,368,509           |
| Deferred tax assets                                                 |         | 11,070                | 6,359                 | 4,307                |
| Amount due from related companies                                   |         | 1,108,894             | 55,439                | 48,835               |
| Amount due from holding company                                     |         | 823,727               | 568,921               | 514,680              |
| Statutory deposits with Bank Negara Malaysia                        |         | 1,104,097             | 1,097,797             | 143,406              |
| Property, plant and equipment                                       |         | 10,680                | 9,567                 | 7,314                |
| Other assets                                                        |         | 524,408               | 545,199               | 764,109              |
| Goodwill                                                            |         | 136,000               | 136,000               | 136,000              |
| Intangible assets                                                   |         | 7,328                 | 4,170                 | 4,287                |
| <b>TOTAL ASSETS</b>                                                 |         | <b>58,907,893</b>     | <b>47,594,594</b>     | <b>38,990,361</b>    |
| <b>Liabilities and Islamic banking capital funds</b>                |         |                       |                       |                      |
| Deposits from customers                                             | A24(e)  | 38,903,965            | 31,565,815            | 24,923,994           |
| Deposits and placements of banks and other financial institutions   |         | 11,428,893            | 10,452,960            | 10,244,515           |
| Islamic derivative financial instruments                            |         | 382,290               | 452,582               | 265,725              |
| Amount due to holding company                                       |         | 864,717               | 402,487               | 184,519              |
| Amount due to related companies                                     |         | 3,776                 | 1,112                 | 247                  |
| Provision for taxation and zakat                                    |         | 138,568               | 112,330               | 86,284               |
| Other liabilities                                                   |         | 2,452,580             | 1,005,532             | 853,473              |
| Subordinated Sukuk                                                  |         | 863,557               | 564,679               | 300,000              |
| <b>TOTAL LIABILITIES</b>                                            |         | <b>55,038,346</b>     | <b>44,557,497</b>     | <b>36,858,757</b>    |
| <b>Equity</b>                                                       |         |                       |                       |                      |
| Ordinary share capital                                              |         | 1,000,000             | 1,000,000             | 750,000              |
| Islamic banking funds                                               |         | 55,250                | 55,000                | 91,693               |
| Perpetual preference shares                                         |         | 70,000                | 70,000                | 70,000               |
| Reserves                                                            |         | 2,735,080             | 1,902,052             | 1,180,466            |
|                                                                     |         | 3,860,330             | 3,027,052             | 2,092,159            |
| Non-controlling interests                                           |         | 9,217                 | 10,045                | 39,445               |
| <b>TOTAL EQUITY</b>                                                 |         | <b>3,869,547</b>      | <b>3,037,097</b>      | <b>2,131,604</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                 |         | <b>58,907,893</b>     | <b>47,594,594</b>     | <b>38,990,361</b>    |

**A24b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012**

|                                                                            | The Group         |                |                     |                  |
|----------------------------------------------------------------------------|-------------------|----------------|---------------------|------------------|
|                                                                            | 4th quarter ended |                | Twelve months ended |                  |
|                                                                            | 31 Dec 2012       | 31 Dec 2011    | 31 Dec 2012         | 31 Dec 2011      |
|                                                                            | RM'000            | RM'000         | RM'000              | RM'000           |
| Income derived from investment of depositors' funds and others             | 564,191           | 495,192        | 2,143,277           | 1,817,027        |
| Net income derived from investment of shareholders' funds                  | 105,732           | 81,763         | 462,277             | 390,223          |
| Allowance written back/(made) for impairment losses on financing, advances | 11,407            | (94,832)       | (90,179)            | (151,366)        |
| Allowance written back/(made) for impairment losses on other receivables   | 214               | (2,473)        | 217                 | (2,753)          |
| Allowance written back for commitments and contingencies                   | -                 | 340            | -                   | -                |
| <b>Total distributable income</b>                                          | <b>681,544</b>    | <b>479,990</b> | <b>2,515,592</b>    | <b>2,053,131</b> |
| Income attributable to depositors                                          | (271,990)         | (214,447)      | (916,211)           | (736,929)        |
| <b>Total net income</b>                                                    | <b>409,554</b>    | <b>265,543</b> | <b>1,599,381</b>    | <b>1,316,202</b> |
| Other operating expenses                                                   | (148,338)         | (93,975)       | (526,729)           | (369,190)        |
| <b>Profit before allowances</b>                                            | <b>261,216</b>    | <b>171,568</b> | <b>1,072,652</b>    | <b>947,012</b>   |
| Allowance written back/(made) for impairment losses                        | 34                | 7              | (16)                | 7                |
| <b>Profit before taxation</b>                                              | <b>261,250</b>    | <b>171,575</b> | <b>1,072,636</b>    | <b>947,019</b>   |
| Taxation                                                                   | (60,836)          | (62,583)       | (255,418)           | (233,420)        |
| <b>Profit for the year</b>                                                 | <b>200,414</b>    | <b>108,992</b> | <b>817,218</b>      | <b>713,599</b>   |
| Profit for the period attributable to:                                     |                   |                |                     |                  |
| Owners of the Parent                                                       | 200,005           | 109,824        | 815,796             | 713,931          |
| Non-controlling interests                                                  | 409               | (832)          | 1,422               | (332)            |
|                                                                            | <b>200,414</b>    | <b>108,992</b> | <b>817,218</b>      | <b>713,599</b>   |

**A24c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012**

|                                                                                 | The Group         |                |                     |                  |
|---------------------------------------------------------------------------------|-------------------|----------------|---------------------|------------------|
|                                                                                 | 4th quarter ended |                | Twelve months ended |                  |
|                                                                                 | 31 Dec 2012       | 31 Dec 2011    | 31 Dec 2012         | 31 Dec 2011      |
|                                                                                 | RM'000            | RM'000         | RM'000              | RM'000           |
| Profit for the year                                                             | 200,414           | 108,992        | 817,218             | 713,599          |
| Other comprehensive income:                                                     |                   |                |                     |                  |
| Revaluation reserve-financial investments available-for-sale                    | 12,159            | (181)          | 17,630              | 708              |
| - Net gain from change in fair value                                            | 15,299            | 5,702          | 27,000              | 9,401            |
| - Realised gain transferred to income statement on disposal and impairment      | (266)             | (6,121)        | (6,815)             | (7,238)          |
| - Income tax effects                                                            | (2,874)           | 238            | (2,555)             | (1,455)          |
| Exchange fluctuation reserve                                                    | (400)             | 692            | (2,763)             | 14,906           |
| Other comprehensive income for the year, net of tax                             | 11,759            | 511            | 14,867              | 15,614           |
| Total comprehensive income for the year                                         | 212,173           | 109,503        | 832,085             | 729,213          |
| Total comprehensive income for the year attributable to:                        |                   |                |                     |                  |
| Owners of the Parent                                                            | 212,178           | 109,146        | 834,335             | 721,801          |
| Non-controlling interests                                                       | (5)               | 357            | (2,250)             | 7,412            |
|                                                                                 | <b>212,173</b>    | <b>109,503</b> | <b>832,085</b>      | <b>729,213</b>   |
| Income from Islamic operations (per page 2)                                     |                   |                |                     |                  |
| Total net income                                                                | 409,554           | 265,543        | 1,599,381           | 1,316,202        |
| Add: Allowance (written back)/made for impairment losses on financing, advances | (11,407)          | 94,832         | 90,179              | 151,366          |
| Add: Allowance (written back)/made for impairment losses on other receivables   | (214)             | 2,473          | (217)               | 2,753            |
| Add: Allowance written back for commitments and contingencies                   | -                 | (340)          | -                   | -                |
|                                                                                 | <b>397,933</b>    | <b>362,508</b> | <b>1,689,343</b>    | <b>1,470,321</b> |

#### A24d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

##### (i) By type

|                                                          | The Group             |                       |                      |
|----------------------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                          | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| <b>At amortised cost</b>                                 |                       |                       |                      |
| Cash line                                                | 471,590               | 373,056               | 322,529              |
| Term financing                                           | 33,448,754            | 28,345,701            | 22,509,813           |
| Bills receivable                                         | 3,766                 | 2,581                 | 2,235                |
| Trust receipts                                           | 80,151                | 35,391                | 59,091               |
| Claims on customers under acceptance credits             | 340,687               | 233,479               | 191,657              |
| Revolving credits                                        | 1,575,218             | 502,124               | 407,330              |
| Credit card receivables                                  | 112,543               | 111,886               | 90,472               |
| Share margin financing                                   | 182,099               | 167,485               | 92,962               |
| Other financing                                          | 72,642                | 55,172                | 17,796               |
| Gross financing, advances and other financing/loans      | <b>36,287,450</b>     | 29,826,875            | 23,693,885           |
| Fair value changes arising from fair value hedge         | <b>222,909</b>        | 241,966               | 17,997               |
|                                                          | <b>36,510,359</b>     | 30,068,841            | 23,711,882           |
| Less: Allowance for impairment losses                    |                       |                       |                      |
| - Individual impairment allowance                        | <b>(127,290)</b>      | (139,775)             | (97,021)             |
| - Portfolio impairment allowance                         | <b>(380,259)</b>      | (428,666)             | (246,352)            |
|                                                          | <b>(507,549)</b>      | (568,441)             | (343,373)            |
| <b>Net financing, advances and other financing/loans</b> | <b>36,002,810</b>     | 29,500,400            | 23,368,509           |

(a) During the financial period, the Group has undertaken fair value hedges on RM6,500 million (31 December 2011: RM4,350 million and 1 January 2011: RM4,400 million) financing using profit rate swaps.

|                                                   | The Group             |                       |                      |
|---------------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                   | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| Gross financing hedged                            | 6,500,000             | 4,350,000             | 4,400,000            |
| Fair value changes arising from fair value hedges | <b>222,909</b>        | 241,966               | 17,997               |
|                                                   | <b>6,722,909</b>      | 4,591,966             | 4,417,997            |

The fair value loss on profit rate swaps in the hedge transaction as at 31 December 2012 were RM247.0 million (31 December 2011: RM262.0 million and 1 January 2011: RM49.0 million).

##### (ii) By geographical distribution

|                                                     | The Group             |                       |                      |
|-----------------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                     | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| Malaysia                                            | 33,259,002            | 28,353,137            | 22,739,752           |
| Indonesia                                           | 2,451,441             | 1,158,232             | 614,211              |
| Other countries                                     | 577,007               | 315,506               | 339,922              |
| Gross financing, advances and other financing/loans | <b>36,287,450</b>     | 29,826,875            | 23,693,885           |

##### (iii) Impaired financing, advances and other loans by geographical distribution

|                                                              | The Group             |                       |                      |
|--------------------------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                              | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| Malaysia                                                     | 304,128               | 345,778               | 335,879              |
| Indonesia                                                    | 47,274                | 31,301                | 6,294                |
| Other countries                                              | 92,271                | 95,553                | -                    |
| Gross impaired financing, advances and other financing/loans | <b>443,673</b>        | 472,632               | 342,173              |



**A24d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**

**(iv) Movements in impaired financing, advances and other financing/loans:**

|                                                                                                                                 | The Group             |                       |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                 | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 |
| At 1 January                                                                                                                    | 472,632               | 342,173               |
| Classified as impaired during the year                                                                                          | 411,956               | 505,090               |
| Reclassified as not impaired during the year                                                                                    | (159,073)             | (127,965)             |
| Amount recovered                                                                                                                | (73,013)              | (90,543)              |
| Amount written off                                                                                                              | (211,891)             | (130,641)             |
| Reclassification from unwinding income                                                                                          | 10,109                | -                     |
| Exchange fluctuation                                                                                                            | (7,047)               | (25,482)              |
| At 31 December                                                                                                                  | <u>443,673</u>        | <u>472,632</u>        |
| Ratio of gross impaired financing, advances and other financing/loans<br>to gross financing, advances and other financing/loans | <u>1.22%</u>          | <u>1.58%</u>          |

**(v) Movements in the allowance for impaired financing:**

|                                                                                                                                                                                           | The Group             |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                                                           | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 |
| <b>Individual impairment allowance</b>                                                                                                                                                    |                       |                       |
| Gain on disposal of associates                                                                                                                                                            | 139,775               | 97,021                |
| Net allowance made during the year                                                                                                                                                        | 34,150                | 48,229                |
| Amount written off                                                                                                                                                                        | (50,675)              | (8,135)               |
| Amount transferred from portfolio impairment allowance                                                                                                                                    | -                     | 3,001                 |
| Unwinding income                                                                                                                                                                          | 4,090                 | (1,477)               |
| Exchange fluctuation                                                                                                                                                                      | (50)                  | 1,136                 |
| At 31 December                                                                                                                                                                            | <u>127,290</u>        | <u>139,775</u>        |
| <b>Portfolio impairment allowance</b>                                                                                                                                                     |                       |                       |
| At 1 January                                                                                                                                                                              | 428,666               | 246,352               |
| Allowance made during the year                                                                                                                                                            | 112,112               | 143,075               |
| Amount transferred to individual impairment allowance                                                                                                                                     | -                     | (3,001)               |
| Amount written off                                                                                                                                                                        | (162,602)             | (119,912)             |
| Allowance transferred from conventional operations                                                                                                                                        | -                     | 166,234               |
| Unwinding income                                                                                                                                                                          | 6,019                 | (4,181)               |
| Exchange fluctuation                                                                                                                                                                      | (3,936)               | 99                    |
| At 31 December                                                                                                                                                                            | <u>380,259</u>        | <u>428,666</u>        |
| Portfolio impairment allowance (inclusive of regulatory reserve) as % of<br>gross financing, advances and other loans (excluding RPSIA financing)<br>less individual impairment allowance | <u>2.18%</u>          | <u>2.21%</u>          |

**A24e. DEPOSITS FROM CUSTOMERS****By type of deposits**

|                                           | <b>The Group</b>   |                    |                   |
|-------------------------------------------|--------------------|--------------------|-------------------|
|                                           | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> | <b>1 Jan 2011</b> |
|                                           | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>Non-Mudharabah</b>                     |                    |                    |                   |
| Demand deposits                           | 3,646,340          | 3,204,849          | 3,055,079         |
| Savings deposits                          | 1,527,782          | 1,169,598          | 821,968           |
| General investment deposits               | 965,933            | 419,745            | 634,517           |
| Commodity Murabahah                       | 519                | 440,600            | 69,379            |
| Fixed return investment account           | 6,665,864          | 5,564,248          | 5,127,333         |
| Islamic negotiable instruments of deposit | 2,370,187          | 2,510,276          | 1,033,019         |
| Variable rate deposits                    | 80,223             | 77,340             | 378,330           |
| Equity Linked Sukuk                       | 308,736            | 286,629            | 219,600           |
| Short term money market deposit-i         | 12,849,247         | 3,994,930          | -                 |
| Others                                    | 40,761             | 37,489             | 25,192            |
|                                           | <b>28,455,592</b>  | <b>17,705,704</b>  | <b>11,364,417</b> |
| <b>Mudharabah</b>                         |                    |                    |                   |
| Demand deposits                           | 4,234,083          | 2,550,795          | 1,497,380         |
| Savings deposits                          | 634,511            | 478,449            | 328,971           |
| General investment deposits               | 3,058,739          | 2,086,941          | 1,806,223         |
| Special general investment deposits       | 1,314,609          | 6,987,965          | 7,574,239         |
| Specific investment deposits              | 1,206,431          | 1,755,961          | 2,352,764         |
|                                           | <b>10,448,373</b>  | <b>13,860,111</b>  | <b>13,559,577</b> |
|                                           | <b>38,903,965</b>  | <b>31,565,815</b>  | <b>24,923,994</b> |

**A25. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

|                                                                                                           | <b>The Group</b>   |                    |
|-----------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                           | <b>31 Dec 2012</b> | <b>31 Dec 2011</b> |
|                                                                                                           | <b>RM'000</b>      | <b>RM'000</b>      |
| Outstanding credit exposures with connected parties                                                       | <b>14,386,434</b>  | 11,984,397         |
| Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures | <b>5.29%</b>       | 5.13%              |
| Percentage of outstanding credit exposures to connected parties which is non-performing or in default     | -                  | -                  |

## A26. CHANGE IN ACCOUNTING POLICIES

### (a) Transition from FRS to MFRSs

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior years. The following tables represent the reconciliations from FRSs to MFRSs for the respective years noted for equity and total comprehensive income.

#### (i) Reconciliation of equity

| <b>Group</b>                                                     | <b>1 Jan 2011<br/>RM'000</b> | <b>31 Dec 2011<br/>RM'000</b> |
|------------------------------------------------------------------|------------------------------|-------------------------------|
| Equity as reported under FRS                                     | 24,303,199                   | 26,863,160                    |
| <u>Add/(Less): Transitioning adjustments:</u>                    |                              |                               |
| Designation of financial investments<br>- as available for sales | 111,887                      | 135,137                       |
| Equity on transition to MFRS                                     | <u>24,415,086</u>            | <u>26,998,297</u>             |

#### (ii) Reconciliation of total comprehensive income

| <b>Group</b>                                                     | <b>31 Dec 2011<br/>RM'000</b> |
|------------------------------------------------------------------|-------------------------------|
| Total comprehensive income as reported under FRS                 | 4,270,363                     |
| <u>Add/(Less): Transitioning adjustments:</u>                    |                               |
| Designation of financial investments<br>- as available for sales | 32,975                        |
| Income tax arising from transitional adjustments                 | (9,725)                       |
| Total comprehensive income upon transition to MFRS               | <u>4,293,613</u>              |

#### (iii) Impact to statement of income and statement of cash flows

The transition from FRS to MFRS has had no effect on the reported net profit after taxation and cash flows generated by the Group and the Company.

### (b) MFRS 1 First Time Adoption Exemption Option

During the year, the Group and the Company have elected the following MFRS 1 First Time Adoption exemption options, that resulted to the change in comparative figures.

- (i) Cumulative translation differences
- (ii) Designation of previously recognised financial instruments

### (c) Prior year adjustment

#### MIA FRSC18

During the year, the Malaysian Institute of Accountants ("MIA") issued Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 – "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad", which stated that the recognition of monies held in the trust account of participating organisations of Bursa Malaysia Securities Berhad, as part of the participating organisation's assets with corresponding liabilities, is inappropriate from the context of MFRS. This is because a participating organisation is prohibited to utilise the monies either for its own economic benefits or settlement of its own liability. As such, a participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The Group has applied FRSIC 18 retrospectively.



**A26. CHANGE IN ACCOUNTING POLICIES** (continued)

(d) The impact of the above on the financial statements of the Group are set out as follows(continued):

(ii) **Impact on the Group's consolidated statement of comprehensive income for the year ended 31 December 2011:**

|                                                                 | Amount for the financial year ended<br>31 December 2011 |                              |             |
|-----------------------------------------------------------------|---------------------------------------------------------|------------------------------|-------------|
|                                                                 | As previously<br>reported                               | Effect of adopting<br>MFRS 1 | As restated |
|                                                                 | RM'000                                                  | RM'000                       | RM'000      |
| Revaluation reserve of financial investments available-for-sale |                                                         |                              |             |
| - Net gain from change in fair value                            | 287,091                                                 | 32,975                       | 320,066     |
| - Income tax effects                                            | 22,800                                                  | (9,725)                      | 13,075      |

(iii) **Impact on the Group's consolidated statement of changes in equity as at 31 December 2011 and 1 January 2011:**

|                                                              | Balances as at 31 December 2011 |                              |                |
|--------------------------------------------------------------|---------------------------------|------------------------------|----------------|
|                                                              | As previously<br>reported       | Effect of adopting<br>MFRS 1 | As<br>restated |
|                                                              | RM'000                          | RM'000                       | RM'000         |
| Revaluation reserve-financial investments available-for-sale | 535,762                         | 193,789                      | 729,551        |
| Exchange fluctuation reserves                                | (172,673)                       | 347,337                      | 174,664        |
| Other reserves                                               | 20,094                          | (131,736)                    | (111,642)      |
| Retained profits                                             | 8,822,855                       | (271,992)                    | 8,550,863      |
| Non-controlling interests                                    | 726,690                         | (2,261)                      | 724,429        |

|                                                              | Balance as at 1 January 2011 |                              |                |
|--------------------------------------------------------------|------------------------------|------------------------------|----------------|
|                                                              | As previously<br>reported    | Effect of adopting<br>MFRS 1 | As<br>restated |
|                                                              | RM'000                       | RM'000                       | RM'000         |
| Revaluation reserve-financial investments available-for-sale | 474,673                      | 170,539                      | 645,212        |
| Exchange fluctuation reserves                                | (347,337)                    | 347,337                      | -              |
| Other reserves                                               | 131,736                      | (131,736)                    | -              |
| Retained profits                                             | 6,838,179                    | (271,992)                    | 6,566,187      |
| Non-controlling interests                                    | 873,233                      | (2,261)                      | 870,972        |

(e) During the end of financial year 2011, an internal re-organisation has resulted to a change in business segment reporting. The change in business segment reporting is only effective from 1 January 2012 onwards, and the comparatives for segment reporting have been restated to reflect this new Group structure.

## **Part B - Explanatory Notes Pursuant to BNM/GP8 Guidelines on Financial Reporting for Licensed Institutions**

### **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

#### **CIMB Group Holdings ("CIMB Group") Results**

CIMB Group Holdings Berhad ("CIMB Group") today reported a record net profit of RM4.35 billion for Financial Year 2012 ("FY12"), representing a 7.8% year-on-year ("Y-o-Y") growth and equivalent to net earnings per share ("EPS") of 58.4 sen and net return on average equity ("ROE") of 16.0%. The Group announced a second interim dividend of 18.38 sen in the form of cash or an optional Dividend Reinvestment Scheme ("DRS"). For FY12, the total dividends amounted to 23.38 sen or RM1.7 billion, translating to a dividend payout ratio of 40.0% of FY12 profits.

For the fourth quarter FY12 ("4Q12") alone, the Group's net profit of RM1.082 billion was 5.3% lower than 3Q12, and 4.5% lower compared its 4Q11 net profit of RM1.133 billion.

The Group delivered another set of record profits for FY12, underpinned by strong earnings growth in most of our business lines. The Group is especially pleased that this was achieved without aggressive lending growth and despite investing and undergoing substantial internal changes in line with "CIMB 2.0" theme, to strengthen the Group's competitive edge going forwards."

#### **CIMB Group Y-o-Y Results**

CIMB Group's FY12 revenues were 11.3% higher Y-o-Y at RM13.495 billion. Net interest income grew by 10.6% while non-interest income expanded by 12.7% underpinned by a record year in capital market transactions and an uplift in treasury markets activity. Excluding the gain on deconsolidation of CIMB Aviva of RM250 million in 4Q11, the uplift in non-interest income was 19.8%. The Group's profit before tax ("PBT") was 9.1% higher at RM5.678 billion.

In 2012, the Group's regional Consumer Bank PBT expanded by 23.9% Y-o-Y to RM2.323 billion. The Malaysia & Singapore consumer operations PBT grew 17.7% Y-o-Y despite only moderate revenue growth due to provision write-backs in Malaysia and our Singapore unit reaching breakeven point. The consumer banking operations' PBT in Indonesia expanded by 45.9% Y-o-Y from a combination of better margins and growth in assets. The Thai consumer operations have yet to break-even and posted a RM3 million loss.

The Group's regional Wholesale Banking PBT rose 23.1% Y-o-Y to RM2.868 billion largely underscored by the Treasury & Markets division and Investment Banking PBT improving by 43.8% and 18.3% respectively, in line with our best ever year in capital markets as a whole. Corporate Banking PBT was 7.0% Y-o-Y higher. Investments PBT were lower by 51.2% Y-o-Y at RM487 million due to a combination of the large gain on deconsolidation of CIMB Aviva in 2011 and initial costs related to the acquisition of selected APAC IB businesses of The Royal Bank of Scotland ("RBS").

Consumer Banking operations remain the largest contributor to Group PBT at 41% (from 36% in FY11). Treasury & Markets contribution to Group PBT jumped to 24% from 18% in FY11. Corporate Banking, Investment Banking and Investments contributed 21%, 5% and 9% respectively.

CIMB Niaga's PBT rose 31.8% Y-o-Y to IDR5,787 billion but its contribution to the Group was only 24.5% higher Y-o-Y at RM1.906 billion due to the 8.9% depreciation of Rupiah in 2012. CIMB Niaga accounted for 34% of Group PBT. CIMB Thai's PBT rose 21.2% to THB1.668 billion and after GAAP and MFRS139 adjustments, its contribution to the Group was 61.9% higher at RM211 million, equivalent to 4% of Group PBT. CIMB Singapore's PBT rose 73.3% to RM156 million increasing its share of Group PBT to 3%. Total non-Malaysian PBT increased to 41% in FY12 from 36% in FY11.

The Group's total gross loans and credit expanded 9.8% (excluding the declining bad bank loan book) and 11.8% Y-o-Y respectively. After adjusting for foreign exchange fluctuations, the Group's total gross loans and credit increased by 12.1% and 14.1% Y-o-Y respectively. Corporate loans increased 6.4% while retail loans and commercial banking loans grew 10.1% and 15.7% respectively.

Total Group deposits grew by 10.0% Y-o-Y but were 12.0% higher Y-o-Y after excluding foreign exchange fluctuations. This was driven by an 8.2% expansion in retail deposits and a 11.1% growth in commercial banking deposits. Corporate and Treasury deposits were 11.6% higher Y-o-Y. Geographically, deposit growth was strongest in Singapore at 41.4% from a low base, while Malaysian deposits expanded at 7.8%. Indonesia and Thailand deposits grew 4.3% and 32.1% respectively Y-o-Y in Ringgit terms. The Group's CASA ratio increased to 35.1% from 34.2% last year while overall net interest margin was marginally lower at 3.07% from 3.12% in FY11.

The Group's total loan impairment of RM329 million in FY12 was a 32.4% decline from the RM487 million in FY11. The Group's total credit charge was 0.16%. The Group's gross impairment ratio improved to 3.8% for FY12 from 5.1% as at FY11, with an allowance coverage of 82.8%. The Group's cost to income ratio rose to 56.4% compared to 54.7% in FY11 partly as a result of new acquisitions.

## **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS (CONTINUED)**

### **CIMB Group Y-o-Y Results (continued)**

CIMB Bank's risk weighted capital ratio is expected to be 16.0% while its core capital ratio is expected to be 12.8% as at 31 December 2012 (after inclusion of FY12 net profits and proposed DRS). CIMB Group's double leverage and gearing stood at 124.1% and 26.1% respectively as at end-December 2012.

### **CIMB Group Q-on-Q Results**

The Group's 4Q12 revenues of RM3.369 billion were 4.9% lower than 3Q12, translating to a 5.3% Q-o-Q net profit decline to RM1.082 billion. Net interest income was 1.3% higher while non-interest income was 15.8% lower Q-o-Q.

The Group's Consumer Banking PBT rose 18.5% Q-o-Q. The Malaysian retail operations was 28.1% higher largely due to provision write-backs in 4Q12 while the Indonesian consumer division's PBT contribution to the Group was 9.6% lower Q-o-Q. Wholesale Banking PBT decreased 23.7% Q-o-Q as Corporate Banking and Treasury & Markets division had a slower quarter with higher loan provisions and less active debt and treasury markets. Investment Banking though was 434.1% higher Q-o-Q at RM135 million in 4Q12 on stronger fee income. PBT from Investments were 25.4% lower Q-o-Q due to the higher costs in relation to the RBS acquisition.

### **CIMB Niaga Results**

On 14 February 2013, CIMB Niaga reported a FY12 net profit of IDR4,233 billion, a 33.4% Y-o-Y growth, with an FY12 net ROE of 20.9%. The improved performance was attributed to the sustained loan growth, improved NIMs and higher non-interest income from Treasury and Markets operations partially offset by higher overhead expenses and provisions. On a sequential basis, the 4Q12 net profit was 1.2% higher than 3Q12.

CIMB Niaga's gross loans grew 15.7% Y-o-Y for FY12 mainly driven by the business banking and retail segments. The Gross NPL of 2.3% as at end-December 2012 was an improvement from the 2.6% in FY11. CIMB Niaga's loan loss coverage (based on BI definition) stood at 114.2% as at end-FY12 compared to 104.0% as at end-FY11.

CIMB Niaga's core capital and risk weighted capital ratios stood at 12.3% and 15.1% respectively as at 31 December 2012.

### **CIMB Thai Results**

On 18 January 2013, CIMB Thai announced a FY12 net profit of THB1,581 million, a 20.1% growth from the THB1,316 million in FY11. CIMB Thai's 4Q12 net profit declined 84.8% to THB160 million due to the THB1,344 million share of recoveries from bad loans managed by TAMC in 3Q12. The loan loss charge for FY12 increased to 1.0% from 0.9% previously as CIMB Thai continued to increase loan provisions.

As at 31 December 2012, CIMB Thai's core capital and risk weighted capital ratios were at 10.3% and 16.2% respectively. CIMB Thai's net NPL ratio fell to 2.0% compared to 2.3% as at 31 December 2011.

### **CIMB Islamic**

CIMB Islamic's Y-o-Y PBT increased 19.8% to RM535.5 million. CIMB Islamic's gross financing assets grew 17.3% Y-o-Y, accounting for 16.0% of total Group loans. Total deposits grew by 20.6% Y-o-Y to RM35.3 billion.

### **Market Shares**

CIMB remained the no.1 investment bank in ASEAN. In Malaysia and Singapore, we were the top brokerage house while in Malaysia, Thailand and Singapore, we topped the IPO league tables. For Malaysia we were also no.1 for Equity Capital Markets ("ECM") and Debt Capital Markets ("DCM"). In consumer banking, our market positions remained largely intact but we lost some ground in Malaysian residential mortgages and credit cards and Indonesian mortgages, and gained ground in Indonesian credit cards, Malaysian auto loans and retail deposits.

### **Geographic Expansion**

In 2012, CIMB Group commenced investment banking operations in Australia and is on schedule to commence investment banking operations in Taiwan, Korea and India in 1Q13. The Group is also in negotiations for the acquisition of Bank of Commerce in the Philippines and in the process of establishing bank branches in Laos, Shanghai and Hong Kong.



## **B2. CORPORATE DEVELOPMENTS**

The significant corporate developments in 2012 were:

### **(a) Capital Management**

- On 21 February 2012, CIMB Thai fully redeemed its USD40 mil subordinated notes.
- On 8 March 2012, CIMB Thai announced a 3-for-10 rights issue at THB1 per share. On 7 August 2012, the offering was completed and CIMB Thai successfully raised a total capital of THB4.769 billion.
- On 20 September 2012, CIMB Islamic Bank completed the issuance of a 10-year RM300 million Tier 2 Junior Sukuk.
- On 30 October 2012, CIMB Niaga completed the issuance of a IDR2,000 billion Senior Bond which comprises a 3-year Series A of IDR600 billion and a 5-year Series B of IDR1,400 billion.
- On 9 November 2012, CIMB Thai completed the issuance of a THB3,000 million Tier 2 subordinated debt.
- On 22 November 2012, CIMB Niaga Auto Finance completed the issuance of a IDR600 billion Senior Bond.
- On 30 November 2012, CIMB Bank completed the issuance of a 10-year RM1.5 billion Tier 2 subordinated debt.
- On 18 January 2013, CIMB Group proposed the establishment of a dividend reinvestment scheme (“DRS”) that would allow shareholders the option to elect to reinvest dividends in new CIMB Group shares. At an EGM on 25 February 2013, CIMB Group shareholders approved the proposed DRS.

### **(b) Mergers and Acquisitions**

- On 15 February 2012, CIMB Securities International (“CSI”) completed the acquisition of 70.06% interest in SICCO Securities plc (“SSEC”) in Thailand for THB767.9 million. On the same date, CSI announced the purchase of shares from the market bringing its interest to 82.06%. CSI subsequently made a tender offer for the remaining shares it does not own and upon completion of the tender offer on 11 April 2012 CSI owned approximately 97.37% of SSEC. On 12 September 2012, CSI acquired an additional 2.22% interest via a delisting tender offer, raising its effective interest to 99.59%.
- On 2 April 2012, CIMB Group entered into a sales and purchase agreement with The Royal Bank of Scotland (“RBS”) for the proposed acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Australia, China, Hong Kong, India, Taiwan, Indonesia, Malaysia, Singapore and Thailand for GBP88.4 million (approximately RM431.8 mil). On 30 June 2012, the acquisition of the businesses in Indonesia, Malaysia, Singapore and Thailand were completed. On 12 July 2012, the proposed acquisition of the business in India was terminated due to a legal issue arising in connection with the sale of the India Business by RBS. On 2 November 2012, the acquisition of the businesses in Australia was completed.
- On 5 March 2012, CIMB Securities (Singapore) entered into a strategic collaboration agreement with John Keells Stock Brokers to facilitate CIMB Group’s stock broking business in Sri Lanka.
- On 8 May 2012, CIMB Bank entered into share purchase agreements with San Miguel Properties, San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings and various minority shareholders for the proposed acquisition of 59.98% in Bank of Commerce in the Philippines for PHP12,203 million (RM881 million). On 7 November 2012, Bank Negara Malaysia approved the proposed acquisition. On 20 November 2012, the Central Bank of the Republic of the Philippines approved the proposed acquisition subject to certain conditions being met.
- On 17 January 2013, CIMB Group’s wholly-owned subsidiary, CIG Bhd, entered into an implementation agreement with Renggit Ventures Sdn Bhd (“RVSB”), a wholly-owned subsidiary of Khazanah Nasional, for the proposed sale of a 51%-stake in CIMB Aviva Assurance and CIMB Aviva Takaful to RVSB for RM1.11 billion.

## **B2. CORPORATE DEVELOPMENTS (continued)**

### **(c) Others**

- On 18 January 2012, Moody's raised CIMB Niaga's foreign currency long-term/short-term deposit ratings to Baa3/Prime-3 from Ba2/Not Prime and foreign currency issuer rating to Baa3 from Ba1. The revised ratings have stable outlook.
- On 29 March 2012, CIMB Group entered into a 40:60 joint venture with The Rohatyn Group to jointly sponsor, manage and administer the CapAsia Funds.
- On 23 January 2013, Fitch Ratings affirmed both CIMB Bank and CIMB Investment Bank's long-term issuer default ratings at 'BBB+' with stable outlook and simultaneously withdrew all the ratings of CIMB Bank and CIMB Investment Bank, at the request of the banks, for business reasons.
- On 31 January 2013, Moody's revised downwards, alongside six other banks in Malaysia, both CIMB Bank and CIMB Investment Bank's foreign currency (and local currency for CIMB Investment Bank) short-term ratings to Prime 2 from Prime 1, reflecting Moody's observations of the transition risk of short-term ratings that A-3 rated banks represent over time. The revised ratings have stable outlook.

## **B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

Although still quite fragile, the global operating environment is showing signs of improvement which is key to sustaining growth in Asia. ASEAN economies remain robust although there are downside risks from political events and inflationary pressures.

CIMBG Group is excited about its stronger and enlarged business platform. The Group believes that it can sustain a net ROE of 16% for 2013 on its higher capital and cost base, by driving revenues and efficiencies especially from our newly merged business units and enlarged Investment Banking operations.

**B4. TAXATION**

|                                  | The Group         |                |                     |                  |
|----------------------------------|-------------------|----------------|---------------------|------------------|
|                                  | 4th quarter ended |                | Twelve months ended |                  |
|                                  | 31 Dec 2012       | 31 Dec 2011    | 31 Dec 2012         | 31 Dec 2011      |
|                                  | RM'000            | RM'000         | RM'000              | RM'000           |
| Major components of tax expense: |                   |                |                     |                  |
| Current tax expense              | 421,423           | 314,017        | 1,437,484           | 1,104,240        |
| Deferred tax expense             | (54,658)          | (34,072)       | (73,615)            | 92,485           |
| Over-accrual in prior years      | (85,009)          | (20,141)       | (82,783)            | (67,909)         |
|                                  | <b>281,756</b>    | <b>259,804</b> | <b>1,281,086</b>    | <b>1,128,816</b> |

**Reconciliation**

|                                                                                      |                |                |                  |                  |
|--------------------------------------------------------------------------------------|----------------|----------------|------------------|------------------|
| Profit before taxation                                                               | 1,367,008      | 1,404,436      | 5,638,311        | 5,179,729        |
| Tax at statutory income tax rate of 25% (2011: 25%)                                  | 341,752        | 351,243        | 1,409,578        | 1,294,932        |
| Effect of different tax rates in other countries and change in tax rates             | (108,957)      | (59,752)       | (101,747)        | (58,092)         |
| Due to income not subject to income tax and expenses not deductible for tax purposes | 133,970        | (11,546)       | 56,038           | (40,115)         |
| Over-accrual in prior years                                                          | (85,009)       | (20,141)       | (82,783)         | (67,909)         |
|                                                                                      | <b>281,756</b> | <b>259,804</b> | <b>1,281,086</b> | <b>1,128,816</b> |

**B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

**B6. REALISED AND UNREALISED PROFITS**

|                                                                        | Group             |                  |
|------------------------------------------------------------------------|-------------------|------------------|
|                                                                        | 31 Dec 2012       | 31 Dec 2011      |
|                                                                        | RM'000            | RM'000           |
| Total retained earnings of the Group and subsidiaries                  |                   |                  |
| - Realised                                                             | 9,835,615         | 8,555,184        |
| - Unrealised                                                           | 340,878           | 268,222          |
|                                                                        | <b>10,176,493</b> | <b>8,823,406</b> |
| Total share of retained earnings from associates                       |                   |                  |
| - Realised                                                             | 322,064           | 158,721          |
| - Unrealised                                                           | 550               | 26,503           |
| Total share of retained earnings from jointly controlled entities      |                   |                  |
| - Realised                                                             | 46,633            | 29,932           |
| - Unrealised                                                           | 1                 | 677              |
|                                                                        | <b>10,545,741</b> | <b>9,039,239</b> |
| Consolidation adjustments                                              | 680,779           | (216,384)        |
| Total group retained earnings as per consolidated financial statements | <b>11,226,520</b> | <b>8,822,855</b> |

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 the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 31 December 2012 and 31 December 2011 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group. In addition, the unrealised retained profits of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

## B7. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

|                                       | The Group             |                       |                      |
|---------------------------------------|-----------------------|-----------------------|----------------------|
|                                       | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 1 Jan 2011<br>RM'000 |
| <b>Bonds and notes*</b>               |                       |                       |                      |
| <b>Unsecured</b>                      |                       |                       |                      |
| More than one year (medium/long term) | 3,350,499             | 521,225               | 423,982              |
|                                       | <b>3,350,499</b>      | <b>521,225</b>        | <b>423,982</b>       |

\* Included in bonds and notes for the current period is IDR denominated bonds equivalent to IDR3,500,000 million, HKD denominated bonds equivalent to HKD 462 million, USD denominated bonds equivalent to USD350 million and THB denominated bonds equivalents to THB7,800 million.

### Other borrowings\*\*

|                                       |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|
| <b>Unsecured</b>                      |                  |                  |                  |
| One year or less (short term)         | 1,601,045        | 1,059,251        | 1,501,215        |
| More than one year (medium/long term) | 3,985,653        | 4,264,781        | 2,282,372        |
|                                       | <b>5,586,698</b> | <b>5,324,032</b> | <b>3,783,587</b> |

\*\* Included in other borrowings for the current period is USD denominated syndicated term loans of USD100,000,000.

### Subordinated Notes\*\*\*

|                                       |                   |                   |                  |
|---------------------------------------|-------------------|-------------------|------------------|
| <b>Unsecured</b>                      |                   |                   |                  |
| More than one year (medium/long term) | 13,220,286        | 11,417,980        | 9,675,340        |
|                                       | <b>13,220,286</b> | <b>11,417,980</b> | <b>9,675,340</b> |

\*\*\* Includes USD denominated Subordinated Notes of USD40,000,000, IDR denominated Subordinated Notes of IDR2,980,000,000,000 and THB denominated Subordinated Notes of THB3,544,000,000. The USD denominated Subordinated Notes of USD40,000,000 was fully settled on 21 February 2012.

## B8. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

## B9. COMPUTATION OF EARNINGS PER SHARE (EPS)

### Basic EPS

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

#### a) Basic EPS

|                                                                     | The Group             |                       |                       |                       |
|---------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                     | 4th quarter ended     |                       | Twelve months ended   |                       |
|                                                                     | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 | 31 Dec 2012<br>RM'000 | 31 Dec 2011<br>RM'000 |
| Net profit for the financial period after non-controlling interests |                       |                       |                       |                       |
| - from continuing operations                                        | 1,077,230             | 1,131,980             | 4,305,194             | 4,007,385             |
| - from discontinued operation                                       | 4,368                 | 534                   | 39,582                | 23,413                |
|                                                                     | <b>1,081,598</b>      | <b>1,132,514</b>      | <b>4,344,776</b>      | <b>4,030,798</b>      |
| Weighted average number of ordinary shares in issue                 |                       |                       |                       |                       |
| - proforma ('000)                                                   | 7,432,772             | 7,432,772             | 7,432,772             | 7,432,772             |
| Basic earnings per share (expressed in sen per share)               |                       |                       |                       |                       |
| - from continuing operations                                        | 14.5                  | 15.2                  | 57.9                  | 53.9                  |
| - from discontinued operation                                       | 0.1                   | 0.0                   | 0.5                   | 0.3                   |
|                                                                     | <b>14.6</b>           | <b>15.2</b>           | <b>58.4</b>           | <b>54.2</b>           |

#### b) Diluted EPS

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.