

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

| | Note | The Group | |
|---|----------|------------------------|----------------------------|
| | | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| ASSETS | | | |
| Cash and short-term funds | | 32,317,051 | 30,763,061 |
| Reverse repurchase agreements | | 9,528,899 | 5,594,278 |
| Deposits and placements with banks and other financial institutions | | 6,733,521 | 4,990,331 |
| Financial investments at fair value through profit or loss | A8 | 24,256,837 | 25,383,276 |
| Derivative financial instruments | A21 (i) | 4,980,363 | 4,125,907 |
| Financial investments available-for-sale | A9 | 31,411,724 | 29,207,522 |
| Financial investments held-to-maturity | A10 | 8,077,452 | 8,985,294 |
| Loans, advances and financing | A11 | 216,445,232 | 202,137,818 |
| Other assets | A12 | 11,258,723 | 7,392,298 |
| Deferred tax assets | | 190,887 | 110,344 |
| Tax recoverable | | 66,008 | 73,934 |
| Statutory deposits with central banks | | 6,331,425 | 5,264,920 |
| Investment in associates and jointly controlled entities | | 1,051,898 | 893,716 |
| Property, plant and equipment | | 1,549,870 | 1,534,341 |
| Investment properties | | 17,451 | 17,451 |
| Prepaid lease payments | | 153,655 | 159,613 |
| Goodwill | | 8,240,510 | 8,180,586 |
| Intangible assets | | 1,602,326 | 1,677,520 |
| | | 364,213,832 | 336,492,210 |
| Non-current assets held for sale | | 20,810 | 564,674 |
| TOTAL ASSETS | | 364,234,642 | 337,056,884 |
| LIABILITIES AND EQUITY | | | |
| Deposits from customers | A13 | 258,415,941 | 247,614,609 |
| Deposits and placements of banks and other financial institutions | A14 | 21,736,727 | 17,758,456 |
| Repurchase agreements | | 7,456,093 | 3,068,039 |
| Derivative financial instruments | A21 (i) | 5,258,025 | 4,083,366 |
| Bills and acceptances payable | | 5,447,912 | 4,257,257 |
| Other liabilities | A15 | 10,733,982 | 7,479,226 |
| Deferred tax liabilities | | 114,377 | 132,682 |
| Current tax liabilities | | 223,908 | 322,400 |
| Bonds and debentures | B7 | 5,463,365 | 3,350,499 |
| Other borrowings | B7 | 5,485,433 | 5,586,698 |
| Subordinated notes | B7 | 11,775,205 | 13,220,286 |
| Non-cumulative guaranteed and redeemable preference shares | | 834,738 | 831,920 |
| TOTAL LIABILITIES | | 332,945,706 | 307,705,438 |
| Ordinary share capital | | 7,615,851 | 7,432,775 |
| Reserves | | 22,680,258 | 20,944,487 |
| Less: Shares held under trust | | (563) | (563) |
| Treasury shares, at cost | | (33) | (32) |
| | | 30,295,513 | 28,376,667 |
| Perpetual preference shares | | 200,000 | 200,000 |
| Non-controlling interests | | 793,423 | 774,779 |
| TOTAL EQUITY | | 31,288,936 | 29,351,446 |
| TOTAL EQUITY AND LIABILITIES | | 364,234,642 | 337,056,884 |
| COMMITMENTS AND CONTINGENCIES | A21 (ii) | 547,943,698 | 461,648,463 |
| Net assets per share attributable to owners of the Parent (RM) | | 3.98 | 3.82 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2013

| | Note | The Group | | | |
|---|--------|-------------------|--------------|------------------|--------------|
| | | 2nd quarter ended | | Six months ended | |
| | | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | | |
| Interest income | A16 | 3,601,627 | 3,362,281 | 7,137,930 | 6,663,510 |
| Interest expense | A17 | (1,626,076) | (1,497,521) | (3,265,755) | (3,061,072) |
| Net interest income | | 1,975,551 | 1,864,760 | 3,872,175 | 3,602,438 |
| Income from Islamic Banking operations | A25(c) | 384,480 | 451,931 | 762,719 | 827,810 |
| Net non-interest income | A18 | 1,084,196 | 1,008,915 | 2,239,558 | 2,150,911 |
| | | 3,444,227 | 3,325,606 | 6,874,452 | 6,581,159 |
| Gain on disposal of associates | | - | - | 515,095 | - |
| | | 3,444,227 | 3,325,606 | 7,389,547 | 6,581,159 |
| Overheads | A19 | (2,042,431) | (1,846,553) | (4,262,020) | (3,639,026) |
| Profit before allowances | | 1,401,796 | 1,479,053 | 3,127,527 | 2,942,133 |
| Allowance made for impairment losses on loans, advances and financing | A20 | (71,028) | (51,538) | (151,751) | (195,323) |
| Allowance made for impairment losses on other receivables | | (4,723) | (15,910) | (8,286) | (26,510) |
| Allowance written back for commitments and contingencies | | - | 11,096 | 1,334 | 11,834 |
| Allowance written back/(made) for other impairment losses | | 256 | (1,567) | 660 | (3,578) |
| | | 1,326,301 | 1,421,134 | 2,969,484 | 2,728,556 |
| Share of results of jointly controlled entities | | 7,597 | 2,012 | 15,230 | 3,835 |
| Share of results of associates | | 52,525 | 28,552 | 120,203 | 50,941 |
| Profit before taxation | | 1,386,423 | 1,451,698 | 3,104,917 | 2,783,332 |
| Taxation | B4 | (315,362) | (350,739) | (631,482) | (668,992) |
| Profit for the period for continuing operations | | 1,071,061 | 1,100,959 | 2,473,435 | 2,114,340 |
| Discontinuing operations | | | | | |
| Share of results of associate from discontinuing operations (attributable to owners of the Parent) | | - | 17,829 | - | 27,417 |
| Profit for the period | | 1,071,061 | 1,118,788 | 2,473,435 | 2,141,757 |
| Profit for the period attributable to : | | | | | |
| Owners of the Parent | | 1,054,267 | 1,109,688 | 2,440,445 | 2,120,355 |
| Non-controlling interests | | 16,794 | 9,100 | 32,990 | 21,402 |
| | | 1,071,061 | 1,118,788 | 2,473,435 | 2,141,757 |
| Earnings per share (sen): | | | | | |
| - Basic | | | | | |
| From continuing operations | B9(a) | 14.0 | 14.6 | 32.6 | 28.1 |
| From discontinuing operations | B9(a) | - | 0.3 | - | 0.4 |
| | | 14.0 | 14.9 | 32.6 | 28.5 |
| - 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 2012.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

| | The Group | | | |
|--|-------------------|--------------|------------------|--------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 1,071,061 | 1,118,788 | 2,473,435 | 2,141,757 |
| Other comprehensive income: | | | | |
| Continuing operations | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve-financial investments available-for-sale | (406,078) | 37,016 | (521,532) | 6,749 |
| - Net (loss)/gain from change in fair value | (290,247) | 27,391 | (304,883) | 126,721 |
| - Realised gain transferred to statement of income on disposal and impairment | (84,333) | 6,849 | (197,451) | (142,066) |
| - Income tax effects | (31,295) | 3,353 | (19,193) | 25,828 |
| - Currency translation difference | (203) | (577) | (5) | (3,734) |
| Net investment hedge | (46,005) | (79,183) | (52,419) | (9,510) |
| Hedging reserve - cash flow hedge | | | | |
| - Net loss from change in fair value | (1,125) | (7) | (1,778) | (20) |
| Exchange fluctuation reserve | | | | |
| - Currency translation differences in respect of foreign operations | (12,210) | 183,690 | 320,228 | (306,583) |
| Share of other comprehensive income/(expense) of associates | - | (10,890) | 5,213 | (19,503) |
| Other comprehensive income/(expense) for the period, net of tax for continuing operations | (465,418) | 130,626 | (250,288) | (328,867) |
| Total comprehensive income for the period | 605,643 | 1,249,414 | 2,223,147 | 1,812,890 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Parent | 594,922 | 1,235,790 | 2,190,307 | 1,798,736 |
| Non-controlling interests | 10,721 | 13,624 | 32,840 | 14,154 |
| | 605,643 | 1,249,414 | 2,223,147 | 1,812,890 |
| Total comprehensive income for the period attributable to owners of the Parent arising from: | | | | |
| - Continuing operations | 594,922 | 1,217,961 | 2,190,307 | 1,771,319 |
| - Discontinuing operations | - | 17,829 | - | 27,417 |
| | 594,922 | 1,235,790 | 2,190,307 | 1,798,736 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

← Attributable to owners of the Parent →

The Group
30 June 2013

| | Share capital RM'000 | Share premium-ordinary shares RM'000 | Statutory reserve RM'000 | Capital reserve RM'000 | Exchange fluctuation reserve RM'000 | Shares held under trust RM'000 | Treasury shares RM'000 | Revaluation reserve - financial investments available-for-sale RM'000 | Other reserves RM'000 | Share-based payment reserve RM'000 | Regulatory reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Perpetual preference shares RM'000 | Non-controlling interests RM'000 | Total RM'000 |
|--|-------------------------|---|-----------------------------|---------------------------|--|-----------------------------------|---------------------------|--|--------------------------|---------------------------------------|------------------------------|-----------------------------|-----------------|---------------------------------------|-------------------------------------|-----------------|
| At 1 January 2013 | 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 |
| Profit for the financial period | - | - | - | - | - | - | - | - | - | - | - | 2,440,445 | 2,440,445 | - | 32,990 | 2,473,435 |
| Other comprehensive income (net of tax) | - | - | 51 | - | 314,190 | - | - | (509,659) | (54,462) | (258) | - | - | (250,138) | - | (150) | (250,288) |
| - financial investments available-for-sales | - | - | - | - | - | - | - | (514,872) | - | - | - | - | (514,872) | - | (6,660) | (521,532) |
| - net investment hedge | - | - | - | - | - | - | - | - | (52,684) | - | - | - | (52,684) | - | 265 | (52,419) |
| - hedging reserve - cash flow hedge | - | - | - | - | - | - | - | - | (1,778) | - | - | - | (1,778) | - | - | (1,778) |
| - currency translation difference | - | - | 51 | - | 314,190 | - | - | - | - | (258) | - | - | 313,983 | - | 6,245 | 320,228 |
| - share of other comprehensive income of associate | - | - | - | - | - | - | - | 5,213 | - | - | - | - | 5,213 | - | - | 5,213 |
| Total comprehensive income for the period | - | - | 51 | - | 314,190 | - | - | (509,659) | (54,462) | (258) | - | 2,440,445 | 2,190,307 | - | 32,840 | 2,223,147 |
| Dividend for the financial year ended 31 December 2012 | - | - | - | - | - | - | - | - | - | - | - | (1,366,143) | (1,366,143) | - | - | (1,366,143) |
| - single tier second interim dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (6,054) | (6,054) |
| Non-controlling interest share of dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to statutory reserve | - | - | 44,667 | - | - | - | - | - | - | - | - | (44,667) | - | - | - | - |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | - | 290,472 | (290,472) | - | - | - | - |
| Transfer to capital reserve | - | - | - | 2,000 | - | - | - | - | - | - | - | - | 2,000 | - | - | 2,000 |
| Arising from accretion of equity interests in subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8,142) | (8,142) |
| Purchase of treasury shares | - | - | - | - | - | - | (1) | - | - | - | - | - | (1) | - | - | (1) |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | 44,296 | - | - | 44,296 | - | - | 44,296 |
| Shares released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | (47,076) | - | - | (47,076) | - | - | (47,076) |
| Purchase of shares in relation to Equity Ownership Plan | - | - | - | - | - | - | - | - | (64,497) | - | - | - | (64,497) | - | - | (64,497) |
| Arising from staffs resigned under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | - | 6,582 | 6,582 | - | - | 6,582 |
| Issuance of shares pursuant to Dividend Reinvestment Plan | 183,076 | 970,302 | - | - | - | - | - | - | - | - | - | - | 1,153,378 | - | - | 1,153,378 |
| At 30 June 2013 | 7,615,851 | 5,162,898 | 4,351,182 | 139,104 | (562,307) | (563) | (33) | 291,306 | (194,660) | 56,421 | 1,464,049 | 11,972,265 | 30,295,513 | 200,000 | 793,423 | 31,288,936 |

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

← Attributable to owners of the Parent →

The Group
30 June 2012

| | Share capital RM'000 | Share premium-ordinary shares RM'000 | Statutory reserve RM'000 | Capital reserve RM'000 | Exchange fluctuation reserve RM'000 | Shares held under trust RM'000 | Treasury shares RM'000 | Revaluation reserve - financial investments available-for-sale RM'000 | Other reserves RM'000 | Share-based payment reserve RM'000 | Regulatory reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Perpetual preference shares RM'000 | Non-controlling interests RM'000 | Total RM'000 |
|--|-------------------------|---|-----------------------------|---------------------------|--|-----------------------------------|---------------------------|--|--------------------------|---------------------------------------|------------------------------|-----------------------------|-----------------|---------------------------------------|-------------------------------------|-----------------|
| At 1 January 2012 | 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 | - | - | - | - | - | - | - | - | - | - | - | 2,120,355 | 2,120,355 | - | 21,402 | 2,141,757 |
| Other comprehensive income (net of tax) | - | - | (24) | - | (296,860) | - | - | (14,586) | (9,469) | (680) | - | - | (321,619) | - | (7,248) | (328,867) |
| - financial investments available-for-sales | - | - | - | - | - | - | - | 4,917 | - | - | - | - | 4,917 | - | 1,832 | 6,749 |
| - net investment hedge | - | - | - | - | - | - | - | - | (9,449) | - | - | - | (9,449) | - | (61) | (9,510) |
| - hedging reserve - cash flow hedge | - | - | - | - | - | - | - | - | (20) | - | - | - | (20) | - | - | (20) |
| - currency translation difference | - | - | (24) | - | (296,860) | - | - | - | - | (680) | - | - | (297,564) | - | (9,019) | (306,583) |
| - share of other comprehensive income of associate | - | - | - | - | - | - | - | (19,503) | - | - | - | - | (19,503) | - | - | (19,503) |
| Total comprehensive income for the period | - | - | (24) | - | (296,860) | - | - | (14,586) | (9,469) | (680) | - | 2,120,355 | 1,798,736 | - | 14,154 | 1,812,890 |
| Dividend for the financial year ended 31 December 2011 | - | - | - | - | - | - | - | - | - | - | - | (743,277) | (743,277) | - | - | (743,277) |
| - single tier second interim dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (790) | (790) |
| Non-controlling interest share of dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to statutory reserve | - | - | 90,377 | - | - | - | - | - | - | - | - | (90,377) | - | - | - | - |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | - | 193,186 | (193,186) | - | - | - | - |
| Arising from accretion/(dilution) of equity | - | - | - | - | - | - | - | - | - | - | - | (2,088) | (2,088) | - | 8,912 | 6,824 |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | 33,529 | - | - | 33,529 | - | - | 33,529 |
| Shares released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | (20,434) | - | - | (20,434) | - | - | (20,434) |
| Purchase of shares in relation to Equity Ownership Plan | - | - | - | - | - | - | - | - | (71,955) | - | - | - | (71,955) | - | - | (71,955) |
| Arising from staffs resigned under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | - | 2,369 | 2,369 | - | - | 2,369 |
| Expiry of Management Equity Scheme | - | - | - | - | - | - | - | - | - | (335,467) | - | 335,467 | - | - | - | - |
| At 30 June 2012 | 7,432,775 | 4,192,596 | 4,193,944 | 137,104 | (122,196) | (563) | (30) | 714,965 | (193,066) | 51,280 | 683,813 | 9,980,126 | 27,070,748 | 200,000 | 746,705 | 28,017,453 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

| | The Group | |
|--|---------------------|---------------------|
| | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 |
| Profit before taxation | | |
| - From continuing operations | 3,104,917 | 2,783,332 |
| - From discontinued operations | - | 27,417 |
| | 3,104,917 | 2,810,749 |
| Adjustments for non-operating and non-cash items | (634,174) | (75,949) |
| Operating profit before changes in working capital | 2,470,743 | 2,734,800 |
| Net changes in operating assets | (22,374,384) | (21,348,807) |
| Net changes in operating liabilities | 23,721,058 | 13,794,814 |
| | 1,346,674 | (7,553,993) |
| Cash flows generated from/(used in) operations | 3,817,417 | (4,819,193) |
| Taxation paid | (744,654) | (588,629) |
| Net cash flows generated from/(used in) operating activities | 3,072,763 | (5,407,822) |
| Net cash flows used in investing activities | (836,027) | (2,964,850) |
| Net cash flows used in financing activities | (932,933) | (414,084) |
| Net increase/(decrease) in cash and cash equivalents during the financial period | 1,303,803 | (8,786,756) |
| Effects of exchange rate changes | 250,187 | (397,050) |
| Cash and short-term funds at beginning of the financial period | 30,763,061 | 34,203,978 |
| Cash and short-term funds at end of the financial period | 32,317,051 | 25,020,172 |
| Statutory deposits with Bank Indonesia* | (4,002,049) | (3,060,821) |
| Monies held in trust | (28,601) | (29,307) |
| Cash and cash equivalents at end of the financial period | 28,286,401 | 21,930,044 |

* 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 2012.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2013 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 should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012. 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 2012.

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 2012, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2013:

MFRS 10 "Consolidated financial statements"

MFRS 11 "Joint arrangements"

MFRS 12 "Disclosures of interests in other entities"

MFRS 13 "Fair value measurement"

Revised MFRS 127 "Separate financial statements"

Revised MFRS 128 "Investments in associates and joint ventures"

MFRS 3 "Business Combinations" (IFRS 3 Business Combinations issued by IASB in March 2004)

Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012)

Amendment to MFRS 7 "Disclosures - offsetting financial assets and financial liabilities"

Amendment to MFRS 119 "Employee benefits"

Amendment to MFRS 134 "Interim financial reporting"

Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance"

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Company, other than as disclosed below:

- Amendment to MFRS 119 "Employee benefits"

The Amendment to MFRS 119 "Employee Benefits" makes significant changes to the recognition and measurement of defined benefits pension expenses and termination benefits, and to the disclosures for all employee benefits. The key changes to the accounting policy to the Group and the Company are as follows:

(i) Actuarial gains and losses will no longer be deferred using the corridor approach and will be recognised immediately in other comprehensive income.

(ii) Pension costs for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the interest cost and expected return on plan assets.

The financial effects of the adoption of MFRS 119 are still being assessed by the Group and the Company.

- Amendments to MFRS 101 "Presentation of items of other comprehensive income"

The amendment requires items of comprehensive income to be presented into two grouping, which is to separate items of other comprehensive income that would be reclassified subsequently to profit or loss when specific conditions are met from those that would never be reclassified subsequently to profit or loss. The adoption of the revised standards affects only the disclosures in the financial statements. There is no financial effect on the results, earnings per share and the financial position of the Group and the Company for the current and previous financial periods.

- Amendment to MFRS 134 "Interim financial reporting"

The amendment requires the disclosure of segmental information on the measure of total assets and liabilities for related reportable segment if such amount are regularly provided to the chief operating decision-maker and material change from the amount disclosed in the last annual financial statements for that particular reportable segment.

A1. BASIS OF PREPARATION (Continued)

- MFRS 13 “Fair value measurement”

MFRS 13 does not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards for all assets and liabilities measured at fair value. The Group and the Company have adopted this standard and the disclosures are disclosed in Note A24.

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

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

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 period ended 30 June 2013:-

(a) From 21 January 2013 to 30 June 2013 the Company purchased 199 of its own shares from the open market at an average market price of RM7.51 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM1,548.

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

(b) On 22 February 2013, the Company announced that it will be seeking its shareholders' approval at its 56th 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 2013.

(c) On 22 January 2013, CIMB Bank issued a HKD430 million 3-year senior unsecured Fixed Rate Notes (the “Notes”) under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 22 January 2016. It bears a coupon rate of 1.20% per annum payable quarterly in arrears.

(d) On 22 January 2013, CIMB Bank issued a HKD171 million 5-year senior unsecured Fixed Rate Notes (the “Notes”) under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 22 January 2018. It bears a coupon rate of 1.60% per annum payable quarterly in arrears.

(e) On 29 January 2013, CIMB Bank Berhad issued 2-year USD45 million senior unsecured floating rate notes (the “Notes”) under its USD 1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes 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.

(f) 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 in new ordinary share (“New CIMB Shares”) (“Dividend Reinvestment Scheme”). The Dividend Reinvestment Scheme (“DRS”) has received the necessary approval from Bursa Securities on 5 February 2013, its shareholders via an Extraordinary General Meeting held on 25 February 2013 and from Bank Negara Malaysia on 25 March 2013.

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

The entitlement date pursuant to the Interim Dividend and the Dividend Reinvestment Scheme was fixed for 9 April 2013. The Group had, on 8 May 2013, issued and allotted 183,075,800 new ordinary shares of RM1.00 each in New CIMB Shares, pursuant to the DRS which applies to the Single Tier Interim Dividend for the financial year ended 31 December 2012. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 9 May 2013. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 7,615,850,446 CIMBGH shares.

(g) PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued a 3-year IDR200,000 million Monetary Term Notes (“the MTN”) on 15 February 2013. The MTN will be matured on 15 February 2016. It bears fixed interest rate of 8.50% per annum.

(h) CIMB Bank has redeemed its RM1.5 billion 10-year subordinated bonds with callable maturity date on 28 March 2013.

(i) CIMB Bank Berhad issued HKD350 million nominal value 3-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 14 March 2013 and will mature on 14 March 2016 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 1.09% per annum payable quarterly in arrears.

(j) CIMB Bank Berhad, acting through its Singapore Branch, issued SGD20 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 22 March 2013 and will mature on 22 March 2018 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 1.67% per annum payable semi-annually in arrears.

(k) CIMB Bank Berhad, acting through its Labuan Offshore Branch, issued USD20 million nominal value 3-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 April 2013 and will mature on 8 April 2016. The Notes bear a floating coupon rate of 3 month U.S.\$ LIBOR plus 79 basis points per annum payable quarterly in arrears.

(l) During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounted to THB3.3 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rates ranges from 0 - 5.2% per annum variable to index of THBFIX 6 months, payable semi annually.

Subsequent to period end, CIMB Thai Bank issued various unsecured structured debentures amounted to THB703 million with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rate ranges from 0 - 4.9% per annum variable to index of THBFIX 6 months, payable semi annually.

CIMB Thai Bank has the option to early redeem the above structured debentures on any coupon dates.

During the financial period, CIMB Thai Bank has early redeemed structured debentures amounted to THB920 million.

(m) On 25 May 2011, CIMBGH’s proposal to undertake the proposed dual listing of ordinary shares of RM1.00 each on the Stock Exchange of Thailand (“SET”) (“Proposed SET Listing”) was put on hold due to various key regulatory issues, including tax related matters.

On 9 May 2013, the Group announced that the Board of Directors of CIMBGH (“the Board”) has decided to resume with the Proposed SET Listing, in light of the recent regulatory developments in the Kingdom of Thailand (“Thailand”). CIMBGH and its advisors will continue to hold discussions with the relevant authorities in Thailand on the details of the implementation of the Proposed SET Listing.

The Proposed SET Listing is subject to the approval of the Securities Commission Malaysia (“SC”), Bursa Securities Malaysia Berhad (“Bursa Securities”), Securities and Exchange Commission of Thailand, SET and any other relevant parties. Application for the Proposed SET Listing was made to the SC and the listing application was made to Bursa Securities on 9 May 2013.

The Group subsequently announced on 30 May 2013 and 10 June 2013 that the relevant approvals had been obtained from SC and Bursa Securities respectively in relation to the Proposed SET Listing, with conditions to be met.

(n) PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued a 3-year IDR400,000 million Monetary Term Notes (“the MTN”) on 16 April 2013. The MTN will be matured on 16 April 2016. It bears fixed interest rate of 8.20% per annum.

A4. DIVIDENDS PAID

A single tier second interim 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, was approved by the Board of Directors on 17 January 2013. The dividend consists 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 (“DRS”) as disclosed in A3(f). Following the completion of the DRS, a total cash dividend of RM212,765,822 was paid on 8 May 2013.

The Directors have proposed a single tier first interim dividend of 12.82 sen per ordinary share, on 7,615,847,038 ordinary shares amounting to RM976,351,590 in respect of the financial year ending 31 December 2013 under DRS.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 8 May 2012 CIMB Bank entered into sale and purchase agreements (“SPA”) with San Miguel Properties, Inc., San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings, Inc. and various minority shareholders in relation to the proposed acquisition of 59.98% of the total issued and paid-up share capital of Bank of Commerce (“Proposed Acquisition”).

However, on 21 June 2013 it was announced that the SPAs in relation to the Proposed Acquisition have lapsed. The parties to the SPAs have been engaged in negotiations since the lapse of the SPAs, but have not been able to reach an agreement on new terms in relation to the Proposed Acquisition. As such, the parties did not proceed with the Proposed Acquisition.

(b) 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 businesses 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.

On 28 March 2013, the acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Taiwan was completed.

(c) 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 indirect interest of 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 and approval obtained on 28 March 2013.

CIG had subsequently entered into a sale and purchase agreement dated 29 March 2013 with RVSB in respect of the proposed disposal of the Seller’s stake in CAAB and CATB (“Proposed Disposal”). The Proposed Disposal had been completed on 12 April 2013.

The disposal of stake in CAAB and CATB has resulted in a gain of RM515 million recognised in the Consolidated Statement of Income for the period ended 31 March 2013.

A5. STATUS OF CORPORATE PROPOSAL (Continued)

(d) CIMB Securities International (Australia) Pty Limited, a wholly-owned indirect subsidiaries of the Group had on 10 May 2013, entered into a strategic alliance agreement with RBS Morgans Holdings Pty Limited for the provision of research reports and cooperation on corporate advisory and capital markets work in Australia.

(e) CIMB Securities International Pte Ltd, a wholly-owned indirect subsidiary of CIMB Group, has on 6 June 2013 disposed its 99.99% shareholding in CIMB-GK Securities (Thailand) Ltd (“CIMB-GK”) (“Disposal”) to a third party.

Thereafter, CIMB-GK, a dormant company, shall cease to be an indirect subsidiary of CIMB Group. The Disposal was completed on 6 June 2013.

(f) On 28 June 2013, CIMB Strategic Assets Sdn Bhd (“CIMBSA”), a wholly-owned subsidiary of the Group has entered into a joint venture with HLFG Principal Investments (L) Limited (“HLFGPI”), a wholly-owned subsidiary of Hong Leong Financial Group Berhad (“HLFG”), in respect of their 50% : 50% shareholding respectively of Bangsar Capital Holdings (L) Limited (“Bangsar Capital”) (“the Joint-Venture”).

The Joint-Venture will be incorporated in Labuan and will act as an investment holding company dedicated to establishing and managing a private equity fund.

A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2013 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 ASSETS HELD FOR TRADING

| | The Group | |
|---|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Money market instruments: | | |
| Unquoted | | |
| Malaysian Government securities | 214,371 | 310,623 |
| Cagamas bonds | 10,100 | - |
| Khazanah bonds | - | 16,914 |
| Malaysian Government treasury bills | 177,567 | 215,116 |
| Bank Negara Malaysia monetary notes | 3,971,163 | 7,647,761 |
| Negotiable instruments of deposit | 3,829,906 | 2,929,556 |
| Bankers' acceptances and Islamic accepted bills | 696,415 | 584,737 |
| Credit-linked notes | 47,744 | 46,291 |
| Other Government's securities | 3,685,094 | 3,574,330 |
| Commercial papers | 529,768 | 320,059 |
| Government investment issues | 181,658 | 413,357 |
| | 13,343,786 | 16,058,744 |
| Quoted securities: | | |
| <i>In Malaysia:</i> | | |
| Shares | 1,198,542 | 1,056,010 |
| <i>Outside Malaysia:</i> | | |
| Shares | 104,440 | 2,452 |
| Private and Islamic debt securities | 372,033 | 387,834 |
| Other Government bonds | 698,352 | 621,390 |
| Investment linked funds | 633,822 | 472,208 |
| | 3,007,189 | 2,539,894 |
| Unquoted securities: | | |
| <i>In Malaysia:</i> | | |
| Private and Islamic debt securities | 4,734,870 | 4,886,688 |
| Shares | 6,593 | 6,544 |
| <i>Outside Malaysia:</i> | | |
| Private and Islamic debt securities | 3,091,800 | 1,822,141 |
| Shares | 62,992 | 59,769 |
| Unit trust | 9,607 | 9,496 |
| | 7,905,862 | 6,784,638 |
| Total financial assets held-for-trading | 24,256,837 | 25,383,276 |

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

| | The Group | |
|--|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Money market instruments: | | |
| Unquoted | | |
| Malaysian Government securities | 731,123 | 860,826 |
| Cagamas bonds | 338,861 | 290,288 |
| Khazanah bonds | 328,142 | 400,350 |
| Other Government securities | 116,260 | 104,099 |
| Other Government treasury bills | 24,136 | 49,398 |
| Bank Negara Malaysia Monetary Notes | - | 497,386 |
| Government investment issues | 3,705,252 | 3,480,923 |
| Commercial papers | - | 9,999 |
| | 5,243,774 | 5,693,269 |
| Quoted securities: | | |
| <i>In Malaysia:</i> | | |
| Shares | 13,690 | 20,476 |
| Unit trusts | 148,569 | 134,276 |
| <i>Outside Malaysia:</i> | | |
| Shares | 329 | 289 |
| Private and Islamic debt securities | 1,782,109 | 1,212,714 |
| Other Government bonds | 3,831,954 | 3,211,801 |
| Unit trusts | 301,901 | 292,873 |
| | 6,078,552 | 4,872,429 |
| Unquoted securities: | | |
| <i>In Malaysia:</i> | | |
| Private and Islamic debt securities | 14,861,564 | 13,982,613 |
| Shares | 1,000,024 | 1,003,666 |
| Loan stocks | 12,051 | 18,507 |
| Property funds | 189 | 194 |
| <i>Outside Malaysia:</i> | | |
| Shares | 66,717 | 75,903 |
| Private equity and unit trust funds | 101,550 | 88,291 |
| Private and Islamic debt securities | 4,324,516 | 3,758,795 |
| Loan stocks | 635 | 1,889 |
| | 20,367,246 | 18,929,858 |
| | 31,689,572 | 29,495,556 |
| Allowance for impairment loss: | | |
| Private debt securities | (108,254) | (115,716) |
| Quoted shares | (7,972) | (12,464) |
| Quoted bonds | (7,720) | (8,423) |
| Unquoted shares | (139,910) | (134,972) |
| Unit trusts | (1,941) | (1,898) |
| Loan stocks | (12,051) | (14,561) |
| | (277,848) | (288,034) |
| Total financial investments available-for-sale | 31,411,724 | 29,207,522 |

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

| | The Group | |
|--|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Money market instruments: | | |
| Unquoted | | |
| Cagamas bonds | 4,834 | 4,834 |
| Other government securities | 755,129 | 754,593 |
| Bank Negara Malaysia Monetary Notes | 9,869 | 9,719 |
| Malaysian Government investment issues | 20,682 | 20,686 |
| | 790,514 | 789,832 |
| Quoted securities | | |
| <i>Outside Malaysia</i> | | |
| Private debt securities | 2,324,033 | 2,560,527 |
| Islamic bonds | 17,246 | 18,519 |
| Other Government bonds | 183,999 | 177,690 |
| Bank Indonesia certificates | 250,083 | 150,745 |
| | 2,775,361 | 2,907,481 |
| Unquoted securities | | |
| <i>In Malaysia</i> | | |
| Private debt securities | 3,443,573 | 3,654,055 |
| Loan stocks | 27,388 | 28,813 |
| Danaharta Urus Sdn Bhd ("DUSB") bonds | - | 130,139 |
| | 1,095,031 | 1,485,557 |
| <i>Outside Malaysia</i> | | |
| Private debt securities | 4,565,992 | 5,298,564 |
| | 8,131,867 | 8,995,877 |
| Accretion of discount net of amortisation of premium | (14,683) | 30,746 |
| Less : Allowance for impairment losses | (39,732) | (41,329) |
| Total financial investments held-to-maturity | 8,077,452 | 8,985,294 |

Included in the financial investments held-to-maturity of the Group as at 30 June 2013 are 10-year promissory notes of THB209 million (2012: THB263 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. During the previous financial year, CIMB Bank Thai has recognised a gain of approximately RM133 million arising from the sharing agreement.

A11. LOANS, ADVANCES AND FINANCING

(i) By type

| | The Group | |
|--|--------------------|--------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| At amortised cost | | |
| Overdrafts | 5,662,471 | 5,981,019 |
| Term loans/financing | | |
| - Housing loans/financing | 54,773,847 | 52,299,880 |
| - Syndicated term loans | 12,005,699 | 9,288,422 |
| - Hire purchase receivables | 13,703,264 | 12,772,502 |
| - Lease receivables | 200,493 | 205,565 |
| - Factoring receivables | 26,213 | 19,007 |
| - Other term loans/financing | 84,983,365 | 79,003,082 |
| Bills receivable | 4,984,247 | 3,720,725 |
| Trust receipts | 2,469,567 | 2,389,242 |
| Claims on customers under acceptance credits | 4,919,536 | 5,010,728 |
| Staff loans * | 736,097 | 685,699 |
| Credit card receivables | 5,820,231 | 5,690,695 |
| Revolving credits | 30,004,248 | 28,966,355 |
| Share margin financing | 2,392,106 | 2,309,686 |
| Other loans | 622 | 432 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |
| Fair value changes arising from fair value hedge | 281,167 | 360,979 |
| | 222,963,173 | 208,704,018 |
| Less: Allowance for impairment losses | | |
| - Individual impairment allowance | (3,252,493) | (3,270,343) |
| - Portfolio impairment allowance | (3,265,448) | (3,295,857) |
| | (6,517,941) | (6,566,200) |
| Total net loans, advances and financing | 216,445,232 | 202,137,818 |

* Included in staff loans of the Group are loans to Directors amounting to RM10,094,666 (2012: RM2,275,218).

Included in the Group's loans, advances and financing balances are RM60 million (2012: RM64 million) 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 RM7,606 million (2012: RM7,869 million) of its loan exposure using interest rate swaps.

| | The Group | |
|---|--------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Gross loan hedged | 7,605,694 | 7,869,471 |
| Fair value changes arising from fair value hedges | 281,167 | 360,979 |
| | 7,886,861 | 8,230,450 |

The fair value loss of interest rate swaps in these hedge transaction as at 30 June 2013 was RM226 million (2012: RM311 million).

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

| | The Group | |
|--|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Domestic banking financial institutions | 1,616,575 | 1,814,205 |
| Domestic non-bank financial institutions | | |
| - stockbroking companies | 10,006 | 10,009 |
| - others | 1,804,203 | 1,807,723 |
| Domestic business enterprises | | |
| - small medium enterprises | 35,177,138 | 29,702,223 |
| - others | 48,790,413 | 48,220,165 |
| Government and statutory bodies | 12,862,997 | 12,883,567 |
| Individuals | 102,790,964 | 96,771,514 |
| Other domestic entities | 2,112,953 | 2,168,197 |
| Foreign entities | 17,516,757 | 14,965,436 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |

(iii) By interest/profit rate sensitivity

| | The Group | |
|-------------------------------------|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Fixed rate | | |
| - Housing loans | 1,781,327 | 1,944,961 |
| - Hire-purchase receivables | 13,699,085 | 12,765,401 |
| - Other fixed rate loans | 39,914,193 | 41,206,674 |
| Variable rate | | |
| - BLR plus | 110,048,537 | 101,437,673 |
| - Cost plus | 28,158,705 | 25,595,375 |
| - Other variable rates | 29,080,159 | 25,392,955 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |

(iv) By economic purpose

| | The Group | |
|---|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Personal use | 7,570,068 | 7,242,619 |
| Credit card | 5,820,231 | 5,690,695 |
| Purchase of consumer durables | 44,753 | 25,342 |
| Construction | 7,549,746 | 7,276,301 |
| Residential property (Housing) | 55,100,453 | 52,491,785 |
| Non-residential property | 17,069,582 | 15,963,686 |
| Purchase of fixed assets other than land and building | 14,766,353 | 14,901,632 |
| Mergers and acquisitions | 4,664,883 | 1,987,139 |
| Purchase of securities | 13,702,606 | 12,214,573 |
| Purchase of transport vehicles | 18,012,508 | 18,720,872 |
| Working capital | 57,581,938 | 53,855,535 |
| Other purposes | 20,798,885 | 17,972,860 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |

A11. LOANS, ADVANCES AND FINANCING (Continued)

(v) By geographical distribution

| | The Group | |
|-------------------------------------|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Malaysia | 133,324,088 | 125,727,508 |
| Indonesia | 51,171,635 | 48,347,157 |
| Thailand | 16,528,564 | 15,243,168 |
| Singapore | 16,433,299 | 13,423,878 |
| United Kingdom | 873,362 | 934,931 |
| Hong Kong | 715,070 | 1,119,775 |
| Other countries | 3,635,988 | 3,546,622 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |

(vi) By residual contractual maturity

| | The Group | |
|-------------------------------------|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Within one year | 56,728,730 | 49,322,168 |
| One year to less than three years | 24,900,128 | 28,500,116 |
| Three years to less than five years | 25,939,249 | 23,576,875 |
| Five years and more | 115,113,899 | 106,943,880 |
| Gross loans, advances and financing | 222,682,006 | 208,343,039 |

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

| | The Group | |
|---|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Personal use | 258,608 | 244,752 |
| Credit card | 39,452 | 39,687 |
| Purchase of consumer durables | 197 | 204 |
| Construction | 1,261,229 | 1,226,694 |
| Residential property (Housing) | 1,643,753 | 1,645,152 |
| Non-residential property | 324,422 | 338,853 |
| Purchase of fixed assets other than land and building | 439,203 | 416,280 |
| Purchase of securities | 197,699 | 193,583 |
| Purchase of transport vehicles | 323,733 | 338,661 |
| Working capital | 2,617,898 | 2,678,973 |
| Other purpose | 830,954 | 804,978 |
| Gross impaired loans, advances and financing | 7,937,148 | 7,927,817 |

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

| | The Group | |
|---------------------|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Malaysia | 4,925,345 | 5,078,112 |
| Indonesia | 1,327,000 | 1,335,882 |
| Thailand | 1,327,754 | 1,225,674 |
| Singapore | 52,072 | 45,764 |
| United Kingdom | 2,410 | 2,310 |
| Other countries | 302,567 | 240,075 |
| Gross impaired loan | 7,937,148 | 7,927,817 |

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

| | The Group | |
|--|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| At 1 January | 7,927,817 | 9,804,681 |
| Classified as impaired during the period/year | 1,724,139 | 3,111,369 |
| Reclassified as not impaired during the period/year | (881,478) | (1,818,922) |
| Amount written back in respect of recoveries | (545,376) | (1,263,113) |
| Amount written off | (470,308) | (2,129,372) |
| Reclassification from unwinding income | 21,778 | 210,839 |
| Loans/financing converted to securities | - | (13,219) |
| Exchange fluctuation | 160,576 | 25,554 |
| At 30 June/31 December | <u>7,937,148</u> | <u>7,927,817</u> |
| Ratio of gross impaired loans to gross loans, advances and financing | <u>3.56%</u> | <u>3.81%</u> |

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

| | The Group | |
|---|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| <u>Individual impairment allowance</u> | | |
| At 1 January | 3,270,343 | 3,988,345 |
| Net allowance (written back)/made during the period/year | (11,810) | 164,322 |
| Amount written off | (87,466) | (895,452) |
| Allowance (written back)/made and charged to deferred assets | (867) | 1,221 |
| Amount transferred from portfolio impairment allowance | 512 | 22,111 |
| Loans/financing converted to securities | - | (13,219) |
| Unwinding income | 51,928 | 85,234 |
| Exchange fluctuation | 29,853 | (82,219) |
| At 30 June/31 December | <u>3,252,493</u> | <u>3,270,343</u> |
| <u>Portfolio impairment allowance</u> | | |
| At 1 January | 3,295,857 | 3,964,876 |
| Net allowance made during the period/year | 364,959 | 600,195 |
| Amount transferred to individual impairment allowance | (512) | (22,111) |
| Amount transferred to allowance for impairment losses on other receivables | - | (28,786) |
| Amount written off | (374,029) | (1,221,111) |
| Allowance written back and charged to deferred assets | (60) | (1,510) |
| Unwinding income | (15,942) | 69,404 |
| Exchange fluctuation | (4,825) | (65,100) |
| At 30 June/31 December | <u>3,265,448</u> | <u>3,295,857</u> |
| Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance | <u>2.29%</u> | <u>1.97%</u> |

A12. OTHER ASSETS

| | The Group | |
|---|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Due from brokers and clients net of allowance for doubtful debts | 3,779,702 | 1,905,758 |
| Other debtors, deposits and prepayments net of allowance for doubtful debts | 4,287,706 | 2,775,848 |
| Due from jointly controlled entity | 1,275,773 | 1,285,914 |
| Due from insurers, brokers and reinsurers | 25,010 | 33,271 |
| Option premium receivable | 249,156 | 246,723 |
| Deferred assets | 90,445 | 103,524 |
| Foreclosed properties net of allowance for impairment losses | 181,052 | 178,713 |
| Collateral pledged for derivative transactions | 1,369,879 | 862,547 |
| | 11,258,723 | 7,392,298 |

A13. DEPOSITS FROM CUSTOMERS

| | The Group | |
|-----------------------------------|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| <u>By type of deposit</u> | | |
| Demand deposits | 57,535,647 | 56,596,258 |
| Savings deposits | 30,732,092 | 29,196,454 |
| Fixed deposits | 114,665,508 | 113,966,142 |
| Negotiable instruments of deposit | 5,640,921 | 3,371,484 |
| Others | 49,841,773 | 44,484,271 |
| | 258,415,941 | 247,614,609 |

| | | |
|---------------------------------|--------------------|--------------------|
| <u>By type of customer</u> | | |
| Government and statutory bodies | 9,792,143 | 11,507,833 |
| Business enterprises | 99,851,706 | 101,297,676 |
| Individuals | 97,653,474 | 92,727,823 |
| Others | 51,118,618 | 42,081,277 |
| | 258,415,941 | 247,614,609 |

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

| | | |
|---------------------------------------|--------------------|--------------------|
| One year or less (short term) | 115,925,562 | 112,737,865 |
| More than one year (medium/long term) | 4,380,867 | 4,599,761 |
| | 120,306,429 | 117,337,626 |

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | The Group | |
|------------------------------|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Licensed banks | 15,343,575 | 12,383,677 |
| Licensed finance companies | 272,709 | 405,675 |
| Licensed investment banks | 288,469 | 437,756 |
| Bank Negara Malaysia | 3,221,681 | 1,988,428 |
| Other financial institutions | 2,610,293 | 2,542,920 |
| | 21,736,727 | 17,758,456 |

A15. OTHER LIABILITIES

| | The Group | |
|--|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Due to brokers and clients | 3,277,639 | 1,730,672 |
| Expenditure payable | 1,797,661 | 1,849,179 |
| Provision for legal claims | 85,985 | 86,801 |
| Sundry creditors | 1,919,821 | 809,560 |
| Insurance fund - life and takaful insurance business | 75,900 | 51,277 |
| Allowance for commitments and contingencies | 17,503 | 17,711 |
| Post employment benefit obligations | 292,669 | 253,924 |
| Credit card expenditure payable | 190,229 | 222,557 |
| Call deposit borrowing | 671,801 | 456,832 |
| Others | 2,404,774 | 2,000,713 |
| | 10,733,982 | 7,479,226 |

A16. INTEREST INCOME

| | The Group | | | |
|--|--------------------------|---------------------|-------------------------|---------------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, advances and financing | | | | |
| - Interest income | 2,857,967 | 2,698,129 | 5,611,918 | 5,316,327 |
| - Unwinding income [^] | 21,194 | 36,968 | 52,764 | 75,165 |
| Money at call and deposit placements with financial institutions | 153,630 | 124,226 | 345,042 | 287,874 |
| Reverse repurchase agreements | 80,445 | 37,647 | 154,772 | 70,500 |
| Financial assets held for trading | 116,781 | 89,239 | 228,151 | 193,802 |
| Financial investments available-for-sale | 275,281 | 207,753 | 530,442 | 400,318 |
| Financial investments held-to-maturity | 80,131 | 104,045 | 166,755 | 206,177 |
| Others | 3,897 | 3,072 | 7,783 | 5,580 |
| | 3,589,326 | 3,301,079 | 7,097,627 | 6,555,743 |
| Accretion of discounts less amortisation of premiums | 12,301 | 61,202 | 40,303 | 107,767 |
| | 3,601,627 | 3,362,281 | 7,137,930 | 6,663,510 |

[^] Unwinding income is interest income earned on impaired financial assets

A17. INTEREST EXPENSE

| | The Group | | | |
|---|--------------------------|---------------------|-------------------------|---------------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits and placements of banks and other financial institutions | 49,355 | 34,064 | 95,821 | 62,475 |
| Deposits from other customers | 1,209,711 | 1,191,112 | 2,441,071 | 2,459,465 |
| Repurchase agreements | 51,995 | 8,295 | 92,614 | 14,058 |
| Bonds and debentures | 46,489 | 10,214 | 87,011 | 21,228 |
| Subordinated notes | 144,286 | 139,531 | 301,609 | 277,205 |
| Negotiable certificates of deposits | 35,268 | 19,798 | 66,125 | 36,078 |
| Other borrowings | 68,281 | 63,400 | 139,286 | 124,662 |
| Others | 20,691 | 31,107 | 42,218 | 65,901 |
| | 1,626,076 | 1,497,521 | 3,265,755 | 3,061,072 |

A18. NET NON-INTEREST INCOME

| | The Group | | | |
|--|-------------------|--------------|------------------|--------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Net fee income and commission income: | | | | |
| Commissions | 150,683 | 130,178 | 291,126 | 250,448 |
| Fee on loans, advances and financing | 117,734 | 122,661 | 244,952 | 224,302 |
| Portfolio management fees | 5,865 | 3,509 | 12,017 | 7,334 |
| Service charges and fees | 137,060 | 130,964 | 268,289 | 259,625 |
| Corporate advisory fees | 26,862 | 39,274 | 67,143 | 58,053 |
| Guarantee fees | 17,279 | 10,397 | 29,102 | 23,257 |
| Other fee income | 76,557 | 65,462 | 152,205 | 146,966 |
| Placement fees | 21,854 | 22,961 | 33,553 | 26,257 |
| Underwriting commission | 33,812 | 1,873 | 42,122 | 3,462 |
| Fee and commission income | 587,706 | 527,279 | 1,140,509 | 999,704 |
| Fee and commission expense | (112,914) | (100,950) | (220,531) | (202,737) |
| Net fee and commission income | 474,792 | 426,329 | 919,978 | 796,967 |
| (b) Gross dividend income from : | | | | |
| <i>In Malaysia</i> | | | | |
| - Financial assets held for trading | 5,636 | 7,465 | 8,495 | 11,490 |
| - Financial investments available-for-sale | 7,525 | 6,536 | 9,181 | 9,136 |
| <i>Outside Malaysia</i> | | | | |
| - Financial assets held for trading | 285 | 886 | 822 | 965 |
| - Financial investments available-for-sale | 412 | - | 8,633 | 2,451 |
| | 13,858 | 14,887 | 27,131 | 24,042 |
| (c) Net (loss)/gain arising from financial assets held for trading | (65,690) | (19,788) | (101,441) | 61,288 |
| - realised | 23,949 | (17,083) | 43,893 | 62,138 |
| - unrealised | (89,639) | (2,705) | (145,334) | (850) |
| (d) Net gain/(loss) arising from derivative financial instruments | 140,620 | 263,630 | 480,304 | 441,495 |
| - realised | 155,717 | 61,050 | 440,330 | 395,770 |
| - unrealised | (15,097) | 202,580 | 39,974 | 45,725 |
| (e) Net loss arising from hedging derivatives | 11,793 | (4,332) | (1,573) | (38,317) |
| (f) Net gain from sale of financial investments available-for-sale | 84,303 | 45,642 | 196,371 | 193,047 |
| (g) Net gain from maturity of financial investment held-to-maturity | 2 | 2,076 | 44,666 | 5,588 |
| (h) Income from assets management and securities services | 51,888 | 44,958 | 98,648 | 94,151 |
| (i) Brokerage income | 145,279 | 96,586 | 284,576 | 188,094 |
| (j) Other non-interest income: | | | | |
| Foreign exchange gain | 82,109 | 7,365 | 36,460 | 143,589 |
| Rental income | 3,057 | 2,370 | 5,649 | 4,485 |
| Gain on disposal of property, plant and equipment/assets held for sale | 9,391 | 1,618 | 11,929 | 2,585 |
| Gain on deemed disposal of an interests in subsidiaries | 6,861 | 2,628 | 6,861 | 2,628 |
| Underwriting surplus before management expenses | 5,064 | 2,773 | 7,162 | 6,268 |
| (Loss)/Gain on disposal of foreclosed properties | (5,964) | 4,303 | (12,785) | 224 |
| Other non-operating income | 126,833 | 117,870 | 235,622 | 224,777 |
| | 227,351 | 138,927 | 290,898 | 384,556 |
| Total other operating income | 1,084,196 | 1,008,915 | 2,239,558 | 2,150,911 |

A19. OVERHEADS

| | The Group | | | |
|---|-------------------|------------------|------------------|------------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonus | 887,710 | 767,293 | 1,840,329 | 1,524,451 |
| - Pension cost | 71,109 | 53,474 | 146,219 | 116,274 |
| - Overtime | 8,547 | 9,717 | 17,071 | 19,420 |
| - Staff incentives and other staff payments | 52,953 | 61,428 | 93,516 | 84,420 |
| - Medical expenses | 26,662 | 20,650 | 47,878 | 40,236 |
| - Others | 135,866 | 74,281 | 266,062 | 183,700 |
| | 1,182,847 | 986,843 | 2,411,075 | 1,968,501 |
| Establishment costs | | | | |
| - Depreciation of property, plant and equipment | 91,696 | 88,334 | 179,895 | 176,627 |
| - Amortisation of prepaid lease payments | 3,004 | 3,149 | 6,018 | 6,315 |
| - Rental | 92,471 | 80,309 | 186,833 | 157,937 |
| - Repair and maintenance | 97,722 | 66,739 | 206,757 | 163,180 |
| - Outsourced services | 43,705 | 62,258 | 86,330 | 140,394 |
| - Security expenses | 26,927 | 23,273 | 52,514 | 46,035 |
| - Others | 62,280 | 50,529 | 122,281 | 101,674 |
| | 417,805 | 374,591 | 840,628 | 792,162 |
| Marketing expenses | | | | |
| - Sales commission | 2,599 | 4,247 | 5,320 | 8,373 |
| - Advertisement | 83,217 | 70,012 | 147,136 | 136,327 |
| - Others | 20,104 | 16,806 | 40,883 | 30,026 |
| | 105,920 | 91,065 | 193,339 | 174,726 |
| Administration and general expenses | | | | |
| - Amortisation of intangible assets | 54,902 | 61,874 | 111,014 | 121,892 |
| - Impairment of intangible assets | - | - | 119,598 | - |
| - Legal and professional fees | 35,186 | 61,218 | 75,692 | 96,505 |
| - Stationery | 19,359 | 19,587 | 40,097 | 40,110 |
| - Communication | 38,918 | 41,780 | 76,356 | 82,225 |
| - Incidental expenses on banking operations | 2,080 | 10,914 | 13,121 | 19,963 |
| - Insurance | 50,682 | 31,423 | 103,800 | 70,844 |
| - Others | 134,732 | 167,258 | 277,300 | 272,098 |
| | 335,859 | 394,054 | 816,978 | 703,637 |
| | 2,042,431 | 1,846,553 | 4,262,020 | 3,639,026 |

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

| | The Group | | | |
|---|-------------------|---------------|------------------|----------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for impaired loans, advances and financing: | | | | |
| Net allowance made during the financial period | | | | |
| - Individual impairment allowance | (7,594) | 6,511 | (11,810) | 109,798 |
| - Portfolio impairment allowance | 164,269 | 170,393 | 364,959 | 301,047 |
| Impaired loans, advances and financing: | | | | |
| - recovered | (96,564) | (128,439) | (212,752) | (220,965) |
| - written off | 10,917 | 3,073 | 11,354 | 5,443 |
| | 71,028 | 51,538 | 151,751 | 195,323 |

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 | Fair values | |
| | RM'000 | Assets RM'000 | Liabilities RM'000 |
| At 30 June 2013 | | | |
| Trading derivatives | | | |
| <u>Foreign exchange derivatives</u> | | | |
| Currency forward | 16,465,795 | 287,959 | (180,122) |
| - Less than 1 year | 13,453,143 | 200,367 | (123,575) |
| - 1 year to 3 years | 974,270 | 23,999 | (17,899) |
| - More than 3 years | 2,038,382 | 63,593 | (38,648) |
| Currency swaps | 92,158,507 | 1,186,312 | (1,398,524) |
| - Less than 1 year | 91,500,029 | 1,167,067 | (1,395,757) |
| - 1 year to 3 years | 337,352 | 7,684 | (1,875) |
| - More than 3 years | 321,126 | 11,561 | (892) |
| Currency spot | 6,886,098 | 10,660 | (15,363) |
| - Less than 1 year | 6,886,098 | 10,660 | (15,363) |
| Currency options | 2,721,130 | 30,412 | (20,453) |
| - Less than 1 year | 2,718,918 | 30,301 | (20,453) |
| - 1 year to 3 years | 2,212 | 111 | - |
| Cross currency interest rate swaps | 29,392,199 | 602,943 | (402,548) |
| - Less than 1 year | 3,251,324 | 157,200 | (47,280) |
| - 1 year to 3 years | 11,878,573 | 118,696 | (149,510) |
| - More than 3 years | 14,262,302 | 327,047 | (205,758) |
| | 147,623,729 | 2,118,286 | (2,017,010) |
| <u>Interest rate derivative</u> | | | |
| Interest rate swaps | 277,600,000 | 2,069,150 | (1,496,503) |
| - Less than 1 year | 71,019,293 | 63,842 | (88,543) |
| - 1 year to 3 years | 141,981,727 | 634,443 | (553,982) |
| - More than 3 years | 64,598,980 | 1,370,865 | (853,978) |
| Interest rate futures | 7,611,095 | 14,722 | (194) |
| - Less than 1 year | 5,258,519 | 9,508 | (123) |
| - 1 year to 3 years | 2,320,886 | 5,214 | (61) |
| - More than 3 years | 31,690 | - | (10) |
| Interest rate options | 10,880,185 | 1,839 | (36,046) |
| - Less than 1 year | 579,158 | 421 | (6,267) |
| - 1 year to 3 years | 2,066,175 | 1,353 | (7,800) |
| - More than 3 years | 8,234,852 | 65 | (21,979) |
| | 296,091,280 | 2,085,711 | (1,532,743) |
| <u>Equity related derivatives</u> | | | |
| Index futures | 4,267 | 9 | (59) |
| - Less than 1 year | 4,267 | 9 | (59) |
| Equity options | 8,215,763 | 276,121 | (1,094,219) |
| - Less than 1 year | 3,030,573 | 256,995 | (869,647) |
| - 1 year to 3 years | 2,257,852 | 14,898 | (210,680) |
| - More than 3 years | 2,927,338 | 4,228 | (13,892) |
| Equity swaps | 711,856 | 8,501 | (6,750) |
| - Less than 1 year | 89,646 | - | (1,543) |
| - 1 year to 3 years | 22,183 | 3,213 | - |
| - More than 3 years | 600,027 | 5,288 | (5,207) |
| | 8,931,886 | 284,631 | (1,101,028) |
| <u>Commodity related derivatives</u> | | | |
| Commodity swaps | 1,405,331 | 44,771 | (44,072) |
| - Less than 1 year | 1,358,022 | 33,328 | (32,785) |
| - 1 year to 3 years | 40,471 | 2,390 | (2,234) |
| - More than 3 years | 6,838 | 9,053 | (9,053) |
| Commodity options | 400,339 | 177,759 | (177,759) |
| - Less than 1 year | 240,954 | 6,862 | (6,862) |
| - More than 3 years | 159,385 | 170,897 | (170,897) |
| | 1,805,670 | 222,530 | (221,831) |
| <u>Credit related contract</u> | | | |
| Credit default swaps | 3,366,335 | 40,736 | (95,526) |
| - Less than 1 year | 941,170 | 243 | (58,549) |
| - 1 year to 3 years | 1,422,014 | 9,922 | (3,977) |
| - More than 3 years | 1,003,151 | 30,571 | (33,000) |
| <u>Hedging derivatives</u> | | | |
| Interest rate swaps | 18,280,369 | 202,575 | (288,772) |
| - Less than 1 year | 133,035 | 1,017 | (398) |
| - 1 year to 3 years | 4,165,992 | 117,021 | (51,167) |
| - More than 3 years | 13,981,342 | 84,537 | (237,207) |
| Currency forward | 254,313 | 23,121 | 22,764 |
| - Less than 1 year | 254,313 | 23,121 | 22,764 |
| Cross currency interest rate swaps | 1,397,857 | 2,773 | (23,879) |
| - 1 year to 3 years | 893,769 | - | (11,165) |
| - More than 3 years | 504,088 | 2,773 | (12,714) |
| | 19,932,539 | 228,469 | (289,887) |
| Total derivative assets/(liabilities) | 477,751,439 | 4,980,363 | (5,258,025) |

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

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

| At 31 December 2012 | The Group | | |
|---------------------------------------|------------------|-------------|-------------|
| | Principal amount | Fair values | |
| | | Assets | Liabilities |
| | RM'000 | RM'000 | RM'000 |
| Trading derivatives | | | |
| <u>Foreign exchange derivatives</u> | | | |
| Currency forward | 13,542,140 | 170,004 | (171,271) |
| - 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 | 53,863,289 | 235,347 | (193,694) |
| - 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 | 5,559,618 | 2,491 | (3,729) |
| - Less than 1 year | 5,559,618 | 2,491 | (3,729) |
| Currency options | 1,592,825 | 7,455 | (6,494) |
| - Less than 1 year | 1,592,825 | 7,455 | (6,494) |
| Cross currency interest rate swaps | 20,868,765 | 578,385 | (339,913) |
| - 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) |
| | 95,426,637 | 993,682 | (715,101) |
| <u>Interest rate derivative</u> | | | |
| Interest rate swaps | 254,831,493 | 2,095,358 | (1,695,206) |
| - 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 | 8,199,677 | 20,571 | (606) |
| - 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 | 2,478,652 | 1,400 | (14,283) |
| - 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) |
| | 265,509,822 | 2,117,329 | (1,710,095) |
| <u>Equity related derivatives</u> | | | |
| Index futures | 1,245,997 | 15,325 | (15,336) |
| - 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 | 8,706,537 | 551,515 | (983,801) |
| - 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 | 340,784 | 937 | (945) |
| - More than 3 years | 340,784 | 937 | (945) |
| | 10,293,318 | 567,777 | (1,000,082) |
| <u>Commodity related derivatives</u> | | | |
| Commodity swaps | 199,464 | 19,072 | (19,870) |
| - 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 | 135 | 15 | - |
| - Less than 1 year | 135 | 15 | - |
| Commodity options | 521,350 | 141,739 | (141,752) |
| - Less than 1 year | 367,498 | 16,895 | (16,908) |
| - More than 3 years | 153,852 | 124,844 | (124,844) |
| | 720,949 | 160,826 | (161,622) |
| <u>Credit related contract</u> | | | |
| Credit default swaps | 2,167,635 | 31,603 | (99,750) |
| - 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) |
| <u>Hedging derivatives</u> | | | |
| Interest rate swaps | 18,488,500 | 240,707 | (384,450) |
| - 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 | 208,663 | 203 | - |
| - Less than 1 year | 208,663 | 203 | - |
| Cross currency interest rate swaps | 991,873 | 13,780 | (12,266) |
| - 1 year to 3 years | 563,674 | 8,322 | (1,055) |
| - More than 3 years | 428,199 | 5,458 | (11,211) |
| | 19,689,036 | 254,690 | (396,716) |
| Total derivative assets/(liabilities) | 393,807,397 | 4,125,907 | (4,083,366) |

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 Value-at-Risk (VaR) 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 30 June 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,980 million (2012: RM4,126 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

- 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 2012 and the Risk Management section of the 2012 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> | 30 June 2013 | 31 December 2012 |
|---|---------------------|-------------------------|
| | Principal | Principal |
| | Amount | Amount |
| | RM'000 | RM'000 |
| <u>Credit-related</u> | | |
| Direct credit substitutes | 6,915,286 | 6,091,247 |
| Certain transaction-related contingent items | 5,972,121 | 6,084,990 |
| Short-term self-liquidating trade-related contingencies | 3,303,641 | 2,597,320 |
| Obligations under underwriting agreement | 103,571 | - |
| Irrevocable commitments to extend credit | | |
| - maturity not exceeding one year | 46,473,496 | 47,395,370 |
| - maturity exceeding one year | 6,557,834 | 5,834,498 |
| Miscellaneous commitments and contingencies | 4,988,043 | 2,183,684 |
| Total credit-related commitments and contingencies | 74,313,992 | 70,187,109 |
| <u>Treasury-related</u> | | |
| <u>Foreign exchange related contracts</u> | | |
| - less than one year | 118,063,824 | 74,207,227 |
| - one year to less than five years | 25,133,225 | 17,555,418 |
| - five years and above | 6,078,849 | 4,864,528 |
| | 149,275,898 | 96,627,173 |
| <u>Interest rate related contracts</u> | | |
| - less than one year | 70,649,352 | 74,657,093 |
| - one year to less than five years | 189,238,090 | 164,276,556 |
| - five years and above | 55,534,477 | 45,607,215 |
| | 315,421,919 | 284,540,864 |
| <u>Equity related contracts</u> | | |
| - less than one year | 3,124,486 | 3,943,985 |
| - one year to less than five years | 4,226,469 | 4,655,934 |
| - five years and above | 1,580,934 | 1,693,398 |
| | 8,931,889 | 10,293,317 |
| Total treasury-related commitments and contingencies | 473,629,706 | 391,461,354 |
| | 547,943,698 | 461,648,463 |

A22. CAPITAL ADEQUACY

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

Bank Negara Malaysia (BNM) and Bank of Thailand (BOT) issued revised guidelines on the capital adequacy framework on 28 November 2012 and 8 November 2012 respectively, of which both took effect beginning 1 January 2013. The revised guidelines sets out the general requirements concerning regulatory capital adequacy, components of eligible regulatory capital and requirements for computing risk-weighted assets.

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 the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach. The components of eligible regulatory capital is based on the Capital Adequacy Framework (Capital Components). The comparative capital adequacy ratios as at 31 December 2012 were based on BNM's Risk-Weighted Capital Adequacy Framework (RWCAF).

The risk-weighted assets of CIMB Investment Bank Group is computed in accordance with Standardised approach (SA approach) for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk based on the Capital Adequacy Framework (Basel II - Risk Weighted Assets). The components of eligible regulatory capital is based on the Capital Adequacy Framework (Capital Components). The comparative capital adequacy ratios as at December 2012 were based on BNM's Risk-Weighted Capital Adequacy Framework (RWCAF).

The capital adequacy ratios of CIMB Thai Bank is based on the revised "Notification of The BOT. No. SoNoRSor. 87/2551 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on SA approach while Operational Risk is based on Basic Indicator Approach. The comparative capital adequacy ratios as at 31 December 2012 were based on "Notification of The BOT. No. SoNoRSor. 12/2555 - The supervisory capital funds of commercial banks".

The capital adequacy ratios of Bank CIMB Niaga is based on Bank Indonesia requirements. The approach for Credit Risk and Market Risk is Standardised Approach (SA approach). Operational Risk is based on Basic Indicator Approach.

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

A22. CAPITAL ADEQUACY (continued)

30 June 2013

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

| | CIMB Bank | CIMB Islamic Bank | CIMB Thai Bank | CIMB Bank Group | CIMB Investment Bank Group | Bank CIMB Niaga | CIMB Bank PLC* |
|---|-----------|-------------------|----------------|-----------------|----------------------------|-----------------|----------------|
| Before deducting proposed dividend | | | | | | | |
| Common equity tier 1 ratio | 9.77% ^ | 9.14% | 10.17% | 8.29% ^ | 20.46% | N/A | N/A |
| Tier 1 ratio | 11.81% ^ | 9.44% | 10.17% | 9.88% ^ | 20.46% | 13.36% | N/A |
| Total capital ratio | 12.81% ^ | 13.32% | 14.50% | 12.97% ^ | 20.46% | 15.94% | 25.84% |
| After deducting proposed dividend | | | | | | | |
| Common equity tier 1 ratio | 9.25% ^ | 9.14% | 10.17% | 7.89% ^ | 20.46% | N/A | N/A |
| Tier 1 ratio | 11.29% ^ | 9.44% | 10.17% | 9.49% ^ | 20.46% | 13.36% | N/A |
| Total capital ratio | 12.30% ^ | 13.32% | 14.50% | 12.57% ^ | 20.46% | 15.94% | 25.84% |

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

| | CIMB Bank RM'000 | CIMB Islamic Bank RM'000 | CIMB Thai Bank RM'000 | CIMB Bank Group RM'000 | CIMB Investment Bank Group RM'000 | Bank CIMB Niaga RM'000 | CIMB Bank PLC RM'000 |
|---------------------|------------------|--------------------------|-----------------------|------------------------|-----------------------------------|------------------------|----------------------|
| Credit risk | 99,586,351 | 18,269,211 | 17,081,850 | 132,396,686 | 1,327,758 | 46,024,217 | 472,738 |
| Market risk | 13,132,839 | 803,570 | 1,125,068 | 14,707,535 | 159,607 | 395,154 | - |
| Operational risk | 10,811,391 | 1,766,593 | 1,093,214 | 14,032,441 | 827,520 | 5,964,707 | - |
| Large exposure risk | 420,477 | - | - | 420,477 | - | - | - |
| | 123,951,058 | 20,839,374 | 19,300,132 | 161,557,139 | 2,314,885 | 52,384,078 | 472,738 |

(c) Components of Common Equity Tier I, additional Tier I and Tier II capital are as follows:

| | CIMB Bank RM'000 | CIMB Islamic Bank RM'000 | CIMB Thai Bank RM'000 | CIMB Bank Group RM'000 | CIMB Investment Bank Group RM'000 | Bank CIMB Niaga RM'000 | CIMB Bank PLC RM'000 |
|--|------------------|--------------------------|-----------------------|------------------------|-----------------------------------|------------------------|----------------------|
| Common Equity Tier I capital | | | | | | | |
| Ordinary shares | 3,764,469 | 1,000,000 | 1,079,000 | 3,764,469 | 100,000 | 514,526 | 142,605 |
| Other reserves | 14,083,942 | 1,439,449 | 883,142 | 16,858,701 | 422,884 | 6,537,789 | (20,747) |
| Qualifying non-controlling interests | - | - | - | 224,339 | - | - | - |
| Common Equity Tier I capital before regulatory adjustments | 17,848,411 | 2,439,449 | 1,962,142 | 20,847,509 | 522,884 | 7,052,315 | 121,858 |
| Less: Regulatory adjustments | | | | | | | |
| Goodwill | (3,555,075) | (136,000) | - | (4,919,038) | (964) | - | - |
| Intangible assets | (708,671) | (8,535) | - | (725,233) | - | - | (2,252) |
| Deferred tax assets | (100,817) | (13,996) | - | (145,683) | (39,903) | - | - |
| Investment in capital instruments of unconsolidated financial and insurance/takaful entities | - | - | - | - | - | (56,411) | - |
| Deduction in excess of Tier 2 capital | - | - | - | - | (8,086) | - | - |
| Others | (1,378,004) | (376,843) | - | (1,666,914) | (271) | - | (551) |
| Common Equity Tier I capital after regulatory adjustments | 12,105,844 | 1,904,075 | 1,962,142 | 13,390,641 | 473,660 | 6,995,904 | 119,055 |
| Additional Tier I capital | | | | | | | |
| Perpetual preference shares | 180,000 | 63,000 | - | 180,000 | - | - | - |
| Non-innovative Tier I Capital | 900,000 | - | - | 900,000 | - | - | - |
| Innovative Tier I Capital | 1,450,620 | - | - | 1,450,620 | - | - | - |
| Qualifying capital instruments held by third parties | - | - | - | 43,944 | - | - | - |
| Additional Tier I capital before and after regulatory adjustments | 2,530,620 | 63,000 | - | 2,574,564 | - | - | - |
| Total Tier I Capital | 14,636,464 | 1,967,075 | 1,962,142 | 15,965,205 | 473,660 | 6,995,904 | 119,055 |
| Tier II capital | | | | | | | |
| Subordinated notes | 5,000,000 | 765,000 | 552,680 | 5,000,000 | - | 879,504 | - |
| Redeemable preference shares | 29,740 | - | - | 29,740 | 9 | - | - |
| Surplus of eligible provision over expected loss | 139,832 | - | - | 2,271 | - | - | - |
| Qualifying capital instruments held by third parties | - | - | - | 44,398 | - | - | - |
| Portfolio impairment allowance & Regulatory reserve √ | 233,428 | 44,526 | 53,858 | 479,894 | 1,503 | 495,570 | 3,099 |
| Others | - | - | 230,283 | - | - | 36,637 | - |
| Tier II capital before regulatory adjustments | 5,403,000 | 809,526 | 836,821 | 5,556,303 | 1,512 | 1,411,711 | 3,099 |
| Less: Regulatory adjustments | | | | | | | |
| Investment in capital instruments of unconsolidated financial and insurance/takaful entities | (4,155,519) | - | - | (573,281) | (9,598) | (56,411) | - |
| Total Tier II capital | 1,247,481 | 809,526 | 836,821 | 4,983,022 | - | 1,355,300 | 3,099 |
| Total capital base | 15,883,945 | 2,776,601 | 2,798,963 | 20,948,227 | 473,660 | 8,351,204 | 122,154 |
| Less: | | | | | | | |
| Proposed dividends | (640,000) | - | - | (640,000) | - | - | - |
| Total capital base (net of proposed dividend) | 15,243,945 | 2,776,601 | 2,798,963 | 20,308,227 | 473,660 | 8,351,204 | 122,154 |

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 June 2013 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM237 million, RM217 million and RM20 million 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.

^ CIMB Group Holdings ("CIMBGH") implemented a 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 would increase the capital adequacy ratios of the Group and the Bank above those stated above. The reinvestment of the excess cash was approved by shareholders on 21 August 2013 and Bank Negara Malaysia on 23 August 2013.

A22. CAPITAL ADEQUACY (continued)

31 December 2012

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

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

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

| | CIMB Bank RM'000 | CIMB Islamic Bank RM'000 | CIMB Thai Bank RM'000 | CIMB Bank Group RM'000 | CIMB Investment Bank Group RM'000 | Bank CIMB Niaga RM'000 | CIMB Bank PLC 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 | 10,528,945 | 1,678,915 | 990,901 | 13,560,253 | 823,010 | 5,062,114 | - |
| Large exposure risk | 397,786 | - | - | 397,786 | - | - | - |
| | 118,454,539 | 22,147,052 | 16,596,933 | 155,509,421 | 2,337,355 | 49,155,986 | 353,503 |

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

| | CIMB Bank RM'000 | CIMB Islamic Bank RM'000 | CIMB Thai Bank RM'000 | CIMB Bank Group RM'000 | CIMB Investment Bank Group RM'000 | Bank CIMB Niaga RM'000 | CIMB Bank PLC RM'000 |
|--|------------------|--------------------------|-----------------------|------------------------|-----------------------------------|------------------------|----------------------|
| Tier I capital | | | | | | | |
| 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 I Capital | 1,000,000 | - | - | 1,000,000 | - | - | - |
| Innovative Tier I 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 | 9,408,891 | 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 | 16,288,028 | 490,321 | 6,023,554 | 92,206 |
| Tier II capital | | | | | | | |
| 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 [√] | 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 intruments | (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 | 25,184,321 | 491,396 | 7,415,080 | 94,793 |
| Less : | | | | | | | |
| Proposed dividends | (959,000) | - | - | (959,000) | - | - | - |
| Total capital base (net of proposed dividend) | 18,390,759 | 2,939,795 | 2,689,754 | 24,225,321 | 491,396 | 7,415,080 | 94,793 |

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

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.

[√] 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 million, RM323 million and RM16 million 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.

[^] 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 approved by Bank Negara Malaysia on 25 March 2013.

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.

During the period (year), the Group has made the following changes to segmental report:

1. The Group revised the basis of overheads allocation to respective segments, in order to give a better cost reflection in segmental report; and
2. Following the disposal of insurance associates during the period (year), the Group reclassified group insurance from consumer banking segment to investment segment .

As such, the comparatives were restated accordingly, to conform with current year's presentation.

Business segment reporting

Definition of segments:

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.

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, Group Insurance, 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)

| | Wholesale Banking | | | | | Total RM'000 |
|--|-------------------------------|---------------------------------|--|----------------------|---------------------------------|------------------|
| | Consumer Banking RM'000 | Investment Banking RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment RM'000 | Support and others RM'000 | |
| 30 June 2013 | | | | | | |
| Net interest income | | | | | | |
| - external income/(expense) | 2,579,814 | 20,164 | 1,122,963 | 144,020 | 5,214 | 3,872,175 |
| - inter-segment income/(expense) | (73,368) | 30,457 | 6,528 | 84,501 | (48,118) | - |
| | 2,506,446 | 50,621 | 1,129,491 | 228,521 | (42,904) | 3,872,175 |
| Income from Islamic Banking operations | 453,597 | 4,725 | 259,730 | 41,016 | 3,651 | 762,719 |
| Net non-interest income | 866,786 | 546,728 | 522,893 | 299,480 | 3,671 | 2,239,558 |
| Gain on disposal of associates | - | - | - | 515,095 | - | 515,095 |
| Net income/(expense) | 3,826,829 | 602,074 | 1,912,114 | 1,084,112 | (35,582) | 7,389,547 |
| Overheads | (2,529,101) | (463,803) | (645,864) | (621,341) | (1,911) | (4,262,020) |
| of which: | | | | | | |
| - Depreciation of property, plant and equipment | (127,063) | (26,352) | (20,125) | (5,044) | (1,311) | (179,895) |
| - Amortisation of prepaid lease payments | (161) | (68) | (7) | (5,781) | (1) | (6,018) |
| - Amortisation of intangible assets | (52,114) | (4,927) | (8,275) | (44,798) | (900) | (111,014) |
| - Impairment of intangible assets | - | - | - | (119,598) | - | (119,598) |
| Profit/(loss) before allowances | 1,297,728 | 138,271 | 1,266,250 | 462,771 | (37,493) | 3,127,527 |
| Allowance (made)/written back for impairment losses on loans, advances and financing | (157,522) | (433) | 8,288 | 246 | (2,330) | (151,751) |
| Allowance (made)/written back for losses on other receivables | (8,672) | (3,427) | (268) | 2,209 | 1,872 | (8,286) |
| Allowance written back for commitments and contingencies | - | - | 1,334 | - | - | 1,334 |
| Allowance written back/(made) for other impairment losses | - | 18 | 2,373 | (2,869) | 1,138 | 660 |
| Segment results | 1,131,534 | 134,429 | 1,277,977 | 462,357 | (36,813) | 2,969,484 |
| Share of results of jointly controlled entities | 5,224 | 189 | - | 9,817 | - | 15,230 |
| Share of results of associates | - | 973 | - | 119,230 | - | 120,203 |
| Profit/(loss) before taxation | 1,136,758 | 135,591 | 1,277,977 | 591,404 | (36,813) | 3,104,917 |
| % of profit before taxation | 36.6 | 4.4 | 41.2 | 19.0 | (1.1) | 100.1 |
| Taxation | | | | | | (631,482) |
| Profit for the period for continuing operations | | | | | | 2,473,435 |
| Discontinued operations | | | | | | |
| Share fo results of association from discontinuing operations | - | - | - | - | - | - |
| Profit for the period | | | | | | 2,473,435 |

A23. SEGMENTAL REPORT (continued)

| | Wholesale Banking | | | | | Total RM'000 |
|--|-------------------------------|---------------------------------|--|----------------------|---------------------------------|------------------|
| | Consumer Banking RM'000 | Investment Banking RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment RM'000 | Support and others RM'000 | |
| 30 June 2012 | | | | | | |
| Net interest income | | | | | | |
| - external income/(expense) | 2,391,886 | (10,096) | 1,100,959 | 115,705 | 3,984 | 3,602,438 |
| - inter-segment income/(expense) | (49,994) | 38,733 | (16,439) | 73,260 | (45,560) | - |
| | 2,341,892 | 28,637 | 1,084,520 | 188,965 | (41,576) | 3,602,438 |
| Income from Islamic Banking operations | 365,869 | 80,555 | 350,001 | 30,800 | 585 | 827,810 |
| Net non-interest income | 801,384 | 451,244 | 672,692 | 166,283 | 59,308 | 2,150,911 |
| Net income/(expense) | 3,509,145 | 560,436 | 2,107,213 | 386,048 | 18,317 | 6,581,159 |
| Overheads | (2,426,101) | (408,954) | (613,246) | (184,841) | (5,884) | (3,639,026) |
| of which: | | | | | | |
| - Depreciation of property, plant and equipment | (134,783) | (23,712) | (12,108) | (4,659) | (1,365) | (176,627) |
| - Amortisation of prepaid lease payments | (137) | - | (13) | (6,165) | - | (6,315) |
| - Amortisation of intangible assets | (68,592) | (1,582) | (6,175) | (44,425) | (1,118) | (121,892) |
| Profit/(loss) before allowances | 1,083,044 | 151,482 | 1,493,967 | 201,207 | 12,433 | 2,942,133 |
| Allowance (made)/written back for impairment losses on loans, advances and financing | (54,756) | 1,912 | (89,410) | (73) | (52,996) | (195,323) |
| Allowance (made)/written back for losses on other receivables | (8,972) | (5,062) | 206 | (5,401) | (7,281) | (26,510) |
| Allowance written back for commitments and contingencies | 11,831 | - | 3 | - | - | 11,834 |
| Allowance (made)/written back for other impairment losses | - | - | 1,122 | (4,730) | 30 | (3,578) |
| Segment results | 1,031,147 | 148,332 | 1,405,888 | 191,003 | (47,814) | 2,728,556 |
| Share of results of jointly controlled entities | (526) | (686) | - | 5,047 | - | 3,835 |
| Share of results of associates | - | 79 | - | 50,862 | - | 50,941 |
| Profit/(loss) before taxation | 1,030,621 | 147,725 | 1,405,888 | 246,912 | (47,814) | 2,783,332 |
| % of profit before taxation | 37.0 | 5.3 | 50.5 | 8.9 | (1.7) | 100.0 |
| Taxation | | | | | | (668,992) |
| Profit for the period for continuing operations | | | | | | <u>2,114,340</u> |
| Discontinued operations | | | | | | |
| Share fo results of association from discontinuing operations | - | - | - | 27,417 | - | 27,417 |
| Profit for the period | | | | | | <u>2,141,757</u> |

A23. SEGMENTAL REPORT (continued)

| | Wholesale Banking | | | | | |
|--|--|--|---|------------------------------|--|-------------------------|
| | Consumer Banking RM'000 | Investment Banking RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment RM'000 | Support and others RM'000 | Total RM'000 |
| 30 June 2013 | | | | | | |
| Group | | | | | | |
| Segment assets | 149,878,908 | 9,261,198 | 177,016,050 | 11,882,585 | 1,987,518 | 350,026,259 |
| Investment in associates and jointly controlled entities | 158,780 | 6,804 | - | 881,425 | 4,889 | 1,051,898 |
| | <u>150,037,688</u> | <u>9,268,002</u> | <u>177,016,050</u> | <u>12,764,010</u> | <u>1,992,407</u> | <u>351,078,157</u> |
| Unallocated assets | - | - | - | - | - | 13,156,485 |
| Total assets | <u>150,037,688</u> | <u>9,268,002</u> | <u>177,016,050</u> | <u>12,764,010</u> | <u>1,992,407</u> | <u>364,234,642</u> |
| Segment liabilities | 150,289,927 | 6,506,622 | 159,947,183 | 2,362,526 | 6,979,535 | 326,085,793 |
| Unallocated liabilities | - | - | - | - | - | 6,859,913 |
| Total liabilities | <u>150,289,927</u> | <u>6,506,622</u> | <u>159,947,183</u> | <u>2,362,526</u> | <u>6,979,535</u> | <u>332,945,706</u> |
| Other segment items | | | | | | |
| Incurred capital expenditure | 195,840 | 42,362 | 18,225 | 17,229 | 80,236 | 353,892 |
| Investment in jointly controlled entities | 158,780 | 2,178 | - | 58,777 | - | 219,735 |
| Investment in associates | - | 4,626 | - | 822,648 | 4,889 | 832,163 |
| | <u>-</u> | <u>4,626</u> | <u>-</u> | <u>822,648</u> | <u>4,889</u> | <u>832,163</u> |
| | | | | | | |
| | Wholesale Banking | | | | | |
| | Consumer Banking RM'000 | Investment Banking RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment RM'000 | Support and others RM'000 | Total RM'000 |
| 31 December 2012 | | | | | | |
| Group | | | | | | |
| Segment assets | 139,499,694 | 7,071,918 | 165,974,058 | 10,812,898 | 1,359,240 | 324,717,808 |
| Investment in associates and jointly controlled entities | 153,557 | 6,615 | - | 729,026 | 4,518 | 893,716 |
| | <u>139,653,251</u> | <u>7,078,533</u> | <u>165,974,058</u> | <u>11,541,924</u> | <u>1,363,758</u> | <u>325,611,524</u> |
| Unallocated assets | - | - | - | - | - | 11,445,360 |
| Total assets | <u>139,653,251</u> | <u>7,078,533</u> | <u>165,974,058</u> | <u>11,541,924</u> | <u>1,363,758</u> | <u>337,056,884</u> |
| Segment liabilities | 144,974,579 | 4,630,196 | 143,245,238 | 2,577,249 | 6,957,345 | 302,384,607 |
| Unallocated liabilities | - | - | - | - | - | 5,320,831 |
| Total liabilities | <u>144,974,579</u> | <u>4,630,196</u> | <u>143,245,238</u> | <u>2,577,249</u> | <u>6,957,345</u> | <u>307,705,438</u> |
| Other segment items | | | | | | |
| Incurred capital expenditure | 465,038 | 119,767 | 38,556 | 12,697 | 191,684 | 827,742 |
| Investment in jointly controlled entities | 153,557 | 1,989 | - | 48,958 | - | 204,504 |
| Investment in associates | - | 4,626 | - | 680,066 | 4,520 | 689,212 |
| | <u>-</u> | <u>4,626</u> | <u>-</u> | <u>680,066</u> | <u>4,520</u> | <u>689,212</u> |

A24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

Determination of fair value and fair value hierarchy

The Group classified its financial instruments measured at Fair Value accordance to the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly

Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2013 and 31 December 2012.

| | Carrying amount RM'000 | Quoted market prices (Level 1) RM'000 | Fair Value | | Total RM'000 |
|--|---------------------------|---|---|---|-------------------|
| | | | Observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | |
| 30 June 2013 | | | | | |
| The Group | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial assets held for trading | | | | | |
| - Money market instruments | 13,343,786 | - | 13,343,786 | - | 13,343,786 |
| - Quoted securities | 3,007,189 | 1,940,712 | 1,066,477 | - | 3,007,189 |
| - Unquoted securities | 7,905,862 | - | 7,836,277 | 69,585 | 7,905,862 |
| Financial investments available-for-sale | | | | | |
| - Money market instruments | 5,243,774 | - | 5,243,774 | - | 5,243,774 |
| - Quoted securities | 6,060,915 | 454,575 | 5,606,344 | - | 6,060,919 |
| - Unquoted securities | 20,105,006 | - | 18,966,034 | 1,138,972 | 20,105,006 |
| Derivative financial instruments | | | | | |
| - Trading derivatives | 4,751,892 | 23,640 | 4,728,254 | - | 4,751,894 |
| - Hedging derivatives | 228,468 | 23,121 | 205,348 | - | 228,469 |
| Total | 60,646,892 | 2,442,048 | 56,996,294 | 1,208,557 | 60,646,899 |
| <u>Financial liabilities</u> | | | | | |
| Derivative financial instruments | | | | | |
| - Trading derivatives | 4,968,139 | 10,390 | 4,957,748 | - | 4,968,138 |
| - Hedging derivatives | 289,887 | - | 289,887 | - | 289,887 |
| Total | 5,258,026 | 10,390 | 5,247,635 | - | 5,258,025 |
| 31 December 2012 | | | | | |
| The Group | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial assets held for trading | | | | | |
| - Money market instruments | 16,058,744 | - | 16,058,744 | - | 16,058,744 |
| - Quoted securities | 2,539,894 | 1,533,704 | 1,006,190 | - | 2,539,894 |
| - Unquoted securities | 6,784,638 | - | 6,718,325 | 66,313 | 6,784,638 |
| Financial investments available-for-sale | | | | | |
| - Money market instruments | 5,693,269 | - | 5,693,269 | - | 5,693,269 |
| - Quoted securities | 4,851,401 | 434,000 | 4,417,401 | - | 4,851,401 |
| - Unquoted securities | 18,609,847 | - | 17,436,664 | 1,173,183 | 18,609,847 |
| Derivative financial instruments | | | | | |
| - Trading derivatives | 3,871,217 | 20,587 | 3,850,630 | - | 3,871,217 |
| - Hedging derivatives | 254,690 | - | 254,690 | - | 254,690 |
| Total | 58,663,700 | 1,988,291 | 55,435,913 | 1,239,496 | 58,663,700 |
| <u>Financial liabilities</u> | | | | | |
| Derivative financial instruments | | | | | |
| - Trading derivatives | 3,686,650 | 618 | 3,686,032 | - | 3,686,650 |
| - Hedging derivatives | 396,716 | - | 396,716 | - | 396,716 |
| Total | 4,083,366 | 618 | 4,082,748 | - | 4,083,366 |

A24. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's OTC derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable inputs such as correlations and long dated volatilities) and certain bonds.

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2013 and 31 December 2012 for the Group.

| | Financial Assets | | |
|--|--|---|------------------|
| | Financial assets held for trading | Financial investments available-for-sale | Total |
| | Unquoted securities | Quoted and Unquoted securities | |
| | RM'000 | RM'000 | RM'000 |
| 30 June 2013 | | | |
| The Group | | | |
| At 1 January | 66,313 | 1,173,185 | 1,239,498 |
| Total gains recognised in Statement of Income | 48 | 7,463 | 7,511 |
| Total losses recognised in Other Comprehensive Income | 1,074 | (50,992) | (49,918) |
| Purchases | - | 15,354 | 15,354 |
| Sales | - | (6,686) | (6,686) |
| Settlements | - | (6,598) | (6,598) |
| Exchange fluctuation | 2,150 | 7,246 | 9,396 |
| At 30 June | <u>69,585</u> | <u>1,138,972</u> | <u>1,208,557</u> |
| Total gains recognised in Statement of Income relating to assets held on 30 June | <u>160</u> | <u>6,000</u> | <u>6,160</u> |
| Total gains recognised in Other Comprehensive Income relating to assets held on 30 June | <u>1,074</u> | <u>5,257</u> | <u>6,331</u> |
| | | | |
| | Financial Assets | | |
| | Financial assets held for trading | Financial investments available-for-sale | Total |
| | Unquoted securities | Quoted and Unquoted securities | |
| | RM'000 | RM'000 | RM'000 |
| 31 December 2012 | | | |
| The Group | | | |
| At 1 January | 207,382 | 1,076,056 | 1,283,438 |
| Total gains recognised in Statement of Income | 5,449 | 3,460 | 8,909 |
| Total losses recognised in Other Comprehensive Income | - | 22,308 | 22,308 |
| Purchases | - | 101,821 | 101,821 |
| Sales | (144,357) | (21,206) | (165,563) |
| Exchange fluctuation | (2,161) | (9,256) | (11,417) |
| At 31 December | <u>66,313</u> | <u>1,173,183</u> | <u>1,239,496</u> |
| Total gains recognised in Statement of Income relating to assets held on 31 December | <u>4,299</u> | <u>10,980</u> | <u>15,279</u> |
| Total gains recognised in Other Comprehensive Income relating to assets held on 31 December | <u>-</u> | <u>26,244</u> | <u>26,244</u> |

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

| | Note | The Group | |
|---|---------|------------------------|----------------------------|
| | | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| ASSETS | | | |
| Cash and short-term funds | | 7,032,813 | 7,418,491 |
| Deposits and placements with banks and other financial institutions | | 894,660 | 873,775 |
| Financial assets held for trading | | 5,684,314 | 6,252,944 |
| Islamic derivative financial instruments | | 265,689 | 261,629 |
| Financial investments available-for-sale | | 2,741,044 | 3,296,450 |
| Financial investments held-to-maturity | | 1,128,401 | 1,075,590 |
| Financing, advances and other financing/loans | A25d(i) | 36,954,975 | 36,002,810 |
| Deferred tax assets | | 14,137 | 11,070 |
| Tax recoverable | | 17,363 | - |
| Amount due from related companies | | 1,143,888 | 1,108,894 |
| Amount due from holding company | | 926,891 | 823,727 |
| Statutory deposits with Bank Negara Malaysia | | 1,339,679 | 1,104,097 |
| Property, plant and equipment | | 10,159 | 10,680 |
| Other assets | | 2,211,203 | 524,408 |
| Goodwill | | 136,000 | 136,000 |
| Intangible assets | | 10,549 | 7,328 |
| TOTAL ASSETS | | 60,511,765 | 58,907,893 |
| LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS | | | |
| Deposits from customers | A25(e) | 39,020,281 | 38,903,965 |
| Deposits and placements of banks and other financial institutions | | 11,582,676 | 11,428,893 |
| Islamic derivative financial instruments | | 372,447 | 382,290 |
| Bills and acceptances payable | | 1,064 | - |
| Amount due to holding company | | 381,335 | 864,717 |
| Amount due to related companies | | 9,240 | 3,776 |
| Provision for taxation and zakat | | 3,136 | 138,568 |
| Other liabilities | | 4,179,475 | 2,452,580 |
| Subordinated Sukuk | | 861,506 | 863,557 |
| TOTAL LIABILITIES | | 56,411,160 | 55,038,346 |
| Equity | | | |
| Ordinary share capital | | 1,000,000 | 1,000,000 |
| Islamic banking funds | | 55,250 | 55,250 |
| Perpetual preference shares | | 70,000 | 70,000 |
| Reserves | | 2,966,340 | 2,735,080 |
| | | 4,091,590 | 3,860,330 |
| Non-controlling interests | | 9,015 | 9,217 |
| TOTAL EQUITY | | 4,100,605 | 3,869,547 |
| TOTAL LIABILITIES AND EQUITY | | 60,511,765 | 58,907,893 |

A25b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2013

| | The Group | | | |
|---|-------------------|----------------|------------------|------------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 623,620 | 526,406 | 1,226,080 | 982,622 |
| Net income derived from investment of shareholders' funds | 37,156 | 126,821 | 82,785 | 255,794 |
| Allowance made for impairment losses on financing, advances and other financing/loans | (22,745) | (28,210) | (57,900) | (62,910) |
| Allowance written back/(made) for impairment losses on other receivables | 306 | (262) | (249) | (218) |
| Total distributable income | 638,337 | 624,755 | 1,250,716 | 1,175,288 |
| Income attributable to depositors | (276,296) | (201,296) | (546,146) | (410,606) |
| Total net income | 362,041 | 423,459 | 704,570 | 764,682 |
| Other operating expenses | (152,306) | (129,799) | (292,305) | (248,941) |
| Profit before allowances | 209,735 | 293,660 | 412,265 | 515,741 |
| Allowance made for impairment losses | 17 | (84) | (47) | (84) |
| Profit before taxation | 209,752 | 293,576 | 412,218 | 515,657 |
| Taxation | (55,754) | (70,194) | (101,144) | (127,489) |
| Profit for the period | 153,998 | 223,382 | 311,074 | 388,168 |
| Profit for the period attributable to: | | | | |
| Owners of the Parent | 153,778 | 223,094 | 310,499 | 387,732 |
| Non-controlling interests | 220 | 288 | 575 | 436 |
| | 153,998 | 223,382 | 311,074 | 388,168 |

A25c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

| | The Group | | | |
|--|-------------------|----------------|------------------|----------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 153,998 | 223,382 | 311,074 | 388,168 |
| Other comprehensive income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve-financial investments available-for-sale | (22,802) | (1,921) | (22,681) | (4,300) |
| - Net gain from change in fair value | (16,911) | 70 | (12,157) | 123 |
| - Realised gain transferred to income statement on disposal and impairment | (11,351) | (2,844) | (16,587) | (5,625) |
| - Income tax effects | 5,460 | 853 | 6,063 | 1,202 |
| Exchange fluctuation reserve | (2,293) | (2,082) | (1,275) | (2,368) |
| Other comprehensive income for the year, net of tax | (25,095) | (4,003) | (23,956) | (6,668) |
| Total comprehensive income for the period | 128,903 | 219,379 | 287,118 | 381,500 |
| Total comprehensive income for the year attributable to: | | | | |
| Owners of the Parent | 128,897 | 220,321 | 287,078 | 383,806 |
| Non-controlling interests | 6 | (942) | 40 | (2,306) |
| | 128,903 | 219,379 | 287,118 | 381,500 |
| <u>Income from Islamic operations (per page 2)</u> | | | | |
| Total net income | 362,041 | 423,459 | 704,570 | 764,682 |
| Add: Allowance made for impairment losses on financing, advances and other financing/loans | 22,745 | 28,210 | 57,900 | 62,910 |
| Add: Allowance (written back)/made for impairment losses on other receivables | (306) | 262 | 249 | 218 |
| | 384,480 | 451,931 | 762,719 | 827,810 |

A25d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type

| | The Group | |
|--|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| At amortised cost | | |
| Cash line | 453,846 | 471,590 |
| Term financing | 34,675,946 | 33,448,752 |
| Bills receivable | 3,632 | 3,766 |
| Trust receipts | 91,014 | 80,151 |
| Claims on customers under acceptance credits | 318,804 | 340,687 |
| Staff financing | 2 | 3 |
| Revolving credits | 1,413,477 | 1,575,218 |
| Credit card receivables | 113,186 | 112,543 |
| Share margin financing | 151,716 | 182,099 |
| Other financing | 63,951 | 72,641 |
| Gross financing, advances and other financing/loans | 37,285,574 | 36,287,450 |
| Fair value changes arising from fair value hedge | 164,373 | 222,909 |
| | 37,449,947 | 36,510,359 |
| Less: Allowance for impairment losses | | |
| - Individual impairment allowance | (131,461) | (127,290) |
| - Portfolio impairment allowance | (363,511) | (380,259) |
| | (494,972) | (507,549) |
| Net financing, advances and other financing/loans | 36,954,975 | 36,002,810 |

(a) During the financial period, the Group has undertaken fair value hedges on RM6,225 million (31 December 2012: RM6,500 million) financing using profit rate swaps.

| | The Group | |
|---|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Gross financing hedged | 6,225,000 | 6,500,000 |
| Fair value changes arising from fair value hedges | 164,373 | 222,909 |
| | 6,389,373 | 6,722,909 |

The fair value loss on profit rate swaps in the hedge transaction as at 30 June 2013 were RM189 million (31 December 2012: RM247 million).

(ii) By geographical distribution

| | The Group | |
|---|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Malaysia | 34,319,081 | 33,312,865 |
| Indonesia | 2,483,787 | 2,495,884 |
| Singapore | 386,875 | 386,429 |
| Other countries | 95,831 | 92,272 |
| Gross financing, advances and other financing/loans | 37,285,574 | 36,287,450 |

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

| | The Group | |
|--|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Malaysia | 322,583 | 304,128 |
| Indonesia | 65,059 | 47,274 |
| Other countries | 95,831 | 92,271 |
| Gross impaired financing, advances and other financing/loans | 483,473 | 443,673 |

A25d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

| | The Group | |
|---|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| At 1 January | 443,673 | 472,632 |
| Classified as impaired during the period/year | 266,218 | 411,956 |
| Reclassified as not impaired during the period/year | (95,459) | (159,073) |
| Reclassification from unwinding income | - | 10,109 |
| Amount recovered | (43,065) | (73,013) |
| Amount written off | (91,651) | (211,891) |
| Exchange fluctuation | 3,757 | (7,047) |
| At 30 June / 31 December | 483,473 | 443,673 |
| Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans | 1.30% | 1.22% |

(v) Movements in the allowance for impaired financing:

| | The Group | |
|--|------------------------|----------------------------|
| | 30 June 2013 RM'000 | 31 December 2012 RM'000 |
| Individual impairment allowance | | |
| At 1 January | 127,290 | 139,775 |
| Allowance made during the period/year | 5,177 | 34,150 |
| Amount written off | (10,949) | (50,675) |
| Unwinding income | - | 4,090 |
| Amount transferred to conventional operations | (1,672) | - |
| Exchange fluctuation | 11,615 | (50) |
| At 30 June / 31 December | 131,461 | 127,290 |
| Portfolio impairment allowance | | |
| At 1 January | 380,259 | 428,666 |
| Allowance made during the period/year | 77,146 | 112,112 |
| Amount written off | (80,702) | (162,602) |
| Amount transferred to conventional operations | (4,229) | - |
| Unwinding income | - | 6,019 |
| Exchange fluctuation | (8,963) | (3,936) |
| At 30 June / 31 December | 363,511 | 380,259 |
| Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance | 2.19% | 2.18% |

A25e. DEPOSITS FROM CUSTOMERS**By type of deposits**

| | The Group | |
|---|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Non-Mudharabah | | |
| Demand deposits | 3,575,904 | 3,646,340 |
| Savings deposits | 1,682,257 | 1,527,782 |
| General investment deposits | 1,023,199 | 965,933 |
| Commodity Murabahah | 84,289 | 519 |
| Fixed return investment account | 5,010,569 | 6,665,864 |
| Islamic negotiable instruments of deposit | 3,617,322 | 2,370,187 |
| Variable rate deposits | - | 80,223 |
| Equity Linked Sukuk | 163,450 | 308,736 |
| Short term money market deposit-i | 13,589,651 | 12,849,247 |
| Others | 35,628 | 40,761 |
| | 28,782,269 | 28,455,592 |
| Mudharabah | | |
| Demand deposits | 4,028,842 | 4,234,083 |
| Savings deposits | 677,768 | 634,511 |
| General investment deposits | 3,088,834 | 3,058,739 |
| Special general investment deposits | 1,564,905 | 1,314,609 |
| Specific investment deposits | 877,663 | 1,206,431 |
| | 10,238,012 | 10,448,373 |
| | 39,020,281 | 38,903,965 |

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

| | The Group | |
|---|---------------------|-------------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Outstanding credit exposures with connected parties | 11,689,444 | 14,386,434 |
| Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures | 3.99% | 5.29% |
| Percentage of outstanding credit exposures to connected parties which is non-performing or in default | - | - |

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 15.1% year-on-year ("Y-o-Y") growth in net profit to RM2.44 billion for the first half of 2013 ("1H13"), equivalent to a net earnings per share ("EPS") of 32.6 sen. The annualised 1Q13 net return on average equity ("ROE") was 16.6%. The Group declared a first interim net dividend of 12.82 sen per share to be paid in the form of cash or an optional Dividend Reinvestment Scheme ("DRS"). The total interim dividend amounts to a net payment of RM976 million, translating to a dividend payout ratio of 40.0% of 1HFY13 profits.

The Group saw strong performances at the Malaysia and Singapore ("MS") consumer bank, the regional corporate banking business as well as continued good traction in Singapore and Thailand operations. These helped mitigate the challenging operating conditions at CIMB Niaga and the Treasury Markets business. The 1H13 results were buoyed by one-off gains from the sale of our 51% interest in CIMB Aviva, partially offset by one-off charges in 1Q13. Excluding these one-off gains and charges, the Group's net profit would have been flat.

CIMB Group Y-o-Y Results

CIMB Group's 1H13 revenues were 12.3% higher Y-o-Y at RM7.39 billion. Net interest income grew by 8.1% while non-interest income expanded by 20.1%, inflated by a RM515 million gain from the sale of the 51% interest in CIMB Aviva in 1Q13. Excluding this gain, the Group's non-interest income would have been 2.2% lower. The Group's profit before tax ("PBT") was 10.5% higher at RM3.105 billion, but would be 0.7% lower after excluding the one-off gain and RM200 million in restructuring charges.

For 1H13, the Group's regional Consumer Bank PBT increased by 12.2% Y-o-Y to RM1,137 million. The MS consumer PBT was 14.7% higher Y-o-Y on the back of assets growth and lower cost increases. The Indonesian consumer PBT grew 3.1% Y-o-Y due to more cautious assets growth and lower margins. The Thai consumer PBT posted a smaller loss of RM1 million compared to a RM4 million loss in 1H12.

The Group's regional Wholesale Banking PBT declined by 6.8% Y-o-Y to RM1,414 million. This was predominantly due to the 32.3% Y-o-Y weaker Treasury & Markets PBT of RM509 million on the back of slower credit markets and lower foreign exchange spreads especially in Indonesia. Investment Banking PBT declined by 8.2% Y-o-Y due to the absence of mega IPOs it enjoyed last year. However, Corporate Banking PBT improved by 24.6% to RM769 million in line with good growth in corporate lending in all countries except for Indonesia and lower provisions.

Investments PBT jumped 97.1% Y-o-Y at RM554 million owing to the RM515 million gain arising from the sale of the 51% interest in CIMB Aviva partially offset by RM200 million in restructuring charges.

Consumer Banking operations remain the largest contributor to Group PBT at 41% (from 36% in 1H12). Corporate Banking contribution to Group PBT jumped to 28% from 22% in 1H12. Treasury & Markets, Investment Banking and Investments contributed 18%, 5% and 8% respectively.

CIMB Niaga's PBT rose 6.0% Y-o-Y to IDR2,900 billion while its contribution to the Group was 0.2% lower Y-o-Y at RM916 million due to the depreciation of the Rupiah in 1H13. CIMB Thai's PBT grew 65.8% to THB655 million but after GAAP and FRS139 adjustments, its contribution to the Group was 123.2% higher at RM72 million. Total PBT contribution from Thailand rose 188.2% from RM40.6 million to RM117.0 million after including the stronger contribution from CIMB Securities Thailand. Total PBT contribution from CIMB Singapore grew 24.1% to RM135 million. Total non-Malaysian PBT decreased marginally to 39% in 1H13 from 40% in 1H12.

The Group's total gross loans and credit expanded 11.9% (excluding the declining bad bank loan book) and 12.7% Y-o-Y respectively. After adjusting for foreign exchange fluctuations, the Group's total gross loans and credit increased by 13.3% and 13.7% Y-o-Y respectively. Commercial banking loans increased 21.4% while retail loans and corporate loans grew 13.0% and 6.1% respectively. Geographically, Singapore gross loans growth was strongest at 27.2% from a low base while Thailand and Indonesia expanded by 22.6% and 9.8% respectively in respective local currencies. Malaysia loans were 11.8% higher Y-o-Y.

Total Group deposits grew by 12.5% Y-o-Y but were 13.5% higher Y-o-Y after excluding foreign exchange fluctuations. This was driven by a 16.1% expansion in Corporate & Treasury deposits and a 12.5% growth in commercial banking deposits. Retail deposits were 8.7% higher Y-o-Y. Geographically, deposit growth was strongest in Singapore at 39.7%, while Thailand deposits expanded at 21.4% in the respective local currencies. Malaysia deposits grew 11.4% while Indonesia Rupiah-based deposits grew 9.0% Y-o-Y. The Group's CASA ratio reduced slightly to 34.2% from 34.4% last year while overall net interest margins were lower at 2.88% from 3.09% last year.

The Group's total loan impairment of RM152 million in 1H13 was a 22.1% decline from the RM195 million in 1H12 due to continued write-backs and recoveries. The Group's total credit charge was 0.14% in 1H13. The Group's gross impairment ratio improved to 3.6% for 1H13 from 4.4% as at 1H12, with an allowance coverage of 82.1%. The Group's cost to income ratio rose to 57.7% compared to 55.3% in 1H12 due to the combination of restructuring charges and new acquisitions.

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

CIMB Bank's total capital ratio stood at 13.1% while its Tier 1 capital ratio stood at 12.1% as at 30 June 2013 (after inclusion of 1H13 net profits and post reinvestment of excess cash pursuant to the DRS). CIMB Group's double leverage and gearing stood at 114.3% and 16.1% respectively as at end-June 2013.

CIMB Group Q-on-Q Results

The Group's 2Q13 revenues of RM3.445 billion were 12.7% lower than 1Q13, translating to a 24.0% Q-o-Q net profit decline to RM1.054 billion. Net interest income was 3.7% higher while non-interest income was 34.7% lower Q-o-Q largely due to the RM515 million gain arising from the sale of the 51% interest in CIMB Aviva in 1Q13.

The Group's Consumer Banking PBT was 23.7% higher Q-o-Q. The MS consumer bank PBT grew 27.6% Q-o-Q with improved revenues from assets growth and a reduction in costs. Wholesale Banking PBT was 6.1% lower Q-o-Q largely due to the weaker Treasury & Markets performance in 2Q13. Investment Banking PBT expanded by 45.0% Q-o-Q to RM81 million from improved capital markets, while Corporate Banking was 1.2% lower. PBT from Investments were 84.7% lower Q-o-Q due to the large gain from sale of CIMB Aviva in 1Q13.

CIMB Niaga Results

On 29 July 2013, CIMB Niaga reported a 1H13 net profit of IDR2,134 billion, a 7.6% Y-o-Y increase, with a 1H13 net ROE of 18.2%. The higher profits were attributed to the asset base expansion and lower provisions partially offset by lower NIMs, weaker income from Treasury and Markets operations and higher overhead expenses. On a sequential basis, the 2Q13 net profit was 2.4% higher than 1Q13.

CIMB Niaga's gross loans grew 9.8% Y-o-Y for 1H13 mainly driven by the commercial banking and retail segments. Corporate banking loans declined 3.5% due to large repayments and more cautious disbursements. The Gross NPL of 2.2% as at end-June 2013 was an improvement from the 2.5% in 1H12. CIMB Niaga's loan loss coverage (based on BI definition) stood at 112.9% as at end-1H13 compared to 108.6% as at end-1H12.

CIMB Niaga's Tier 1 capital and total capital ratios stood at 13.4% and 15.9% respectively as at 30 June 2013.

CIMB Thai Results

On 18 July 2013, CIMB Thai announced a 1H13 net profit of THB544 million, a 62.5% growth from the THB335 million in 1H12 driven by the stronger loans growth and non-interest income. Sequentially, CIMB Thai's net profit was 26.3% lower Q-o-Q owing to higher overheads and provisions as well as lower non-interest income in the current period. The annualised loan loss charge was 0.7% for 1H13 while the loan loss coverage ratio rose to 83.1% from 75.2% at end-1H12. For the 6-month period, CIMB Thai posted revenue of THB4.042 billion, a 25.7% Y-o-Y increase.

As at 30 June 2013, CIMB Thai's Tier 1 capital and total capital ratios were at 10.2% and 14.5% respectively. CIMB Thai's net NPL ratio fell to 1.9% compared to 2.2% as at 30 June 2012.

CIMB Islamic

CIMB Islamic's Y-o-Y PBT decreased Y-o-Y by 1.0% to RM239 million due to lower Islamic capital markets activity. CIMB Islamic's gross financing assets grew 13.2% Y-o-Y, accounting for 15.4% of total Group loans. Total deposits grew by 24.5% Y-o-Y to RM35 billion.

Geographic Expansion

In 2Q13, CIMB Group commenced investment banking operations in Taiwan, and ceased negotiations for the acquisition of Bank of Commerce in the Philippines. The Group remains in the process of establishing bank branches in Laos, Shanghai and Hong Kong.

B2. CORPORATE DEVELOPMENTS

The significant corporate developments in 2013 were:

Capital Management

- 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. The proposed DRS received the necessary approvals from Bursa Securities and Bank Negara Malaysia on 5 February 2013 and 25 March 2013 respectively. On 8 May 2013, the Group issued and allotted 183,075,800 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS. The new shares were listed and quoted on the Main Market of Bursa Securities on 9 May 2013.
- On 9 May 2013, CIMB Group announced its intention to resume with the proposal to undertake the dual listing of ordinary shares on the Stock Exchange of Thailand (“SET”). On 30 May 2013, the Securities Commission approved the proposed SET listing. On 10 June 2013, approval was attained from Bursa Malaysia Securities for the proposed SET listing. Upon attaining all necessary approvals, the proposed SET listing is expected to be implemented by end 2013.
- On 13 June 2013, CIMB Bank announced that it had obtained approval from the Securities Commission on 10 June 2013 and from Bank Negara Malaysia on 3 May 2013 for the proposed program to issue up to RM10 billion in Basel 3-compliant Tier 2 subordinated debt.

Mergers and Acquisitions

- On 2 April 2012, CIMB Group entered into a sales and purchase agreement (“SPA”) 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 (approx RM431.8 mil). On 27 April 2012, the acquisition of the businesses in Indonesia, Malaysia, Singapore and Thailand were completed. On 30 June 2012, the acquisition of the businesses in China and Hong Kong was completed. On 12 July 2012, the proposed acquisition of the businesses 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 28 March 2013, the acquisition of the businesses in Taiwan was completed.
- On 17 January 2013, CIMB Group’s wholly-owned subsidiary, CIG Bhd, entered into an implementation agreement with Renggis 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. On 28 March 2013, Bank Negara Malaysia approved the proposed sale. CIG Bhd entered into a sale and purchase agreement dated 29 March 2013 with RVSB in respect of the disposal. The proposed disposal was completed on 12 April 2013.
- On 8 May 2012 CIMB Bank entered into SPAs with San Miguel Properties, Inc., San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings, Inc. and various minority shareholders in relation to the proposed acquisition of 59.98% of the total issued and paid-up share capital of Bank of Commerce (“Proposed Acquisition”). On 21 June 2013, CIMB Bank announced that the SPAs in relation to the proposed acquisition has lapsed. As an agreement on new terms could not be reached, the parties to the SPAs did not proceed with the proposed acquisition.

Others

- On 24 March 2013, CIMB Securities Limited begun its investment banking and brokerage businesses in Seoul, South Korea after obtaining an equities brokerage licence from the Financial Services Commission of Korea.
- On 14 April 2013, CIMB Securities (India) Pte. Ltd, started its investment banking and brokerage businesses in Mumbai, India after obtaining a stock broking licence from the Securities and Exchange Board of India.
- On 23 April 2013, Fitch Ratings affirmed the National Long-Term ratings of CIMB Thai at 'AA-(tha)' with a stable outlook. Fitch also affirmed CIMB Thai's Long-Term Foreign-Currency IDR at 'BBB'.
- On 23 April 2013, Fitch Ratings has affirmed the Long-Term Foreign Currency Issuer Default Ratings (IDR) of CIMB Niaga at 'BBB' with a stable outlook. The National Long-Term rating was affirmed at 'AAA(idn)'. Fitch also affirmed CIMB Niaga Auto Finance (“CNAF”) National Long-Term rating at 'AA+(idn)' with a stable outlook.
- On 10 May 2013, CIMB Australia entered into a strategic alliance agreement for the provision of research reports and cooperation on corporate advisory and capital markets work to RBS Morgans Holdings Pty Limited.
- On 6 June 2013, CIMB Securities International, a wholly-owned subsidiary of CIMB Group, disposed of its 99.99% interest in CIMB-GK Securities (Thailand) Ltd to a third party.
- On 28 June 2013, CIMB Group’s wholly owned subsidiary CIMB Strategic Assets Sdn Bhd incorporated a 50:50 joint venture with HLF Principal Investments (L) Limited, to establish and manage a private equity fund known as Bangsar Capital Holdings (L) Limited.

B2. CORPORATE DEVELOPMENTS (CONTINUED)

- On 15 July 2013, Moody's affirmed the A3/P-2 foreign currency deposit and issuer ratings of CIMB Bank. Concurrently, Moody's raised CIMB Bank's baseline credit assessment to baa1, from baa2. The A3 foreign currency senior unsecured debt and (P)A3 foreign currency senior unsecured MTN program were affirmed. In addition, Moody's upgraded the rating on non-cumulative guaranteed preference shares issued by SBB Capital Corporation to Ba1(hyb) from Ba2(hyb).
- On 18 July 2013, Moody's assigned CIMB Niaga a bank financial strength rating (BFSR) of D, which maps to a ba2 baseline credit assessment.
- On 12 June 2013, MARC assigned a preliminary rating of AA+ to CIMB Bank's proposed RM10 billion Basel III-compliant Tier 2 Subordinated Debt Programme. MARC affirmed the long-term and short-term financial institution ratings on CIMB Bank at AAA/MARC-1 and the ratings of all corporate debt issuances by the bank.
- On 2 August 2013, RAM Ratings reaffirmed the respective long and short-term ratings of AAA and P1 for CIMB Islamic. The long term rating has a stable outlook.
- On 5 August 2013, RAM Ratings reaffirmed CIMB Group's respective AA1 and P1 long and short-term corporate credit ratings. The RM6.0 billion Conventional and Islamic Commercial Papers/Medium-Term Notes Programme was reaffirmed at AA1 and P1 respectively. The RM3.0 billion Subordinated Notes Programme was also reaffirmed at AA3. The outlook for all remains stable.
- On 5 August 2013, RAM Ratings reaffirmed the respective long and short-term ratings of AAA and P1 for CIMB Investment Bank. The long term rating has a stable outlook.
- On 5 August 2013, RAM Ratings reaffirmed the respective long and short-term ratings of AAA and P1 for CIMB Bank. RAM also obtained a rating of AA1 for CIMB Bank's proposed RM10 billion Basel III-compliant Tier 2 Subordinated Debt Programme. Both ratings carry a stable outlook.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

The Group is going through the tougher macro operating environment that it has been bracing for, as evident in relatively slower asset growth rates in recent quarters. This period of adjusting for a major flow back of funds to developed markets and weaker outlook for Asean economies brings volatile financial markets and other downside risks. At the same time, banks also have to navigate new rules as regulators attempt to mitigate stresses to their domestic economies.

The Group will focus on managing the bank carefully through this period but at the same time will look for opportunities that it brings for the Group in terms of supporting clients through temporary difficulties and exploiting financial market fluctuations. As it stands, the Group thinks that at the operational level the Group will do better in the second half riding on improved momentum in MS consumer and regional corporate banking and more flows in treasury markets. However, while the Group IB pipeline is good, more deals could be delayed and CIMB Niaga's contribution will depend on how the Indonesian economy weathers the current headwinds.

B4. TAXATION

| | The Group | | | |
|----------------------------------|-------------------|----------------|------------------|----------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Major components of tax expense: | | | | |
| Current tax expense | 314,630 | 373,585 | 676,998 | 678,981 |
| Deferred tax expense | 24,871 | (24,134) | (22,606) | (11,071) |
| Over-accrual in prior years | (24,139) | 1,288 | (22,910) | 1,082 |
| | 315,362 | 350,739 | 631,482 | 668,992 |

Reconciliation

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Profit before taxation | 1,386,423 | 1,469,527 | 3,104,917 | 2,810,749 |
| Tax at statutory income tax rate of 25% (2012: 25%) | 346,605 | 367,382 | 776,229 | 702,687 |
| Effect of different tax rates in other countries and change in tax rates | (1,846) | 665 | (1,964) | 1,545 |
| Due to income not subject to income tax and expenses not deductible for tax purposes | (5,258) | (18,596) | (119,873) | (36,322) |
| Over-accrual in prior years | (24,139) | 1,288 | (22,910) | 1,082 |
| | 315,362 | 350,739 | 631,482 | 668,992 |

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 | |
|--|-------------------|-------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Total retained earnings of the Group and subsidiaries | | |
| - Realised | 10,992,114 | 9,835,615 |
| - Unrealised | 198,703 | 340,878 |
| | 11,190,817 | 10,176,493 |
| Total share of retained earnings from associates | | |
| - Realised | 442,274 | 322,064 |
| - Unrealised | 543 | 550 |
| Total share of retained earnings from jointly controlled entities | | |
| - Realised | 61,863 | 46,633 |
| - Unrealised | 1 | 1 |
| | 11,695,498 | 10,545,741 |
| Consolidation adjustments | 276,767 | 680,779 |
| Total group retained earnings as per consolidated financial statements | 11,972,265 | 11,226,520 |

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 30 June 2013 and 31 December 2012 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 | |
|---------------------------------------|--------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | RM'000 | RM'000 |
| Bonds and notes* | | |
| Unsecured | | |
| One year or less (short term) | 1,682,921 | 704,273 |
| More than one year (medium/long term) | 3,780,444 | 2,646,226 |
| | 5,463,365 | 3,350,499 |

* Included in bonds and notes for the current period is IDR denominated bonds equivalent to IDR4,100,000 million, IDR deminated notes equivalent to IDR600,000 million, HKD denominated bonds equivalent to HKD1,413 million, USD denominated bonds equivalent to USD415 million, THB denominated bonds equivalents to THB19,763 million and SGD denominated bonds equivalents to SGD20 million.

Other borrowings**

| | | |
|---------------------------------------|-----------|-----------|
| Unsecured | | |
| One year or less (short term) | 1,977,897 | 1,059,251 |
| More than one year (medium/long term) | 3,507,536 | 4,527,447 |
| | 5,485,433 | 5,586,698 |

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

Subordinated Notes***

| | | |
|---------------------------------------|------------|------------|
| Unsecured | | |
| More than one year (medium/long term) | 11,775,205 | 13,220,286 |
| | 11,775,205 | 13,220,286 |

*** Includes IDR denominated Subordinated Notes of IDR2,980,000,000,000 and THB denominated Subordinated Notes of THB6,604,000,000. The Subordinated Notes of RM1,500,000,000 was fully redeemed on 23 March 2013.

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 | | | |
|---|-------------------|--------------|------------------|--------------|
| | 2nd quarter ended | | Six months ended | |
| | 30 June 2013 | 30 June 2012 | 30 June 2013 | 30 June 2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period after non-controlling interests | | | | |
| - from continuing operations | 1,054,267 | 1,082,271 | 2,440,445 | 2,092,938 |
| - from discontinued operation | - | 27,417 | - | 27,417 |
| | 1,054,267 | 1,109,688 | 2,440,445 | 2,120,355 |
| Weighted average number of ordinary shares in issue | | | | |
| - proforma ('000) | 7,539,398 | 7,432,772 | 7,486,379 | 7,432,772 |
| Basic earnings per share (expressed in sen per share) | | | | |
| - from continuing operations | 14.0 | 14.6 | 32.6 | 28.1 |
| - from discontinued operation | - | 0.3 | - | 0.4 |
| | 14.0 | 14.9 | 32.6 | 28.5 |

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.