

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Group		Bank	
		30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Assets					
Cash and short term funds		25,961,648	22,978,876	19,897,976	16,939,905
Reverse repurchase agreements		8,435,440	5,379,786	8,435,440	5,179,726
Deposits and placements with banks and other financial institutions		5,952,897	3,737,020	13,705,222	10,708,711
Financial assets held for trading	A7	23,040,651	24,148,212	16,888,365	17,626,483
Derivative financial instruments	A20(i)	4,801,997	3,956,310	4,243,862	3,945,552
Financial investments available-for-sale	A8	27,382,925	25,637,990	22,728,214	21,279,447
Financial investments held-to-maturity	A9	7,265,446	8,367,409	4,662,313	5,487,843
Loans, advances and financing	A10	167,619,241	155,691,566	117,800,621	108,086,083
Other assets	A11	3,905,263	2,335,148	3,050,450	1,710,386
Tax recoverable		16,593	2,055	-	-
Deferred taxation		84,429	25,702	38,569	-
Statutory deposits with central banks		6,327,004	5,263,859	4,757,750	3,886,421
Investment in subsidiaries		-	-	4,871,792	4,847,672
Investment in jointly controlled entity		158,780	153,557	125,000	125,000
Investment in associates		698,594	625,039	371,250	368,971
Amount due from holding company and ultimate holding company		28,853	28,853	-	-
Amount due from subsidiaries		-	-	147,370	316,086
Amount due from related companies		1,309,759	1,417,749	1,307,510	1,415,341
Goodwill		4,919,038	4,891,433	3,555,075	3,555,075
Intangible assets		805,477	845,097	769,630	805,837
Prepaid lease payments		1,520	1,648	-	-
Property, plant and equipment		869,663	893,952	493,329	507,265
Investment properties		17,451	17,451	-	-
		289,602,669	266,398,712	227,849,738	206,791,804
Non-current assets/disposal groups held for sale		7,961	7,920	3,761	3,520
Total Assets		289,610,630	266,406,632	227,853,499	206,795,324
Liabilities					
Deposits from customers	A12	212,696,773	200,557,803	153,382,397	145,415,162
Deposits and placements of banks and other financial institutions	A13	21,079,141	17,987,069	28,535,567	21,224,260
Repurchase agreements		7,471,581	3,083,499	7,287,403	2,783,408
Derivative financial instruments	A20(i)	5,196,142	3,986,306	4,520,941	3,782,923
Bills and acceptances payable		4,135,687	3,295,081	2,787,723	1,844,389
Amount due to subsidiaries		-	-	45,802	70,522
Amount due to related companies		30,839	25,352	836	22
Other liabilities	A14	4,263,635	3,225,313	3,387,120	2,413,524
Provision for taxation and Zakat		115,967	181,804	136,178	190,404
Deferred taxation		45,208	22,034	-	5,848
Bonds and debentures		3,954,953	2,045,409	1,933,193	1,267,767
Other borrowings		72,886	182,203	72,886	182,203
Subordinated obligations		8,660,996	10,119,872	7,823,433	9,367,232
Redeemable preference shares		709,552	703,724	-	-
Total Liabilities		268,433,360	245,415,469	209,913,479	188,547,664
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		3,764,469	3,764,469	3,764,469	3,764,469
Reserves		16,858,701	16,679,305	13,945,811	14,253,451
		20,623,170	20,443,774	17,710,280	18,017,920
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		324,360	317,649	-	-
Total Equity		21,177,270	20,991,163	17,940,020	18,247,660
Total Equity and Liabilities		289,610,630	266,406,632	227,853,499	206,795,324
Commitments and contingencies	A20(ii)	531,325,172	447,763,689	458,765,557	402,883,688
Net assets per ordinary share (RM)		5.48	5.43	4.70	4.79

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

GROUP	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Interest income	A15	2,327,758	2,060,699	4,574,801	4,089,406
Interest expense	A16	(1,059,384)	(950,301)	(2,090,659)	(1,910,563)
Net interest income		1,268,374	1,110,398	2,484,142	2,178,843
Income from Islamic Banking operations	A23	337,296	343,165	670,467	691,265
Net non-interest income	A17	490,020	526,247	1,066,181	1,157,802
Overheads	A18	(1,135,590)	(1,076,106)	(2,467,940)	(2,131,662)
Profit before allowances		960,100	903,704	1,752,850	1,896,248
Allowances for impairment losses on loans, advances and financing	A19	(44,802)	(49,495)	(105,978)	(82,789)
Allowances for losses on other receivables written-back/(made)		67	(49)	(569)	(230)
Allowances for commitments and contingencies written-back		-	11,096	1,334	11,834
Allowances for other impairment losses written-back		393	585	2,917	941
		915,758	865,841	1,650,554	1,826,004
Share of results of jointly controlled entity		2,886	593	5,224	(526)
Share of results of associates		33,625	27,712	66,063	50,329
Profit before taxation		952,269	894,146	1,721,841	1,875,807
Taxation		(181,703)	(201,760)	(360,956)	(414,337)
Profit for the financial period		770,566	692,386	1,360,885	1,461,470
Profit for the financial period attributable to :					
Owners of the Parent		768,286	691,668	1,355,718	1,459,766
Non-controlling interests		2,280	718	5,167	1,704
		770,566	692,386	1,360,885	1,461,470
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	20.41	18.37	36.01	38.78

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

GROUP	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended	2nd Quarter Ended	Six Months 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 financial period	770,566	692,386	1,360,885	1,461,470
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	(247,279)	12,606	(302,036)	9,036
- Net (loss)/gain from change in fair value	(180,143)	34,819	(174,485)	73,377
- Realised gain transferred to statement of income on disposal and impairment	(86,213)	(35,494)	(146,562)	(78,460)
- Income tax effects	19,077	13,281	19,011	14,119
Net investment hedge	(50,256)	(75,429)	(57,442)	(10,969)
Cash flow hedge				
- Net loss from change in fair value	(1,125)	(7)	(1,778)	(20)
Exchange fluctuation reserve	(40,512)	107,840	143,265	4,276
Share of other comprehensive (expense)/income of associate	-	(5,236)	5,212	(13,849)
Other comprehensive (expense)/income for the period, net of tax	(339,172)	39,774	(212,779)	(11,526)
Total comprehensive income for the financial period	431,394	732,160	1,148,106	1,449,944
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	433,661	731,389	1,140,729	1,449,643
Non-controlling interests	(2,267)	771	7,377	301
	431,394	732,160	1,148,106	1,449,944

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<u>BANK</u>					
Interest income	A15	2,071,049	1,886,960	4,079,727	3,740,747
Interest expense	A16	(948,107)	(854,824)	(1,869,957)	(1,718,184)
Net interest income		1,122,942	1,032,136	2,209,770	2,022,563
Income from Islamic Banking operations	A23	983	4,914	6,920	9,850
Net non-interest income	A17	439,414	486,218	948,359	1,077,041
Overheads	A18	1,563,339 (831,145)	1,523,268 (784,398)	3,165,049 (1,874,016)	3,109,454 (1,585,818)
Profit before allowances		732,194	738,870	1,291,033	1,523,636
Allowances for impairment losses on loans, advances and financing	A19	(20,332)	(27,260)	(37,369)	(21,313)
Allowances for losses on other receivables		(240)	(34)	(391)	(167)
Allowances for commitments and contingencies written-back		-	10,772	1,334	10,772
Allowances for other impairment losses written-back		133	87	2,420	443
Profit before taxation		711,755	722,435	1,257,027	1,513,371
Taxation		(157,093)	(164,393)	(273,362)	(338,170)
Profit for the financial period		554,662	558,042	983,665	1,175,201
Earnings per share - basic (sen)	B3	14.73	14.82	26.13	31.22

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

<u>BANK</u>	Individual Quarter		Cumulative Quarters	
	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 financial period	554,662	558,042	983,665	1,175,201
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	(239,359)	12,122	(293,855)	22,683
- Net (loss)/gain from change in fair value	(177,132)	37,956	(174,091)	83,602
- Realised gain transferred to statement of income on disposal and impairment	(77,760)	(34,701)	(134,867)	(70,607)
- Income tax effects	15,533	8,867	15,103	9,688
Net investment hedge	(50,257)	(75,429)	(57,442)	(10,969)
Cash flow hedge				
- Net loss from change in fair value	(1,125)	(7)	(1,778)	(20)
Exchange fluctuation reserve	22,508	27,897	23,250	16,615
Other comprehensive (expense)/income for the financial period, net of tax	(268,233)	(35,417)	(329,825)	28,309
Total comprehensive income for the financial period	286,429	522,625	653,840	1,203,510

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

The Group	← Attributable to owners of the Parent →															Total RM'000
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	
At 1 January 2013	3,764,469	29,740	5,033,633	4,494,970	(67,331)	667,987	(1,085,928)	735,457	20,590	1,173,577	23,360	5,682,990	20,473,514	200,000	317,649	20,991,163
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,355,718	1,355,718	-	5,167	1,360,885
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	141,308	(296,236)	-	-	(59,220)	-	(841)	-	(214,989)	-	2,210	(212,779)
- financial investments available-for-sale	-	-	-	-	-	(301,448)	-	-	-	-	-	-	(301,448)	-	(588)	(302,036)
- net investment hedge	-	-	-	-	-	-	-	-	(57,442)	-	-	-	(57,442)	-	-	(57,442)
- cash flow hedge	-	-	-	-	-	-	-	-	(1,778)	-	-	-	(1,778)	-	-	(1,778)
- currency translation difference	-	-	-	-	141,308	-	-	-	-	-	(841)	-	140,467	-	2,798	143,265
- share of other comprehensive income of associate	-	-	-	-	-	5,212	-	-	-	-	-	-	5,212	-	-	5,212
Total comprehensive income/(expenses) for the financial period	-	-	-	-	141,308	(296,236)	-	-	(59,220)	-	(841)	1,355,718	1,140,729	-	7,377	1,148,106
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	290,472	-	(290,472)	-	-	-	-
Transfer to statutory reserve	-	-	-	44,667	-	-	-	-	-	-	-	(44,667)	-	-	-	-
Expiry of Management Equity Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	19,268	-	19,268	-	-	19,268
Second interim dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(959,000)	(959,000)	-	-	(959,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(666)	(666)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(21,601)	-	(21,601)	-	-	(21,601)
At 30 June 2013	3,764,469	29,740	5,033,633	4,539,637	73,977	371,751	(1,085,928)	735,457	(38,630)	1,464,049	20,186	5,744,569	20,652,910	200,000	324,360	21,177,270
At 1 January 2012	3,764,469	29,740	5,033,633	4,294,435	50,214	594,633	(1,085,928)	735,457	(59,178)	490,627	263,360	4,700,754	18,812,216	200,000	278,935	19,291,151
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,459,766	1,459,766	-	1,704	1,461,470
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	5,880	(4,775)	-	-	(10,989)	-	(239)	-	(10,123)	-	(1,403)	(11,526)
- financial investments available-for-sale	-	-	-	-	-	9,074	-	-	-	-	-	-	9,074	-	(38)	9,036
- net investment hedge	-	-	-	-	-	-	-	-	(10,969)	-	-	-	(10,969)	-	-	(10,969)
- cash flow hedge	-	-	-	-	-	-	-	-	(20)	-	-	-	(20)	-	-	(20)
- currency translation difference	-	-	-	-	5,880	-	-	-	-	-	(239)	-	5,641	-	(1,365)	4,276
- share of other comprehensive expense of associate	-	-	-	-	-	(13,849)	-	-	-	-	-	-	(13,849)	-	-	(13,849)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	5,880	(4,775)	-	-	(10,989)	-	(239)	1,459,766	1,449,643	-	301	1,449,944
Transfer to statutory reserve	-	-	-	90,377	-	-	-	-	-	-	-	(90,377)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	193,186	-	(193,186)	-	-	-	-
Expiry of Management Equity Scheme	-	-	-	-	-	-	-	-	-	-	(248,602)	248,602	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	15,159	-	15,159	-	-	15,159
Second interim dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	-	-	-	-	-	(827,000)	(827,000)	-	-	(827,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(7,716)	-	(7,716)	-	-	(7,716)
At 30 June 2012	3,764,469	29,740	5,033,633	4,384,812	56,094	589,858	(1,085,928)	735,457	(70,167)	683,813	21,962	5,298,559	19,442,302	200,000	279,236	19,921,538

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial period ended 31 December 2012.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	← Non-distributable →										Distributable			Total Equity RM'000
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	
The Bank														
At 1 January 2013	3,764,469	29,740	5,033,633	3,964,469	33,074	584,892	(1,047,872)	746,852	109,119	930,953	22,817	3,875,514	200,000	18,247,660
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	983,665	-	983,665
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	23,882	(293,855)	-	-	(59,220)	-	(632)	-	-	(329,825)
- financial investments available-for-sale	-	-	-	-	-	(293,855)	-	-	-	-	-	-	-	(293,855)
- net investment hedge	-	-	-	-	-	-	-	-	(57,442)	-	-	-	-	(57,442)
- cash flow hedge	-	-	-	-	-	-	-	-	(1,778)	-	-	-	-	(1,778)
- currency translation difference	-	-	-	-	23,882	-	-	-	-	-	(632)	-	-	23,250
Total comprehensive income/(expenses) for the financial period	-	-	-	-	23,882	(293,855)	-	-	(59,220)	-	(632)	983,665	-	653,840
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	261,823	-	(261,823)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	18,622	-	-	18,622
Second interim dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(959,000)	-	(959,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(21,102)	-	-	(21,102)
At 30 June 2013	3,764,469	29,740	5,033,633	3,964,469	56,956	291,037	(1,047,872)	746,852	49,899	1,192,776	19,705	3,638,356	200,000	17,940,020
At 1 January 2012	3,764,469	29,740	5,033,633	3,964,469	53,917	521,407	(1,047,872)	746,852	51,445	431,514	245,281	3,141,722	200,000	17,136,577
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,175,201	-	1,175,201
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	16,581	22,683	-	-	(10,989)	-	34	-	-	28,309
- financial investments available-for-sale	-	-	-	-	-	22,683	-	-	-	-	-	-	-	22,683
- net investment hedge	-	-	-	-	-	-	-	-	(10,969)	-	-	-	-	(10,969)
- cash flow hedge	-	-	-	-	-	-	-	-	(20)	-	-	-	-	(20)
- currency translation difference	-	-	-	-	16,581	-	-	-	-	-	34	-	-	16,615
Total comprehensive income/(expenses) for the financial period	-	-	-	-	16,581	22,683	-	-	(10,989)	-	34	1,175,201	-	1,203,510
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	153,236	-	(153,236)	-	-
Expiry of Management Equity Scheme	-	-	-	-	-	-	-	-	-	-	(230,859)	230,859	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	14,500	-	-	14,500
Second interim dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	-	-	-	-	-	(827,000)	-	(827,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(7,519)	-	-	(7,519)
At 30 June 2012	3,764,469	29,740	5,033,633	3,964,469	70,498	544,090	(1,047,872)	746,852	40,456	584,750	21,437	3,567,546	200,000	17,520,068

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

CIMB BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Group		Bank	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Profit before taxation	1,721,841	1,875,807	1,257,027	1,513,371
Adjustments for non-operating and non-cash items	61,272	(30,307)	(27,081)	(155,843)
Operating profit before changes in working capital	1,783,113	1,845,500	1,229,946	1,357,528
Net changes in operating assets	(19,032,168)	(17,788,090)	(17,424,405)	(13,565,270)
Net changes in operating liabilities	21,774,909	11,202,313	22,033,146	9,585,801
	2,742,741	(6,585,777)	4,608,741	(3,979,469)
Cash flows generated from/(used in) operations	4,525,854	(4,740,277)	5,838,687	(2,621,941)
Taxation paid	(446,745)	(308,177)	(353,802)	(193,099)
Net cash flows generated from/(used in) operating activities	4,079,109	(5,048,454)	5,484,885	(2,815,040)
Net cash flows used in investing activities	(402,359)	(2,459,476)	(444,326)	(1,829,220)
Net cash flows used in financing activities	(861,676)	(1,201,055)	(2,151,860)	(963,572)
Net increase/(decrease) in cash and cash equivalents	2,815,074	(8,708,985)	2,888,699	(5,607,832)
Effects of exchange rate changes	167,698	34,589	69,372	14,299
Cash and cash equivalents at the beginning of financial period	22,978,876	28,241,623	16,939,905	20,783,513
Cash and cash equivalents at end of financial period	25,961,648	19,567,227	19,897,976	15,189,980

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank 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 and the Bank'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 and the Bank 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 Bank, 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 Bank 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 Bank.

- 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 Bank for the current and previous financial periods.

- Amendments 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.

- 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 Bank 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 Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

PART A - EXPLANATORY NOTES

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

a) On 22 January 2013, CIMB Bank issued HKD430 million 3-year senior unsecured fixed rate notes and HKD 171 million 5-year senior unsecured fixed rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The HKD 430 million and HKD 171 million notes will mature on 22 January 2016 and 22 January 2018 respectively, and bear a coupon rate of 1.20% per annum and 1.60% per annum respectively payable quarterly in arrears.

b) 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.

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

d) 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.

e) 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.

f) 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.

g) 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 THB723 million 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% - 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.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 25.48 sen per share on 3,764,468,517 ordinary shares of RM1.00 each, amounting to RM959 million in respect of the financial year ended 31 December 2012, was approved by the Board of Directors on 17 January 2013, which was paid on 13 March 2013.

The Directors have proposed a single tier first interim dividend of approximately 21.52 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM640,000,000 in respect of the financial year ending 31 December 2013.

A5. STATUS OF CORPORATE PROPOSAL

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.

A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities that had occurred between 30 June 2013 and the date of this announcement .

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Money market instruments				
Unquoted				
Malaysian Government Securities	214,371	310,623	214,371	310,623
Cagamas bonds	10,100	-	10,100	-
Khazanah bonds	-	16,914	-	16,914
Malaysian Government treasury bills	177,567	215,116	118,282	146,661
Other Government securities	3,685,094	3,574,330	3,685,094	3,574,330
Bank Negara Malaysia Monetary Notes	3,971,162	7,647,761	1,788,196	4,106,863
Bankers' acceptances and Islamic accepted bills	696,415	584,737	511,331	434,536
Negotiable instruments of deposit	3,829,906	2,929,556	1,174,341	1,272,571
Credit-linked notes	47,744	46,291	47,744	46,291
Commercial papers	529,768	320,059	529,768	320,059
Government Investment Issue	181,658	413,357	122,845	161,553
	13,343,785	16,058,744	8,202,072	10,390,401
Quoted securities				
<u>In Malaysia</u>				
Shares	1,198,341	1,002,337	1,198,341	1,002,337
	1,198,341	1,002,337	1,198,341	1,002,337
<u>Outside Malaysia</u>				
Private debt securities	85,663	35,846	-	-
Other Government bonds	520,118	294,207	-	-
	605,781	330,053	-	-
Unquoted securities				
<u>In Malaysia</u>				
Shares	6,593	6,544	6,593	6,544
Private and Islamic debt securities	4,731,359	4,868,623	4,389,559	4,421,725
	4,737,952	4,875,167	4,396,152	4,428,269
<u>Outside Malaysia</u>				
Private and Islamic debt securities	3,091,800	1,822,142	3,091,800	1,805,476
Shares	62,992	59,769	-	-
	23,040,651	24,148,212	16,888,365	17,626,483
Total financial assets held-for-trading				

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Money market instruments				
Unquoted				
Malaysian Government Securities	731,123	860,826	697,343	826,565
Khazanah bonds	328,142	400,350	328,142	346,110
Government Investment Issue	3,705,252	3,480,923	2,705,875	2,340,545
Other Government securities	116,260	104,099	116,260	104,099
Other Government treasury bills	24,136	49,398	24,136	49,398
Commercial papers	-	9,999	-	9,999
Bank Negara Malaysia Monetary Notes	-	497,386	-	497,386
Cagamas bonds	338,861	290,288	318,403	269,524
	5,243,774	5,693,269	4,190,159	4,443,626
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	329	289	329	289
Other Government bonds	1,740,743	1,107,829	-	-
Unit trusts	301,883	292,855	-	-
Private debt securities	201,539	91,723	-	-
	2,244,494	1,492,696	329	289
Unquoted securities:				
<u>In Malaysia</u>				
Private debt securities	14,861,564	13,955,518	13,661,236	12,404,294
Shares	827,075	826,572	818,674	818,674
Loan stocks	12,051	18,507	12,051	18,507
	15,700,690	14,800,597	14,491,961	13,241,475
<u>Outside Malaysia</u>				
Shares	31,660	33,719	5,480	6,749
Private equity funds	85,221	69,444	-	-
Unit trusts	16,329	18,847	-	-
Private debt securities	4,279,563	3,758,797	4,234,610	3,793,355
	4,412,773	3,880,807	4,240,090	3,800,104
	27,601,731	25,867,369	22,922,539	21,485,494
Allowance for impairment losses:				
Private debt securities	(108,254)	(117,466)	(108,254)	(117,466)
Unquoted shares	(96,560)	(95,454)	(74,020)	(74,020)
Loan stocks	(12,051)	(14,561)	(12,051)	(14,561)
Unit trusts	(1,941)	(1,898)	-	-
	(218,806)	(229,379)	(194,325)	(206,047)
Total financial investments available-for-sale	27,382,925	25,637,990	22,728,214	21,279,447

PART A - EXPLANATORY NOTES (CONTINUED)

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Money market instruments :				
Unquoted				
Malaysian Government Investment Issue	20,682	20,686	20,682	20,686
Other Government securities	755,129	754,593	755,129	754,593
Cagamas bonds	4,834	4,834	4,834	4,834
	<u>780,645</u>	<u>780,113</u>	<u>780,645</u>	<u>780,113</u>
Quoted securities				
<u>Outside Malaysia</u>				
Private debt securities	1,973,127	2,218,812	-	-
	<u>1,973,127</u>	<u>2,218,812</u>	<u>-</u>	<u>-</u>
Unquoted securities				
<u>In Malaysia</u>				
Loans stocks	27,388	28,813	-	-
Danaharta Urus Sdn Bhd bonds	-	130,139	-	130,139
Private debt securities	3,443,573	3,734,412	2,837,733	3,081,972
	<u>3,470,961</u>	<u>3,893,364</u>	<u>2,837,733</u>	<u>3,212,111</u>
<u>Outside Malaysia</u>				
Private debt securities	1,095,031	1,485,557	1,067,954	1,461,848
Accretion of discount net of amortisation of premium	(21,266)	23,913	(24,019)	33,771
Less : Allowance for impairment losses	(33,052)	(34,350)	-	-
Total financial investments held-to-maturity	<u>7,265,446</u>	<u>8,367,409</u>	<u>4,662,313</u>	<u>5,487,843</u>

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.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,448,718	5,758,467	4,127,986	4,468,500
Term loans/financing				
- Housing loan/financing	47,254,562	45,080,347	35,218,420	34,255,088
- Syndicated term loan	12,006,161	9,286,127	11,564,315	8,941,483
- Other term loans/financing	68,229,067	62,695,639	45,888,887	41,135,566
- Factoring receivables	26,213	19,007	-	-
- Lease receivables	61,450	73,811	-	-
- Hire purchase receivables	13,703,264	12,772,502	5,384,827	4,918,434
Bills receivable	4,930,132	3,675,350	2,426,550	1,057,156
Trust receipts	2,375,541	2,295,493	682,696	661,991
Claim on customers under acceptance credit	3,487,725	3,919,377	3,168,390	3,577,129
Staff loans	441,250	413,561	381,922	364,097
Credit card receivables	4,677,125	4,535,888	4,581,670	4,438,006
Revolving credit	7,762,696	7,857,212	6,479,111	6,379,846
Share margin financing	645,783	692,016	630,561	656,790
Gross loans, advances and financing	<u>171,049,687</u>	<u>159,074,797</u>	<u>120,535,335</u>	<u>110,854,086</u>
Fair value changes arising from fair value hedges	281,167	360,979	118,913	139,919
	<u>171,330,854</u>	<u>159,435,776</u>	<u>120,654,248</u>	<u>110,994,005</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	<u>(1,903,073)</u>	<u>(1,902,985)</u>	<u>(1,642,257)</u>	<u>(1,652,134)</u>
- Portfolio impairment allowance	<u>(1,808,540)</u>	<u>(1,841,225)</u>	<u>(1,211,370)</u>	<u>(1,255,788)</u>
	<u>(3,711,613)</u>	<u>(3,744,210)</u>	<u>(2,853,627)</u>	<u>(2,907,922)</u>
Total net loans, advances and financing	<u>167,619,241</u>	<u>155,691,566</u>	<u>117,800,621</u>	<u>108,086,083</u>

(a) Included in the Group's and the Bank'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.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,606 million (2012: RM7,869 million) and RM1,336 million (2012: RM1,326 million) respectively, using interest rate swaps.

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Gross loan hedged	7,605,694	7,869,471	1,336,255	1,326,031
Fair value changes arising from fair value hedges	281,167	360,979	118,913	139,919
	7,886,861	8,230,450	1,455,168	1,465,950

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 30 June 2013 were RM226 million (2012: RM311 million) and RM35 million (2012: RM63 million) respectively.

(c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 June 2013, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM1,476 million (2012: RM988 million) and RM6 million (2012: RM4 million) respectively.

There was no individual impairment allowance provided for the RPSIA financing.

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	1,616,575	1,814,205	1,576,180	1,436,110
Domestic non-bank financial institutions				
- Stockbroking companies	10,006	10,009	10,006	10,009
- others	1,804,203	1,807,723	898,267	911,334
Domestic business enterprises				
- small medium enterprises	11,943,235	11,628,979	9,255,007	9,344,541
- others	34,798,050	31,229,335	21,781,979	18,303,675
Government and statutory bodies	12,862,997	12,883,567	6,110,178	6,128,639
Individuals	90,102,633	84,436,650	63,583,437	59,998,561
Other domestic entities	308,829	213,395	201,151	163,815
Foreign entities	17,603,159	15,050,934	17,119,130	14,557,402
Gross loans, advances and financing	171,049,687	159,074,797	120,535,335	110,854,086

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
(iii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/ financing	1,620,829	1,763,136	996,864	1,139,268
- Hire purchase receivables	13,685,201	12,750,776	5,361,116	4,893,719
- Other fixed rate loans	31,380,887	32,059,171	18,168,168	18,829,968
Variable rate				
- BLR plus	68,862,035	63,241,398	60,264,735	55,314,729
- Cost-plus	28,835,850	26,088,231	19,714,791	16,924,618
- Other variable rates	26,664,885	23,172,085	16,029,661	13,751,784
Gross loans, advances and financing	<u>171,049,687</u>	<u>159,074,797</u>	<u>120,535,335</u>	<u>110,854,086</u>
(iv) By economic purpose				
Personal use	7,065,276	6,854,549	2,392,155	2,426,724
Credit cards	4,677,125	4,535,885	4,581,671	4,438,003
Purchase of consumer durables	44,575	25,165	25,872	13,581
Construction	6,501,597	6,374,956	3,278,603	3,180,293
Residential property (housing)	47,489,392	45,206,176	35,356,606	34,302,645
Non-residential property	16,958,640	15,844,104	14,011,607	13,270,216
Purchase of fixed assets other than land and buildings	2,189,507	2,077,105	1,642,196	1,451,923
Mergers and acquisitions	4,664,883	1,987,139	4,655,416	1,966,849
Purchase of securities	12,895,008	11,548,716	12,869,772	11,513,068
Purchase of transport vehicles	13,702,605	12,659,783	5,507,278	4,966,900
Working capital	36,695,955	34,549,290	24,832,758	22,699,923
Other purposes	18,165,124	17,411,929	11,381,401	10,623,961
Gross loans, advances and financing	<u>171,049,687</u>	<u>159,074,797</u>	<u>120,535,335</u>	<u>110,854,086</u>
(v) By geographical distribution				
Malaysia	132,941,520	125,176,653	98,520,243	91,715,591
Indonesia	1,283,445	823,457	1,241,246	763,223
Thailand	15,793,480	14,516,991	262,659	261,874
Singapore	15,829,899	12,966,678	15,829,899	12,966,678
United Kingdom	873,362	934,931	873,362	934,931
Hong Kong	715,070	1,119,775	715,070	1,119,775
Other countries	3,612,911	3,536,312	3,092,856	3,092,014
Gross loans, advances and financing	<u>171,049,687</u>	<u>159,074,797</u>	<u>120,535,335</u>	<u>110,854,086</u>
(vi) By residual contractual maturity				
Within one year	37,709,168	32,190,584	29,796,532	23,574,442
One year to less than three years	14,565,084	18,570,972	12,120,546	16,394,066
Three years to less than five years	15,040,439	12,806,619	10,351,605	8,530,058
Five years and more	103,734,996	95,506,622	68,266,652	62,355,520
Gross loans, advances and financing	<u>171,049,687</u>	<u>159,074,797</u>	<u>120,535,335</u>	<u>110,854,086</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	130,374	129,177	59,490	65,962
Credit cards	17,005	19,443	16,619	19,024
Purchase of consumer durables	19	26	19	26
Construction	1,134,916	1,092,381	1,068,005	1,063,342
Residential property (housing)	892,188	870,768	714,353	706,606
Non-residential property	214,214	220,496	168,518	185,348
Purchase of fixed assets other than land and buildings	36,146	40,625	25,316	25,590
Purchase of securities	158,638	150,494	158,367	150,484
Purchase of transport vehicles	286,167	285,033	150,421	163,200
Working capital	1,433,791	1,430,290	1,237,914	1,251,415
Other purposes	333,579	302,583	70,064	61,845
Gross impaired loans	4,637,037	4,541,316	3,669,086	3,692,842
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,604,334	3,675,540	3,247,287	3,326,563
Indonesia	98,261	94,495	98,261	94,495
Thailand	593,837	499,497	614	-
Singapore	35,630	29,400	35,630	29,400
United Kingdom	2,410	2,310	2,410	2,310
Other countries	302,565	240,074	284,884	240,074
Gross impaired loans	4,637,037	4,541,316	3,669,086	3,692,842
(ix) Movements in impaired loans, advances and financing				
At 1 January	4,541,316	5,108,543	3,692,842	4,041,828
Classified as impaired during the financial period/year	1,406,986	2,621,969	957,919	2,089,168
Reclassified as not impaired during the financial period/year	(587,421)	(1,132,311)	(446,762)	(949,068)
Amount written back in respect of recoveries	(429,667)	(1,052,310)	(334,198)	(917,220)
Amount written off	(340,190)	(1,062,380)	(212,972)	(688,049)
Reclassification from unwinding income	21,778	151,521	-	130,577
Amount transferred to related company	-	(68,504)	-	-
Disposal of a subsidiary	-	(2,464)	-	-
Exchange fluctuation	24,235	(22,748)	12,257	(14,394)
At 30 June/31 December	4,637,037	4,541,316	3,669,086	3,692,842
Ratio of gross impaired loans to total loans, advances and financing	2.71%	2.85%	3.04%	3.33%

PART A - EXPLANATORY NOTES (CONTINUED)**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Individual impairment allowance				
At 1 January	1,902,985	2,062,708	1,652,134	1,633,574
Net allowance (written-back)/made during the financial period/year	7,496	150,751	21,350	138,153
Allowance (written-back)/made and charged to deferred assets	(867)	1,221	(867)	1,221
Amount written off	(44,094)	(330,229)	(42,625)	(186,228)
Amount transferred from portfolio impairment allowance	512	9,598	-	-
Amount transferred from a subsidiary	-	-	1,672	-
Amount transferred to related company	-	(56,608)	-	-
Disposal of a subsidiary	-	(2,429)	-	-
Unwinding income	21,778	84,193	-	77,135
Exchange fluctuation	15,263	(16,220)	10,593	(11,721)
At 30 June/31 December	1,903,073	1,902,985	1,642,257	1,652,134
Portfolio impairment allowance				
At 1 January	1,841,225	2,197,899	1,255,788	1,577,067
Net allowance made during the financial period/year	253,926	316,497	121,652	131,975
Allowance written-back and charged to deferred assets	(60)	(1,510)	(60)	(1,510)
Amount written off	(291,016)	(723,895)	(170,537)	(502,689)
Amount transferred to individual impairment allowance	(512)	(9,598)	-	-
Amount transferred from a subsidiary	-	-	4,229	-
Amount transferred to related company	-	(1,553)	-	-
Unwinding income	-	65,104	-	51,867
Exchange fluctuation	4,977	(1,719)	298	(922)
At 30 June/31 December	1,808,540	1,841,225	1,211,370	1,255,788
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	2.1%	2.1%	2.1%	2.1%

PART A - EXPLANATORY NOTES (CONTINUED)**A11. OTHER ASSETS**

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Deferred assets	89,969	103,524	89,969	103,524
Foreclosed properties	124,668	120,549	-	-
Option premium receivables	249,156	246,723	249,156	246,723
Collateral pledged for derivative transactions	1,205,552	691,593	1,020,618	591,182
Other debtors, deposits and prepayments	2,235,918	1,172,759	1,690,707	768,957
	3,905,263	2,335,148	3,050,450	1,710,386

A12. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
(i) By type of deposit				
Demand deposits	47,347,110	46,830,058	39,240,940	38,636,591
Saving deposits	19,729,297	18,671,940	14,127,354	13,303,733
Fixed deposits	88,875,088	87,611,031	63,176,931	64,106,330
Negotiable instruments of deposit	5,640,921	3,486,671	1,777,774	1,028,429
Others	51,104,357	43,958,103	35,059,398	28,340,079
	212,696,773	200,557,803	153,382,397	145,415,162
(ii) By type of customer				
Government and statutory bodies	9,737,743	11,453,433	5,487,751	4,925,580
Business enterprises	79,577,392	79,158,660	52,591,821	56,055,142
Individuals	74,878,765	70,876,057	61,286,030	58,409,100
Others	48,502,873	39,069,653	34,016,795	26,025,340
	212,696,773	200,557,803	153,382,397	145,415,162
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	81,154,922	77,181,048	55,400,283	53,021,262
Six months to less than one year	9,955,060	9,794,746	6,351,817	8,189,083
One year to less than three years	1,674,558	2,772,989	1,503,957	2,614,983
Three years to less than five years	393,685	416,731	360,864	377,243
Five years and more	1,337,784	932,188	1,337,784	932,188
	94,516,009	91,097,702	64,954,705	65,134,759

PART A - EXPLANATORY NOTES (CONTINUED)**A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Licensed banks	13,795,359	11,259,981	22,529,142	16,104,276
Licensed finance companies	272,709	405,675	15,680	233,513
Licensed investment banks	1,752,215	2,077,702	815,825	1,079,043
Bank Negara Malaysia	3,221,681	1,988,428	3,221,681	1,988,428
Other financial institutions	2,037,177	2,255,283	1,953,239	1,819,000
	21,079,141	17,987,069	28,535,567	21,224,260

A14. OTHER LIABILITIES

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	24,691	53,194	24,691	53,194
Accrued employee benefits	17,365	14,319	16,746	14,096
Post employment benefit obligations	142,673	138,611	26,302	29,450
Sundry creditors	1,694,288	685,928	1,417,966	590,303
Expenditure payable	1,008,190	1,049,827	858,811	856,409
Allowance for commitments and contingencies	14,503	15,188	2,492	3,826
Provision for legal claims	85,509	86,348	67,710	67,832
Credit card expenditure payable	115,101	120,790	112,580	118,540
Call deposit borrowing	671,801	456,832	594,548	417,304
Others	489,514	604,276	265,274	262,570
	4,263,635	3,225,313	3,387,120	2,413,524

PART A - EXPLANATORY NOTES (CONTINUED)**A15. INTEREST INCOME**

	2nd Quarter Ended		Six Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Group				
Loans and advances				
- interest income	1,702,143	1,521,457	3,321,033	2,998,710
- unwinding income [^]	13,352	18,457	29,495	41,045
Money at call and deposits with financial institutions	126,275	116,031	255,979	272,986
Reverse repurchase agreements	72,366	36,676	144,253	67,880
Financial assets held for trading	110,416	54,901	213,043	108,004
Financial investments available-for-sale	217,967	158,469	420,783	307,088
Financial investments held-to-maturity	69,630	91,488	144,736	181,245
Others	1,373	3,216	3,385	6,418
	2,313,522	2,000,695	4,532,707	3,983,376
Accretion of discount less amortisation of premium	14,236	60,004	42,094	106,030
	2,327,758	2,060,699	4,574,801	4,089,406
Bank				
Loans and advances				
- interest income	1,416,512	1,294,674	2,764,632	2,549,331
- unwinding income [^]	12,207	15,339	26,759	33,899
Money at call and deposits with financial institutions	191,510	201,261	391,225	437,210
Reverse repurchase agreements	69,043	35,989	135,213	65,901
Financial assets held for trading	105,747	51,817	204,727	101,995
Financial investments available-for-sale	206,899	154,773	401,885	295,453
Financial investments held-to-maturity	53,097	75,250	109,140	150,190
Others	1,373	3,216	3,385	6,418
	2,056,388	1,832,319	4,036,966	3,640,397
Accretion of discount less amortisation of premium	14,661	54,641	42,761	100,350
	2,071,049	1,886,960	4,079,727	3,740,747

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

PART A - EXPLANATORY NOTES (CONTINUED)**A16. INTEREST EXPENSE**

	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
Group				
Deposits and placements of banks and other financial institutions	36,574	32,495	71,967	58,555
Deposits from other customers	811,483	776,172	1,600,463	1,573,961
Repurchase agreements	52,000	8,305	92,624	14,079
Negotiable certificates of deposits	35,268	19,798	66,125	36,078
Bonds and debentures	20,904	521	35,561	521
Redeemable preference shares	10,777	10,306	20,979	20,439
Subordinated obligations	80,229	78,141	176,774	153,487
Other borrowings	12,149	24,563	26,166	53,443
	1,059,384	950,301	2,090,659	1,910,563
Bank				
Deposits and placements of banks and other financial institutions	56,035	46,342	106,427	82,242
Deposits from other customers	713,653	694,192	1,405,366	1,411,775
Repurchase agreements	49,315	5,847	89,868	11,284
Negotiable certificates of deposits	34,706	19,611	64,997	35,713
Bonds and debentures	7,854	521	14,485	521
Subordinated obligations	82,873	84,638	181,510	169,304
Other borrowings	3,671	3,673	7,304	7,345
	948,107	854,824	1,869,957	1,718,184

PART A - EXPLANATORY NOTES (CONTINUED)

A17. NET NON-INTEREST INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Net fee and commission income				
Commissions	52,174	43,404	101,923	83,927
Fee on loans and advances	100,318	106,328	215,533	205,126
Service charges and fees	103,807	99,339	203,292	190,906
Guarantee fees	17,279	10,397	29,102	23,257
Other fee income	56,925	56,320	109,290	112,936
Fee and commission income	330,503	315,788	659,140	616,152
Fee and commission expense	(77,606)	(70,977)	(153,244)	(140,285)
Net fee and commission income	252,897	244,811	505,896	475,867
Gross dividend income from:				
Financial assets held for trading	5,634	7,429	8,492	11,454
Financial investments available-for-sale	6,461	5,481	15,309	9,418
	12,095	12,910	23,801	20,872
Net (loss)/gain arising from financial assets held for trading:				
- realised gain/(loss)	4,253	(24,639)	(10,413)	33,475
- unrealised (loss)/gain	(78,696)	4,817	(126,253)	4,513
	(74,443)	(19,822)	(136,666)	37,988
Net gain arising from derivative financial instrument				
- realised gain	156,028	66,331	441,807	412,629
- unrealised gain	88,379	181,128	34,597	50,108
	244,407	247,459	476,404	462,737
Net (loss)/gain arising from hedging derivatives	(11,732)	1,649	(24,900)	(20,202)
Net gain from sale of financial investments available-for-sale	86,213	35,494	146,562	78,460
Net gain from sale of financial investments held-to-maturity	2	2,076	44,666	5,588
Brokerage income	-	11,389	-	22,690
Other non-interest income				
Foreign exchange (loss)/gain	(40,239)	(40,778)	(4,817)	26,889
Rental income	3,041	2,333	5,611	4,411
Gain on disposal of property, plant and equipment/assets held for sale	9,055	2,803	11,030	3,597
(Loss)/gain on disposal of foreclosed properties	(5,956)	4,233	(12,817)	157
Gain on revaluation of investment properties	-	200	-	351
Gain on disposal of associate	-	-	-	425
Others	14,680	21,490	31,411	37,972
	(19,419)	(9,719)	30,418	73,802
	490,020	526,247	1,066,181	1,157,802

PART A - EXPLANATORY NOTES (CONTINUED)

A17. NET NON-INTEREST INCOME (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Bank				
Net fee and commission income				
Commissions	44,661	39,001	87,680	74,020
Fee on loans and advances	100,300	106,271	215,494	205,048
Service charges and fees	96,492	91,499	185,806	177,082
Guarantee fees	12,938	7,085	21,951	16,772
Other fee income	42,872	50,276	76,943	101,987
Fee and commission income	297,263	294,132	587,874	574,909
Fee and commission expense	(77,606)	(70,977)	(153,244)	(140,285)
Net fee and commission income	219,657	223,155	434,630	434,624
Gross dividend income from:				
Financial assets held for trading	5,634	7,395	8,492	11,389
Financial investments available-for-sale	5,999	4,820	6,626	6,206
Subsidiary	9,917	-	9,917	-
Associate	-	21,763	-	21,763
	21,550	33,978	25,035	39,358
Net (loss)/gain arising from financial assets held for trading				
- realised gain/(loss)	3,716	(28,766)	(14,012)	28,287
- unrealised (loss)/gain	(76,854)	3,426	(124,544)	313
	(73,138)	(25,340)	(138,556)	28,600
Net gain arising from derivative financial instrument				
- realised gain	153,990	73,891	416,068	413,757
- unrealised gain	64,948	166,823	58,921	43,104
	218,938	240,714	474,989	456,861
Net (loss)/gain arising from hedging derivatives				
	(10,777)	1,102	(22,170)	(5,949)
Net gain from sale of financial investments available-for-sale				
	77,760	34,701	134,867	70,607
Net gain from sale of financial investments held-to-maturity				
	2	1,322	44,616	2,898
Other non-interest income				
Foreign exchange (loss)/gain	(35,680)	(42,139)	(40,685)	13,286
Rental income	2,318	1,864	4,034	3,319
Gain on disposal of property, plant and equipment	9,041	334	10,969	956
Gain on disposal of foreclosed properties	-	6,943	-	6,943
Gain on disposal of associate	-	-	-	4,255
Others	9,743	9,584	20,630	21,283
	(14,578)	(23,414)	(5,052)	50,042
	439,414	486,218	948,359	1,077,041

PART A - EXPLANATORY NOTES (CONTINUED)**A18. OVERHEADS**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Personnel costs				
- Salaries, allowances and bonuses	494,904	440,446	1,049,688	907,774
- Pension costs (defined contribution plan)	49,585	45,492	100,423	91,645
- Pension costs (defined benefit plan)	3,029	(4,933)	6,075	(1,889)
- Overtime	4,107	5,433	8,250	11,154
- Staff incentives and other staff payments	46,658	39,188	82,499	77,076
- Medical expenses	19,908	15,165	35,480	29,817
- Others	14,542	11,511	27,833	22,370
	632,733	552,302	1,310,248	1,137,947
Establishment costs				
- Depreciation of property, plant and equipment	51,442	53,490	99,880	106,386
- Amortisation of prepaid lease payments	75	75	150	150
- Rental	53,418	52,374	109,282	104,721
- Repair and maintenance	61,504	40,764	139,851	103,582
- Outsourced services	38,129	46,261	78,037	85,519
- Security expenses	26,805	23,115	52,261	45,874
- Others	24,260	23,688	49,071	49,204
	255,633	239,767	528,532	495,436
Marketing expenses				
- Sales commission	873	2,874	1,686	5,782
- Advertisement	39,821	39,231	73,949	65,208
- Others	4,525	5,717	10,112	11,679
	45,219	47,822	85,747	82,669
Administration and general expenses				
- Communication	14,241	16,946	27,727	32,837
- Consultancy and professional fees	17,486	14,363	34,211	25,346
- Legal expenses	1,619	16,584	4,932	15,366
- Stationery	9,483	9,121	21,199	17,481
- Amortisation of intangible assets	29,714	38,332	60,487	75,032
- Impairment of intangible assets	-	-	119,598	-
- Postages	11,642	12,593	21,410	24,443
- Administrative travelling and vehicle expenses	8,698	8,954	16,653	15,614
- Incidental expenses on banking operations	6,240	8,987	14,403	15,966
- Insurance	26,271	24,015	53,022	40,255
- Others	20,419	42,784	59,329	60,475
	145,813	192,679	432,971	322,815
Shared service cost	56,192	43,536	110,442	92,795
	1,135,590	1,076,106	2,467,940	2,131,662

PART A - EXPLANATORY NOTES (CONTINUED)**A18. OVERHEADS (CONTINUED)**

	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
Bank				
Personnel costs				
- Salaries, allowances and bonuses	396,107	345,012	853,199	720,078
- Pension costs (defined contribution plan)	44,824	40,618	90,704	81,972
- Pension costs (defined benefit plan)	-	(8,000)	-	(8,000)
- Overtime	2,827	2,762	5,651	5,882
- Staff incentives and other staff payments	39,907	34,847	70,099	69,421
- Medical expenses	18,473	14,106	33,023	27,804
- Others	12,909	10,159	24,493	19,488
	515,047	439,504	1,077,169	916,645
Establishment costs				
- Depreciation of property, plant and equipment	37,660	39,349	72,857	78,080
- Rental	42,866	41,392	86,977	82,741
- Repair and maintenance	56,069	34,447	129,308	90,763
- Outsourced services	59,360	64,485	119,592	124,956
- Security expenses	27,635	24,267	54,220	49,199
- Others	18,344	15,788	37,328	35,653
	241,934	219,728	500,282	461,392
Marketing expenses				
- Sales commission	-	1,045	242	2,374
- Advertisement	34,291	35,344	63,442	58,046
- Others	2,714	3,280	6,590	6,513
	37,005	39,669	70,274	66,933
Administration and general expenses				
- Communication	12,368	15,164	24,448	29,087
- Consultancy and professional fees	12,381	13,062	26,335	22,666
- Legal expenses	976	2,565	3,638	1,555
- Stationery	7,454	7,077	17,151	13,480
- Amortisation of intangible assets	25,077	32,987	51,186	64,713
- Impairment of intangible assets	-	-	119,598	-
- Postages	8,777	9,709	15,545	18,841
- Administrative travelling and vehicle expenses	6,255	6,464	11,939	10,777
- Incidental expenses on banking operations	2,422	6,192	7,226	11,442
- Insurance	6,422	5,860	13,311	11,265
- Others	1,413	25,760	22,142	29,132
	83,545	124,840	312,519	212,958
Shared service cost	(46,386)	(39,343)	(86,228)	(72,110)
	831,145	784,398	1,874,016	1,585,818

PART A - EXPLANATORY NOTES (CONTINUED)**A19. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	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
Group				
Allowances for impaired loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	15,198	15,503	7,496	60,605
- Portfolio impairment allowance	98,264	120,550	253,926	183,661
Impaired loans and advances :				
- recovered	(76,990)	(89,632)	(164,211)	(166,920)
- written off	8,330	3,074	8,767	5,443
	<u>44,802</u>	<u>49,495</u>	<u>105,978</u>	<u>82,789</u>
Bank				
Allowances for bad and doubtful debts and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	17,797	28,698	21,350	45,177
- Portfolio impairment allowance	48,072	57,606	121,652	81,232
Impaired loans and advances :				
- recovered	(50,303)	(59,627)	(110,457)	(105,737)
- written off	4,766	583	4,824	641
	<u>20,332</u>	<u>27,260</u>	<u>37,369</u>	<u>21,313</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purpose. 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.

(i) Derivative financial instruments

At 30 June 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	16,329,021	309,257	(179,938)	14,098,054	209,297	(141,944)
- Less than 1 year	13,316,370	221,663	(123,391)	11,815,272	157,213	(111,047)
- 1 year to 3 years	974,269	24,001	(17,899)	936,036	22,325	(16,390)
- More than 3 years	2,038,382	63,593	(38,648)	1,346,746	29,759	(14,507)
Currency swaps	88,815,109	1,183,244	(1,394,301)	63,499,226	757,269	(939,063)
- Less than 1 year	88,156,631	1,163,999	(1,391,534)	62,925,027	740,360	(936,296)
- 1 year to 3 years	337,352	7,684	(1,875)	337,352	7,684	(1,875)
- More than 3 years	321,126	11,561	(892)	236,847	9,225	(892)
Currency spots	6,676,007	10,576	(15,145)	5,841,187	9,301	(14,291)
- Less than 1 year	6,676,007	10,576	(15,145)	5,841,187	9,301	(14,291)
Currency options	2,187,095	30,384	(20,434)	1,788,989	26,250	(19,521)
- Less than 1 year	2,184,883	30,273	(20,434)	1,786,777	26,139	(19,521)
- 1 year to 3 years	2,212	111	-	2,212	111	-
Cross currency interest rate swaps	26,398,386	518,890	(344,521)	22,934,133	461,594	(288,253)
- Less than 1 year	2,835,931	157,200	(22,580)	2,488,866	147,270	(21,783)
- 1 year to 3 years	11,037,884	118,695	(128,255)	9,686,855	98,134	(107,910)
- More than 3 years	12,524,571	242,995	(193,686)	10,758,412	216,190	(158,560)
	140,405,618	2,052,351	(1,954,339)	108,161,589	1,463,711	(1,403,072)
<u>Interest rate derivatives</u>						
Interest rate swaps	275,113,247	1,995,226	(1,462,866)	239,856,839	1,836,692	(1,338,205)
- Less than 1 year	70,840,519	63,178	(87,700)	61,084,369	48,003	(76,075)
- 1 year to 3 years	142,212,964	630,941	(560,186)	130,559,397	588,090	(518,293)
- More than 3 years	62,059,764	1,301,107	(814,980)	48,213,073	1,200,599	(743,837)
Interest rate futures	7,611,095	14,721	(194)	7,611,095	14,721	(194)
- Less than 1 year	5,258,519	9,508	(123)	5,258,519	9,508	(123)
- 1 year to 3 years	2,320,886	5,213	(61)	2,320,886	5,213	(61)
- More than 3 years	31,690	-	(10)	31,690	-	(10)
Interest rate options	10,880,185	1,839	(36,046)	10,880,185	1,839	(36,046)
- Less than 1 year	579,158	421	(6,267)	579,158	421	(6,267)
- 1 year to 3 years	2,066,175	1,353	(7,800)	2,066,175	1,353	(7,800)
- More than 3 years	8,234,852	65	(21,979)	8,234,852	65	(21,979)
	293,604,527	2,011,786	(1,499,106)	258,348,119	1,853,252	(1,374,445)
<u>Equity related derivatives</u>						
Equity swap	711,856	8,500	(6,750)	477,210	6,557	(4,807)
- Less than 1 year	89,646	-	(1,543)	89,646	-	(1,543)
- 1 year to 3 years	22,183	3,213	-	22,183	3,213	-
- More than 3 years	600,027	5,287	(5,207)	365,381	3,344	(3,264)
Equity options	8,206,291	276,121	(1,093,199)	7,614,822	267,211	(1,084,292)
- Less than 1 year	3,021,101	256,995	(868,628)	2,908,806	253,444	(865,076)
- 1 year to 3 years	2,257,852	14,898	(210,680)	2,119,841	12,095	(209,112)
- More than 3 years	2,927,338	4,228	(13,891)	2,586,175	1,672	(10,104)
Index futures	4,267	9	(59)	4,267	9	(59)
- Less than 1 year	4,267	9	(59)	4,267	9	(59)
	8,922,414	284,630	(1,100,008)	8,096,299	273,777	(1,089,158)

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 30 June 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	1,405,331	44,771	(44,072)	1,405,331	44,771	(44,072)
- Less than 1 year	1,358,022	33,328	(32,785)	1,358,022	33,328	(32,785)
- 1 year to 3 years	40,471	2,390	(2,234)	40,471	2,390	(2,234)
- More than 3 years	6,838	9,053	(9,053)	6,838	9,053	(9,053)
Commodity options	400,339	177,759	(177,759)	400,339	177,759	(177,759)
- Less than 1 year	240,954	6,862	(6,862)	240,954	6,862	(6,862)
- More than 3 years	159,385	170,897	(170,897)	159,385	170,897	(170,897)
	1,805,670	222,530	(221,831)	1,805,670	222,530	(221,831)
<u>Credit related contract</u>						
Credit default swaps	4,095,205	40,736	(108,605)	4,095,205	40,736	(108,605)
- Less than 1 year	1,258,070	243	(60,091)	1,258,070	243	(60,091)
- 1 year to 3 years	1,738,914	9,922	(12,101)	1,738,914	9,922	(12,101)
- More than 3 years	1,098,221	30,571	(36,413)	1,098,221	30,571	(36,413)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	1,397,857	2,773	(23,879)	1,397,857	2,773	(23,879)
- 1 year to 3 years	893,769	-	(11,165)	893,769	-	(11,165)
- More than 3 years	504,088	2,773	(12,714)	504,088	2,773	(12,714)
Interest rate swaps	17,987,984	187,191	(288,374)	24,225,743	387,083	(299,951)
- Less than 1 year	80,000	632	-	80,000	632	-
- 1 year to 3 years	4,165,992	117,021	(51,167)	3,915,992	112,126	(51,167)
- More than 3 years	13,741,992	69,538	(237,207)	20,229,751	274,325	(248,784)
Total derivatives assets/(liabilities)	468,219,275	4,801,997	(5,196,142)	406,130,482	4,243,862	(4,520,941)

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 December 2012	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	13,738,830	171,642	(170,835)	10,426,406	134,227	(121,587)
- Less than 1 year	10,493,984	69,610	(104,388)	7,871,120	55,498	(70,183)
- 1 year to 3 years	1,136,705	59,776	(33,953)	1,113,151	59,275	(32,564)
- More than 3 years	2,108,141	42,256	(32,494)	1,442,135	19,454	(18,840)
Currency swaps	52,821,438	233,353	(193,141)	45,121,841	192,252	(173,177)
- Less than 1 year	52,419,383	219,292	(191,326)	44,719,786	178,191	(171,362)
- 1 year to 3 years	215,636	4,244	(1,251)	215,636	4,244	(1,251)
- More than 3 years	186,419	9,817	(564)	186,419	9,817	(564)
Currency spots	5,435,680	2,443	(3,431)	5,133,798	2,127	(3,132)
- Less than 1 year	5,435,680	2,443	(3,431)	5,133,798	2,127	(3,132)
Currency options	1,017,353	7,400	(6,418)	735,527	4,678	(5,291)
- Less than 1 year	1,017,353	7,400	(6,418)	735,527	4,678	(5,291)
Cross currency interest rate swaps	18,304,520	538,657	(323,526)	18,067,514	512,906	(312,421)
- Less than 1 year	3,503,109	145,980	(77,275)	4,189,122	141,444	(86,963)
- 1 year to 3 years	6,307,037	187,433	(103,333)	5,914,226	180,672	(100,796)
- More than 3 years	8,494,374	205,244	(142,918)	7,964,166	190,790	(124,662)
	91,317,821	953,495	(697,351)	79,485,086	846,190	(615,608)
<u>Interest rate derivatives</u>						
Interest rate swaps	252,533,001	1,992,124	(1,630,195)	222,510,515	1,851,022	(1,514,380)
- Less than 1 year	38,093,158	42,202	(41,414)	28,379,596	32,524	(35,707)
- 1 year to 3 years	161,756,729	695,056	(687,364)	152,914,640	669,719	(665,212)
- More than 3 years	52,683,114	1,254,866	(901,417)	41,216,279	1,148,779	(813,461)
Interest rate futures	8,199,677	20,571	(605)	8,190,488	20,495	(605)
- Less than 1 year	4,571,511	8,894	(550)	4,562,322	8,818	(550)
- 1 year to 3 years	3,119,440	10,459	(55)	3,119,440	10,459	(55)
- More than 3 years	508,726	1,218	-	508,726	1,218	-
Interest rate options	2,478,653	1,399	(14,283)	2,478,653	1,399	(14,283)
- 1 year to 3 years	290,000	861	(1,788)	290,000	861	(1,788)
- 1 year to 3 years	170,000	489	(3,959)	170,000	489	(3,959)
- More than 3 years	2,018,653	49	(8,536)	2,018,653	49	(8,536)
	263,211,331	2,014,094	(1,645,083)	233,179,656	1,872,916	(1,529,268)
<u>Equity related derivatives</u>						
Equity swaps	340,784	937	(945)	340,784	937	(945)
- More than 3 years	340,784	937	(945)	340,784	937	(945)
Equity options	8,706,537	551,515	(983,802)	8,478,145	550,982	(983,269)
- Less than 1 year	3,355,279	524,470	(941,504)	3,355,279	524,470	(941,504)
- 1 year to 3 years	2,630,101	26,202	(29,627)	2,630,101	26,202	(29,627)
- More than 3 years	2,721,157	843	(12,671)	2,492,765	310	(12,138)
Index futures	1,245,998	15,325	(15,336)	2,884	1	(12)
- Less than 1 year	713,517	2,616	(2,627)	2,884	1	(12)
- 1 year to 3 years	151,964	2,556	(2,556)	-	-	-
- More than 3 years	380,517	10,153	(10,153)	-	-	-
	10,293,319	567,777	(1,000,083)	8,821,813	551,920	(984,226)

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 December 2012	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	199,464	19,071	(19,870)	199,464	19,071	(19,870)
- Less than 1 year	163,152	11,674	(12,565)	163,152	11,674	(12,565)
- 1 year to 3 years	29,711	3,458	(3,366)	29,711	3,458	(3,366)
- More than 3 years	6,601	3,939	(3,939)	6,601	3,939	(3,939)
Commodity futures	135	15	-	135	15	-
- Less than 1 year	135	15	-	135	15	-
Commodity options	521,350	141,740	(141,752)	521,350	141,740	(141,752)
- Less than 1 year	367,498	16,896	(16,908)	367,498	16,896	(16,908)
- More than 3 years	153,852	124,844	(124,844)	153,852	124,844	(124,844)
	720,949	160,826	(161,622)	720,949	160,826	(161,622)
<u>Credit related contract</u>						
Credit default swaps	2,871,205	31,604	(110,883)	2,871,205	31,604	(110,883)
- Less than 1 year	445,962	819	(59,783)	445,962	819	(59,783)
- 1 year to 3 years	1,676,378	3,489	(17,093)	1,676,378	3,489	(17,093)
- More than 3 years	748,865	27,296	(34,007)	748,865	27,296	(34,007)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	991,872	13,780	(12,266)	1,059,622	13,780	(14,280)
- 1 year to 3 years	563,674	8,322	(1,055)	563,673	8,322	(1,055)
- More than 3 years	428,198	5,458	(11,211)	495,949	5,458	(13,225)
Interest rate swaps	17,882,021	214,734	(359,018)	24,892,822	468,316	(367,036)
- Less than 1 year	787,603	6,764	(1,367)	720,000	6,764	(11)
- 1 year to 3 years	3,632,962	126,889	(52,935)	3,632,963	126,889	(52,935)
- More than 3 years	13,461,456	81,081	(304,716)	20,539,859	334,663	(314,090)
Total derivatives assets/(liabilities)	387,288,518	3,956,310	(3,986,306)	351,031,153	3,945,552	(3,782,923)

PART A - EXPLANATORY NOTES (CONTINUED)

A20. 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 and the Bank, measured in terms of the cost to replace the profitable contracts, was RM4,802 million and RM4,244 million respectively (31 December 2012: RM3,956 million and RM3,946 million respectively). 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

	30 June 2013	31 Dec 2012
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	4,112,159	3,054,864
Transaction-related contingent items	4,727,221	4,824,655
Short-term self-liquidating trade-related contingencies	3,303,641	2,597,320
Obligations under underwriting agreement	37,500	-
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	43,511,666	44,332,208
- maturity exceeding one year	6,548,368	5,829,416
Miscellaneous commitments and contingencies	4,987,076	2,182,750
Total credit-related commitments and contingencies	<u>67,227,631</u>	<u>62,821,213</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	113,169,822	72,130,981
- one year to less than 5 years	22,554,804	15,314,186
- five years and above	6,078,849	4,864,527
	<u>141,803,475</u>	<u>92,309,694</u>
Interest rate related contracts :		
- less than one year	70,734,444	74,120,451
- one year to less than 5 years	189,881,297	165,050,907
- five years and above	52,755,911	43,168,105
	<u>313,371,652</u>	<u>282,339,463</u>
Equity related contracts:		
- less than one year	3,115,014	3,943,985
- one year to less than 5 years	4,226,467	4,655,936
- five years and above	1,580,933	1,693,398
	<u>8,922,414</u>	<u>10,293,319</u>
Total treasury-related commitments and contingencies	<u>464,097,541</u>	<u>384,942,476</u>
	<u>531,325,172</u>	<u>447,763,689</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (continued)

	30 June 2013	31 Dec 2012
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,794,353	2,768,393
Transaction-related contingent items	3,357,959	3,397,275
Short-term self-liquidating trade-related contingencies	3,072,004	2,259,282
Obligations under underwriting agreement	37,500	-
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	37,854,407	39,355,086
- maturity exceeding one year	5,466,850	4,912,481
Miscellaneous commitments and contingencies	3,173,736	1,506,060
Total credit-related commitments and contingencies	<u>56,756,809</u>	<u>54,198,577</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	84,857,129	61,910,823
- one year to less than 5 years	20,070,537	14,666,935
- five years and above	4,631,780	3,966,951
	<u>109,559,446</u>	<u>80,544,709</u>
Interest rate related contracts :		
- less than one year	60,978,294	64,397,699
- one year to less than 5 years	167,683,036	147,726,981
- five years and above	55,691,673	47,193,909
	<u>284,353,003</u>	<u>259,318,589</u>
Equity related contracts:		
- less than one year	3,002,719	3,233,352
- one year to less than 5 years	3,911,329	4,310,774
- five years and above	1,182,251	1,277,687
	<u>8,096,299</u>	<u>8,821,813</u>
Total treasury-related commitments and contingencies	<u>402,008,748</u>	<u>348,685,111</u>
	<u>458,765,557</u>	<u>402,883,688</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY

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 risk-weighted assets of the Group (other than CIMB Thai Bank and CIMB Bank PLC) and the 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 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 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.

30 June 2013 - Basel III

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

	The Group	The Bank*
	RM'000	RM'000
Before deducting proposed dividend		
Common equity tier 1 ratio	8.29%	9.77%
Tier 1 ratio	9.88%	11.81%
Total capital ratio	<u>12.97%</u>	<u>12.81%</u>
After deducting proposed dividend		
Common equity tier 1 ratio	7.89%	9.25%
Tier 1 ratio	9.49%	11.29%
Total capital ratio	<u>12.57%</u>	<u>12.30%</u>

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.

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk	132,396,686	99,586,351
Market risk	14,707,535	13,132,839
Large exposure risk requirements	420,477	420,477
Operational risk	14,032,441	10,811,391
Total risk-weighted assets	<u>161,557,139</u>	<u>123,951,058</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY (Continued)

30 June 2013 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares	3,764,469	3,764,469
Other reserves	16,858,701	14,083,942
Qualifying non-controlling interests	224,339	-
Common Equity Tier I capital before regulatory adjustments	<u>20,847,509</u>	<u>17,848,411</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,919,038)	(3,555,075)
Intangible assets	(725,233)	(708,671)
Deferred tax assets	(145,683)	(100,817)
Others	(1,666,914)	(1,378,004)
Common Equity Tier I capital after regulatory adjustments	<u>13,390,641</u>	<u>12,105,844</u>
Additional Tier I capital		
Perpetual preference shares	180,000	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	<u>2,574,564</u>	<u>2,530,620</u>
Total Tier I capital	<u>15,965,205</u>	<u>14,636,464</u>
Tier II capital		
Subordinated notes	5,000,000	5,000,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	2,271	139,832
Qualifying capital instruments held by third parties	44,398	-
Portfolio impairment allowance and regulatory reserves ^	479,894	233,428
Tier II capital before regulatory adjustments	<u>5,556,303</u>	<u>5,403,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(573,281)	(4,155,519)
Total Tier II capital	<u>4,983,022</u>	<u>1,247,481</u>
Total capital	<u>20,948,227</u>	<u>15,883,945</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

30 June 2013 - Basel III

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier 1 ratio	9.14%	10.17%	N/A
Tier 1 ratio	9.44%	10.17%	N/A
Total capital ratio	13.32%	14.50%	25.84%

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY (Continued)

31 December 2012 - Basel II

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

	The Group RM'000	The Bank* RM'000
Before deducting proposed dividends		
Core capital ratio	10.47%	13.16%
Risk-weighted capital ratio	<u>16.19%</u>	<u>16.34%</u>
After deducting proposed dividends		
Core capital ratio		
Risk-weighted capital ratio	9.86% #	12.35% #
	<u>15.58% #</u>	<u>15.53% #</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk	126,983,208	94,244,713
Market risk	14,568,174	13,283,095
Large exposure risk requirements	397,786	397,786
Operational risk	<u>13,560,253</u>	<u>10,528,945</u>
Total risk-weighted assets	<u>155,509,421</u>	<u>118,454,539</u>

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

	The Group RM'000	The Bank* RM'000
Tier I capital		
Paid-up capital	3,764,469	3,764,469
Perpetual preference shares	200,000	200,000
Non-innovative Tier I Capital	1,000,000	1,000,000
Innovative Tier I Capital	1,611,800	1,611,800
Other reserves	14,442,525	12,712,661
Non-controlling interests	306,905	-
Less:		
Deferred tax assets	(146,237)	(140,439)
Goodwill	<u>(4,891,433)</u>	<u>(3,555,075)</u>
Total Tier I capital	<u>16,288,029</u>	<u>15,593,416</u>
Tier II capital		
Subordinated notes	7,881,400	6,500,000
Redeemable preference shares	29,740	29,740
Regulatory reserve	1,173,577	930,953
Portfolio impairment allowance ^	278,012	133,220
Surplus of total eligible provision over expected loss under the IRB approach	<u>91,670</u>	<u>250,350</u>
Total Tier II capital	9,454,399	7,844,263
Less:		
Investment in subsidiaries	(158,742)	(3,688,556)
Securitisation exposures subject to deductions^^	(65,621)	(65,621)
Investment in associates	(305,584)	(305,584)
Holding of other banking institutions' capital instruments	<u>(28,159)</u>	<u>(28,159)</u>
Total Eligible Tier II capital	<u>8,896,293</u>	<u>3,756,343</u>
Total capital base	<u>25,184,322</u>	<u>19,349,759</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY (Continued)

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

31 December 2012

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Core capital ratio	8.69%	10.27%	N/A
Risk-weighted capital ratio	13.27%	16.21%	26.82%

The dividends on ordinary shares was paid on 13 March 2013.

* Includes the operations of CIMB Bank (L) Limited.

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM237 million (31 December 2012; RM339 million) and RM217 million (31 December 2012; RM323 million) respectively.

^^ The following has been applied in computing the capital adequacy ratio:
- financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;
- the investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. SEGMENTAL REPORT

Definition of segments

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

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

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

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

Business segment reporting

Definition of segments:

The Group has been reorganised into the following five major operating divisions:

Consumer Banking

Consumer Banking provides full-fledged financial services to individual and commercial customer. The divisions which make up the Consumer Banking are Retail Financial Services and Commercial Banking.

Retail Financial Services focuses on innovative products and services to individual customers. It offers products such as credit facilities (residential mortgages, personal loans, share financing, credit card and hire purchase), remittance services, deposit collection and wealth management.

Commercial Banking is responsible for offering products and services for customer segments comprising micro-enterprises, small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products include credit facilities (loans, banker's acceptances, revolving credit, leasing, factoring, hire purchase), remittance services and deposit collection.

Wholesale Banking

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

Investment Banking includes client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and institutional clients.

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.

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.

Investments

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

Foreign Banking Operations

Foreign Banking Operations comprise of CIMB Thai Bank Public Company Limited, Bank of Yingkou Co Ltd and CIMB Bank PLC which are involved in the provision of commercial banking and related services.

Support and others

Support services comprises unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2013

	Consumer Banking		Wholesale Banking				Support and Others RM'000	Total RM'000
	Commercial Banking RM'000	Retail Financial Services and Cards RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000		
Net interest income								
- external income	166,852	1,145,226	608,485	9,947	185,829	367,540	263	2,484,142
- inter-segment	185,247	(98,968)	(21,196)	(5,543)	(47,866)	-	(11,674)	-
	352,099	1,046,258	587,289	4,404	137,963	367,540	(11,411)	2,484,142
Islamic Banking Income	83,839	299,698	235,948	230	50,752	-	-	670,467
Net non-interest income	56,370	283,590	516,448	26,185	61,173	98,568	23,847	1,066,181
Net income	492,308	1,629,546	1,339,685	30,819	249,888	466,108	12,436	4,220,790
Overheads	(307,698)	(1,123,087)	(404,427)	(18,818)	(228,634)	(333,063)	(52,213)	(2,467,940)
of which:								
Depreciation of property, plant and equipment	(15,571)	(53,109)	(7,688)	(130)	(437)	(22,945)	-	(99,880)
Amortisation of prepaid lease payments	-	-	-	-	-	(150)	-	(150)
Amortisation of intangible assets	(5,299)	(34,672)	(7,954)	-	(71)	(12,491)	-	(60,487)
Impairment of intangible assets	-	-	-	-	(119,598)	-	-	(119,598)
Profit/(loss) before allowances	184,610	506,459	935,258	12,001	21,254	133,045	(39,777)	1,752,850
Allowances for impairment losses on loans, advances and financing written back/(made)	41,780	(45,125)	(33,184)	(216)	-	(69,233)	-	(105,978)
Allowances for losses on other receivables	-	-	-	-	-	-	(569)	(569)
Allowances for commitments and contingencies written-back	-	-	1,334	-	-	-	-	1,334
Allowances for other impairment losses written-back/(made)	1,425	-	2,421	-	(3)	(926)	-	2,917
Segment result	227,815	461,334	905,829	11,785	21,251	62,886	(40,346)	1,650,554
Share of results of jointly controlled entity	-	5,224	-	-	-	-	-	5,224
Share of results of associates	-	-	-	-	23,319	42,744	-	66,063
Taxation	-	-	-	-	-	-	-	(360,956)
Profit for the financial period								1,360,885

PART A - EXPLANATORY NOTES (CONTINUED)

A22. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2012

	Consumer Banking		Wholesale Banking				Support and Others RM'000	Total RM'000
	Commercial Banking RM'000	Retail Financial Services and Cards RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000		
Net interest income								
- external income	154,456	1,055,182	494,687	9,893	178,627	281,203	4,795	2,178,843
- inter-segment	191,151	(74,056)	(55,703)	(5,499)	(36,613)	-	(19,280)	-
	345,607	981,126	438,984	4,394	142,014	281,203	(14,485)	2,178,843
Islamic Banking Income	54,562	271,555	328,031	917	36,200	-	-	691,265
Net non-interest income	61,437	279,778	596,943	35,094	82,712	86,895	14,943	1,157,802
Net income	461,606	1,532,459	1,363,958	40,405	260,926	368,098	458	4,027,910
Overheads	(279,839)	(1,083,653)	(376,825)	(21,333)	(40,205)	(319,830)	(9,977)	(2,131,662)
of which:								
Depreciation of property, plant and equipment	(10,783)	(63,803)	(6,664)	(175)	(363)	(24,598)	-	(106,386)
Amortisation of prepaid lease payments	-	-	-	-	-	(150)	-	(150)
Amortisation of intangible assets	(6,485)	(54,416)	(5,619)	(5)	(28)	(8,479)	-	(75,032)
Profit/(loss) before allowances	181,767	448,806	987,133	19,072	220,721	48,268	(9,519)	1,896,248
Allowances for impairment losses on loans, advances and financing written-back/(made)	63,378	(50,262)	(37,148)	(967)	-	(57,790)	-	(82,789)
Allowances for losses on other receivables written-back/(made)	-	2	-	-	-	-	(232)	(230)
Allowances for commitments and contingencies written-back	10,772	-	-	-	-	1,062	-	11,834
Allowances for other impairment losses written-back/(made)	-	-	14	-	438	493	(4)	941
Segment result	255,917	398,546	949,999	18,105	221,159	(7,967)	(9,755)	1,826,004
Share of results of jointly controlled entity	-	(526)	-	-	-	-	-	(526)
Share of results of associate	-	-	-	-	3,414	46,915	-	50,329
Taxation								(414,337)
Profit for the financial period								1,461,470

PART A - EXPLANATORY NOTES (CONTINUED)

A22. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2013

	Consumer Banking		Wholesale Banking			Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services and Cards	Corporate Banking, Treasury and Markets	Investments Banking	Investment		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	17,355,022	86,244,789	150,175,143	5,379,052	126,812	24,781,673	284,062,491
Unallocated assets							5,548,139
Total assets							289,610,630
Segment liabilities	29,771,270	69,736,537	140,274,632	3,873,961	709,558	20,603,281	264,969,239
Unallocated liabilities							3,464,121
Total liabilities							268,433,360
Other segment items							
Capital expenditure	40,447	148,020	14,784	-	102	10,502	213,855
Investment in jointly controlled entity	-	158,780	-	-	-	-	158,780
Investment in associates	-	-	-	-	125,569	573,025	698,594

Group
31 Dec 2012

	Consumer Banking		Wholesale Banking			Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services and Cards	Corporate Banking, Treasury and Markets	Investments Banking	Investment		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	15,110,861	81,528,884	138,411,883	4,335,515	95,613	22,179,177	261,661,933
Unallocated assets							4,744,699
Total assets							266,406,632
Segment liabilities	29,100,273	67,016,092	124,509,276	3,192,330	703,730	18,225,192	242,746,893
Unallocated liabilities							2,668,576
Total liabilities							245,415,469
Other segment items							
Capital expenditure	102,268	333,195	29,791	-	233	48,484	513,971
Investment in jointly controlled entity	-	153,557	-	-	-	-	153,557
Investment in associates	-	-	-	-	94,379	530,660	625,039

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

A23a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Group		Bank	
		30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Assets					
Cash and short-term funds		6,420,877	7,188,508	576,919	756,358
Deposits and placements with banks and other financial institutions		488,114	561,546	574,266	77,207
Financial assets held for trading		5,684,314	6,252,944	200,799	135,896
Financial investments available-for-sale		2,603,706	3,216,815	333,570	405,782
Financial investments held-to-maturity		923,266	967,899	316,005	315,509
Islamic derivative financial instruments		227,076	170,324	3,133	1,965
Financing, advances and other financing/loans	A23c	34,600,616	33,603,028	571,279	529,746
Other assets		1,914,621	270,388	1,531,118	15,504
Deferred taxation		11,983	10,731	-	-
Taxation recoverable		13,144	-	-	-
Amount due from holding company		919,628	818,724	-	-
Amount due from related companies		1,142,264	1,095,084	1,141,986	1,094,654
Statutory deposits with Bank Negara Malaysia		1,339,679	1,104,097	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		10,549	7,328	-	-
Property, plant and equipment		5,260	5,492	-	-
TOTAL ASSETS		56,441,097	55,408,908	5,249,075	3,332,621
Liabilities					
Deposits from customers	A23d	36,584,990	36,295,393	1,141,430	984,556
Deposits and placements of banks and other financial institutions		11,130,727	11,757,079	965,338	749,674
Islamic derivative financial instruments		349,536	380,530	14,279	-
Other liabilities		3,558,134	1,930,016	3,078,304	1,539,787
Amount due to holding company		381,335	864,717	-	-
Amount due to related company		9,240	3,554	-	-
Provision for taxation and Zakat		503	8,109	-	-
Subordinated Sukuk		861,506	863,557	-	-
TOTAL LIABILITIES		52,875,971	52,102,955	5,199,351	3,274,017
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		70,000	70,000	-	-
Reserves		2,495,126	2,235,953	49,724	58,604
TOTAL EQUITY		3,565,126	3,305,953	49,724	58,604
TOTAL LIABILITIES AND EQUITY		56,441,097	55,408,908	5,249,075	3,332,621

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

**A23b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	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
Group				
Income derived from investment of depositors' funds and others	542,489	485,957	1,071,304	905,132
Income derived from investment of shareholders' funds	30,925	35,785	64,592	149,704
Allowance for impairment losses on financing, advances and other financing/loans	(6,834)	(26,006)	(32,499)	(56,042)
Allowance for losses on other receivables written-back/(made)	313	(67)	(163)	(86)
	<u>566,893</u>	<u>495,669</u>	<u>1,103,234</u>	<u>998,708</u>
Total distributable income	566,893	495,669	1,103,234	998,708
Income attributable to depositors	<u>(236,118)</u>	<u>(178,577)</u>	<u>(465,429)</u>	<u>(363,571)</u>
	<u>330,775</u>	<u>317,092</u>	<u>637,805</u>	<u>635,137</u>
Total net income	330,775	317,092	637,805	635,137
Other operating expenses	<u>(136,851)</u>	<u>(112,638)</u>	<u>(263,255)</u>	<u>(219,726)</u>
	193,924	204,454	374,550	415,411
Profit before taxation	193,924	204,454	374,550	415,411
Taxation	<u>(50,911)</u>	<u>(49,934)</u>	<u>(95,035)</u>	<u>(106,166)</u>
	<u>143,013</u>	<u>154,520</u>	<u>279,515</u>	<u>309,245</u>
Profit for the financial period	143,013	154,520	279,515	309,245

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	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
Group				
Profit for the financial period	143,013	154,520	279,515	309,245
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	(17,051)	(306)	(17,235)	(1,690)
- Net (loss)/gain from change in fair value	(9,244)	2,224	(4,556)	3,603
- Realised gain transferred to statement of income on disposal and impairment	(11,351)	(2,844)	(16,587)	(5,625)
- Income tax effects	3,544	314	3,908	332
Exchange fluctuation reserve	<u>(2,463)</u>	<u>(395)</u>	<u>(3,052)</u>	<u>1,610</u>
Other comprehensive expense for the financial period, net of tax	<u>(19,514)</u>	<u>(701)</u>	<u>(20,287)</u>	<u>(80)</u>
Total comprehensive income for the period	<u>123,499</u>	<u>153,819</u>	<u>259,228</u>	<u>309,165</u>
	330,775	317,092	637,805	635,137
Total net income	330,775	317,092	637,805	635,137
Add: Allowances for impairment losses on financing, advances and other financing/loans	6,834	26,006	32,499	56,042
Add: Allowance for losses on other receivables made	<u>(313)</u>	<u>67</u>	<u>163</u>	<u>86</u>
Income from Islamic operations (per page 2)	<u>337,296</u>	<u>343,165</u>	<u>670,467</u>	<u>691,265</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

**A23b. UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	Bank			
	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
Bank				
Income derived from investment of depositors' funds and others	5,592	4,802	17,173	10,776
(Loss)/income derived from investment of shareholders' funds	(773)	1,466	(3,620)	2,092
Allowance for impairment losses on financing, advances and other financing/loans	(5,610)	(287)	(5,727)	(19,595)
Total distributable income	(791)	5,981	7,826	(6,727)
Income attributable to depositors	(3,836)	(1,354)	(6,633)	(3,018)
Total net (loss)/income	(4,627)	4,627	1,193	(9,745)
(Loss)/profit for the financial period	(4,627)	4,627	1,193	(9,745)

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	Bank			
	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
Bank				
(Loss)/profit for the financial period	(4,627)	4,627	1,193	(9,745)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	(4,965)	1,144	(4,057)	2,108
- Net (loss)/gain from change in fair value	(4,507)	1,294	273	2,388
- Realised gain transferred to statement of income on disposal and impairment	(458)	(150)	(4,330)	(280)
Exchange fluctuation reserve	(358)	2,754	(146)	1,685
Other comprehensive (expense)/income for the financial period, net of tax	(5,323)	3,898	(4,203)	3,793
Total comprehensive (expense)/income for the period	(9,950)	8,525	(3,010)	(5,952)
Total net (loss)/income	(4,627)	4,627	1,193	(9,745)
Add: Allowances for impairment losses on financing, advances and other financing/loans	5,610	287	5,727	19,595
Income from Islamic operations (per page 4)	983	4,914	6,920	9,850

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

A23c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
i) By type				
Cashline	453,846	471,590	-	-
Term financing	32,472,500	31,231,484	411,417	407,532
- Housing financing	8,865,827	8,231,990	-	-
- Syndicated term financing	523,585	422,285	95,831	92,271
- Hire purchase receivables	6,703,645	6,495,487	-	-
- Other term financing	16,379,443	16,081,722	315,586	315,261
Bills receivables	3,632	3,766	-	-
Islamic trust receipts	91,014	80,151	61,101	44,443
Claims on customers under acceptance credit	317,740	340,687	-	-
Credit card receivables	95,455	97,882	-	-
Revolving credit	1,413,477	1,575,218	153,615	125,027
Share margin financing	15,222	35,226	-	-
Other financing/loans	2	3	2	3
Gross financing, advances and other loans	34,862,888	33,836,007	626,135	577,005
Fair value changes arising from fair value hedges	164,373	222,909	-	-
	35,027,261	34,058,916	626,135	577,005
Less: Individual impairment allowance	(99,963)	(108,184)	(54,856)	(47,259)
	34,927,298	33,950,732	571,279	529,746
Less: Portfolio impairment allowance	(326,682)	(347,704)	-	-
Total net financing, advances and other financing/loans	34,600,616	33,603,028	571,279	529,746

During the financial period, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM6,225 million (2012: RM6,500 million) financing using Islamic profit rate swaps.

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 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 values loss on Islamic profit rate swaps in this hedge transaction as at 30 June 2013 was RM189 million (2012: RM 247 million).

ii) By geographical distribution

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Malaysia	34,319,082	33,312,865	82,329	53,863
Indonesia	61,101	44,443	61,101	44,443
Singapore	386,874	386,428	386,874	386,428
Other countries	95,831	92,271	95,831	92,271
Gross financing, advances and other financing/loans	34,862,888	33,836,007	626,135	577,005

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

A23c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

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

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	322,583	304,128	-	-
Other countries	95,831	92,271	95,831	92,271
Gross impaired financing, advances and other financing/loans	418,414	396,399	95,831	92,271

iv) Movements in impaired financing, advances and other financing/loans are as follows :

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	396,399	441,331	92,271	95,553
Classified as impaired during the financial period/year	225,576	383,364	235	269
Reclassified as not impaired during the financial period/year	(81,686)	(152,618)	-	-
Amount written back in respect of recoveries	(43,065)	(73,013)	-	-
Amount written off	(82,134)	(209,223)	-	-
Reclassification from unwinding income	-	10,109	-	-
Exchange fluctuation	3,324	(3,551)	3,325	(3,551)
Balance as at 30 June/31 December	418,414	396,399	95,831	92,271
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	1.20%	1.17%	15.31%	15.99%

v) Movements in the allowance for impaired financing, advances and other financing/loans

	Group		Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	108,184	131,922	47,259	28,666
Net allowance (written-back)/made during the financial period/year	(6,987)	21,432	5,727	19,846
Amount written off	(1,432)	(48,007)	-	-
Unwinding income	-	4,090	-	-
Amount transferred to holding company	(1,672)	-	-	-
Exchange fluctuation	1,870	(1,253)	1,870	(1,253)
Balance as at 30 June/31 December	99,963	108,184	54,856	47,259
Portfolio impairment allowance				
At 1 January	347,704	417,744	-	-
Net allowance made during the financial period/year	63,909	86,543	-	-
Amount written off	(80,702)	(162,602)	-	-
Unwinding income	-	6,019	-	-
Amount transferred to holding company	(4,229)	-	-	-
Balance as at 30 June/31 December	326,682	347,704	-	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.25%	2.25%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A23. GROUP OPERATION OF ISLAMIC BANKING

A23d. DEPOSITS FROM CUSTOMERS

By type of deposits

	Group		Bank	
	30 June 2013 RM'000	31 Dec 2012 RM'000	30 June 2013 RM'000	31 Dec 2012 RM'000
Non-Mudharabah				
Demand deposits	3,412,855	3,542,175	29,021	12,179
Savings deposits	1,296,161	1,181,904	-	-
General investment deposits	1,023,199	965,933	1,023,199	965,933
Fixed return investment account	5,010,569	6,665,864	-	-
Islamic negotiable instruments of deposit	3,617,322	2,370,187	-	-
Commodity Murabahah	84,289	519	83,762	-
Short term money market deposit-i	13,589,651	12,849,247	-	-
Others	35,630	40,762	-	-
	28,069,676	27,616,591	1,135,982	978,112
Mudharabah				
Demand deposits	4,028,842	4,234,083	-	-
Savings deposits	549,552	524,422	-	-
General investment deposits (inclusive of Special General investment deposits of RM1,564,905,000 (2012: RM1,314,609,000))	3,059,258	2,713,866	5,448	6,444
Specific investment deposit	877,662	1,206,431	-	-
	8,515,314	8,678,802	5,448	6,444
Total deposits from customers	36,584,990	36,295,393	1,141,430	984,556

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:

	The Group					The Group				
	Fair Value 30 June 2013					Fair Value 31 December 2012				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets										
Financial assets held for trading										
-Money market instruments	13,343,785	-	13,343,785	-	13,343,785	16,058,744	-	16,058,744	-	16,058,744
-Quoted securities	1,804,122	1,198,341	605,781	-	1,804,122	1,332,390	1,002,338	330,052	-	1,332,390
-Unquoted securities	7,892,744	-	7,823,159	69,585	7,892,744	6,757,078	-	6,690,765	66,313	6,757,078
Financial investments available-for-sale										
-Money market instruments	5,243,774	-	5,243,774	-	5,243,774	5,693,269	-	5,693,269	-	5,693,269
-Quoted securities	2,242,553	300,271	1,942,282	-	2,242,553	1,490,798	291,247	1,199,551	-	1,490,798
-Unquoted securities	19,896,598	-	18,824,615	1,071,983	19,896,598	18,453,923	-	17,348,337	1,105,586	18,453,923
Derivative financial instruments										
-Trading derivatives	4,612,033	23,641	4,588,392	-	4,612,033	3,727,796	20,587	3,707,209	-	3,727,796
-Hedging derivatives	189,964	-	189,964	-	189,964	228,514	-	228,514	-	228,514
Total	55,225,573	1,522,253	52,561,752	1,141,568	55,225,573	53,742,512	1,314,172	51,256,441	1,171,899	53,742,512
Financial liabilities										
Derivative financial instruments										
Trading derivatives	4,883,889	9,164	4,874,725	-	4,883,889	3,615,022	618	3,614,404	-	3,615,022
Hedging derivatives	312,253	-	312,253	-	312,253	371,284	-	371,284	-	371,284
Total	5,196,142	9,164	5,186,978	-	5,196,142	3,986,306	618	3,985,688	-	3,986,306
The Bank										
	Fair Value 30 June 2013					Fair Value 31 December 2012				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets										
Financial assets held for trading										
-Money market instruments	8,202,072	-	8,202,072	-	8,202,072	10,390,401	-	10,390,401	-	10,390,401
-Quoted securities	1,198,341	1,198,341	-	-	1,198,341	1,002,337	1,002,337	-	-	1,002,337
-Unquoted securities	7,487,952	-	7,481,359	6,593	7,487,952	6,233,745	-	6,227,201	6,544	6,233,745
Financial investments available-for-sale										
-Money market instruments	4,190,159	-	4,190,159	-	4,190,159	4,443,626	-	4,443,626	-	4,443,626
-Quoted securities	329	329	-	-	329	289	289	-	-	289
-Unquoted securities	18,537,726	-	17,624,345	913,381	18,537,726	16,835,532	-	15,867,135	968,397	16,835,532
Derivative financial instruments										
-Trading derivatives	3,854,006	14,730	3,839,276	-	3,854,006	3,463,456	20,511	3,442,945	-	3,463,456
-Hedging derivatives	389,856	-	389,856	-	389,856	482,096	-	482,096	-	482,096
Total	43,860,441	1,213,400	41,727,067	919,974	43,860,441	42,851,482	1,023,137	40,853,404	974,941	42,851,482
Financial liabilities										
Derivative financial instruments										
Trading derivatives	4,197,111	253	4,196,858	-	4,197,111	3,401,607	618	3,400,989	-	3,401,607
Hedging derivatives	323,830	-	323,830	-	323,830	381,316	-	381,316	-	381,316
Total	4,520,941	253	4,520,688	-	4,520,941	3,782,923	618	3,782,305	-	3,782,923

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 year ended 30 June 2013 and 31 December 2012 for the Group and the Bank:

	Financial Assets		Total RM'000
	Financial assets held-for-trading	Financial investments available-for-sale	
	Unquoted securities RM'000	Unquoted securities RM'000	
The Group			
2013			
At 1 January	66,313	1,105,586	1,171,899
Total loss recognised in statement of income	1,092	7,523	8,615
Total gains recognised in other comprehensive income	-	(50,044)	(50,044)
Purchases	-	14,840	14,840
Sales	-	(6,811)	(6,811)
Settlements	-	(6,598)	(6,598)
Exchange fluctuation	2,180	7,487	9,667
At 30 June	69,585	1,071,983	1,141,568
Total gains recognised in statement of income relating to assets held on 30 June 2013	1,203	6,626	7,829
Total gains recognised in other comprehensive income relating to assets held on 30 June 2013	-	(50,044)	(50,044)
	Financial assets held-for-trading	Financial investments available-for-sale	Total
	Unquoted securities RM'000	Unquoted securities RM'000	RM'000
The Group			
2012			
At 1 January	207,382	1,006,549	1,213,931
Total gains recognised in statement of income	5,449	3,344	8,793
Total gains recognised in other comprehensive income	-	25,400	25,400
Purchases	-	99,935	99,935
Sales	(144,357)	(20,220)	(164,577)
Exchange fluctuation	(2,161)	(9,422)	(11,583)
At 31 December	66,313	1,105,586	1,171,899
Total gains recognised in statement of income relating to assets held on 31 December 2012	4,299	10,980	15,279
Total gains recognised in other comprehensive income relating to assets held on 31 December 2012	-	25,400	25,400

A24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Determination of fair value and fair value hierarchy (continued)

The following represents the changes in Level 3 instruments for the financial year ended 30 June 2013 and 31 December 2012 for the Group and Bank (Continued) :

	Financial assets held-for-trading	Financial investments available-for-sale	Total RM'000
	Unquoted securities RM'000	Unquoted securities RM'000	
	The Bank		
2013			
At 1 January	6,544	968,397	974,941
Total gains recognised in statement of income	49	1,164	1,213
Total gains recognised in other comprehensive income	-	(55,458)	(55,458)
Purchases	-	4,412	4,412
Sales	-	(1,272)	(1,272)
Settlements	-	(6,598)	(6,598)
Exchange fluctuation	-	2,736	2,736
At 31 December	<u>6,593</u>	<u>913,381</u>	<u>919,974</u>
Total gains recognised in statement of income relating to assets held on 30 June 2013	<u>160</u>	<u>6,626</u>	<u>6,786</u>
Total gains recognised in other comprehensive income relating to assets held on 30 June 2013	<u>-</u>	<u>(55,458)</u>	<u>(55,458)</u>

	Financial assets held-for-trading	Financial investments available-for-sale	Total RM'000
	Unquoted securities RM'000	Unquoted securities RM'000	
	The Bank		
2012			
At 1 January	70,585	863,913	934,498
Total gains recognised in statement of income	301	869	1,170
Total gains recognised in other comprehensive income	-	19,442	19,442
Purchases	-	89,626	89,626
Sales	(64,342)	(699)	(65,041)
Exchange fluctuation	-	(4,754)	(4,754)
At 31 December	<u>6,544</u>	<u>968,397</u>	<u>974,941</u>
Total gains recognised in statement of income relating to assets held on 31 December 2012	<u>527</u>	<u>10,880</u>	<u>11,407</u>
Total gains recognised in other comprehensive income relating to assets held on 31 December 2012	<u>-</u>	<u>19,442</u>	<u>19,442</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	11,664,550	14,335,749	10,688,814	13,837,887
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	4.0%	5.3%	4.5%	6.4%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

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

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM1,722 million for the half year ended 30 June 2013, RM154 million or 8.2% lower as compared to the pre-tax profit of RM1,876 million registered in the previous corresponding period. Net interest income increased by RM305 million (14.0%). However, this was partially offset by lower net non-interest income by RM92 million and lower income from Islamic Banking operations by RM21 million. The lower net non-interest income were mainly due to net loss from financial assets held for trading of RM137 million (2012: net gain of RM38 million) and net loss from foreign exchange of RM5 million (2012: net gain of RM27 million), offset by higher gains from financial investments available-for-sale and held-to-maturity by RM68 million and RM39 million respectively. Overheads increased by RM336 million (15.8%) mainly due to an increase in personnel costs, establishment costs and administration and general expenses by RM172 million, RM33 million and RM110 million respectively. Allowances for impairment losses on loans, advances and financing increased by RM23 million while allowances for commitments and contingencies written-back decrease by RM11 million to RM1 million.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group is going through the tougher macro operating environment that it has been bracing for, as evident in the 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 the clients through temporary difficulties and exploiting financial market fluctuations. As it stands, the Group think that at the operational level, the Group will do better in the second half riding on improved momentum in Malaysian consumer and regional corporate banking and more flows in treasury markets.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group and Bank basic and fully diluted EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	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 (RM '000)	768,286	691,668	1,355,718	1,459,766
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	20.41	18.37	36.01	38.78

	Bank			
	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 (RM '000)	554,662	558,042	983,665	1,175,201
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	14.73	14.82	26.13	31.22

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2013 and 30 June 2012.