

Company No: 13491-P

CIMB Bank Berhad

(Incorporated in Malaysia)

**Reports and Financial Statements
for the financial year ended 31 December 2012**

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2012

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CIMB Bank Berhad

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Directors' Report for the financial year ended 31 December 2012

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2012.

Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 11 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

Financial results

	The Group RM'000	The Bank RM'000
Profit after taxation attributable to:		
- Owners of the Parent	3,104,119	2,489,372
- Non-controlling interests	<u>12,304</u>	<u>-</u>
	<u>3,116,423</u>	<u>2,489,372</u>

Dividends

The dividends on ordinary shares and redeemable preference shares paid or declared by the Bank since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011:	
2nd net interim dividend of 4.17 sen per redeemable preference share, less 25% income tax, paid on 15 March 2012	93,000
Single tier 2nd interim dividend of 19.50 sen per ordinary share, paid on 19 March 2012	<u>734,000</u>
	<u>827,000</u>
In respect of the financial year ended 31 December 2012:	
Single tier interim dividend of 22.19 sen per redeemable preference share, paid on 21 September 2012	<u>660,000</u>

The Directors have proposed 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 RM959,000,000 in respect of the financial year ended 31 December 2012. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 17 January 2013.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2012.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

Bad and doubtful debts, and financing

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Bank had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Bank misleading.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Valuation methods

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

Change of circumstances

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

Items of an unusual nature

In opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 48 and 55 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Directors

The names of the Directors of the Bank in office since the date of the last Report and at the date of this Report are:

Directors

Dato' Zainal Abidin bin Putih

Dato' Sri Mohamed Nazir bin Abdul Razak

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

Dato' Sulaiman bin Mohd Tahir

Mr. Joseph Dominic Silva

Puan Rosnah Kamarul Zaman

Dato' Seri Yeap Leong Huat (resigned on 29 January 2013)

Dato' Dr. Gan Wee Beng (retired on 2 April 2012)

Tan Sri G.K. Rama Iyer (retired on 17 April 2012)

Mr. Venkatachalam Krishnakumar (appointed on 7 May 2012)

Mr. Renzo Christopher Viegas (appointed on 10 August 2012)

In accordance with Article 97 of the Bank's Articles of Association, Dato' Zainal Abidin bin Putih and Dato' Sri Mohamed Nazir bin Abdul Razak will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Bank's Articles of Association, Mr. Venkatachalam Krishnakumar will retire from the Board at the forthcoming AGM and being eligible, offer himself for re-election.

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**Directors' Report
for the financial year ended 31 December 2012 (Continued)****Directors' interests in shares and share options**

According to the Register of Directors' Shareholdings, the beneficial interests of the Directors who held office at the end of the financial year in the shares and share options of the ultimate holding company during the financial year are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January/Date of appointment	Acquired/ Granted	Disposed	As at 31 December
Ultimate holding company				
CIMB Group Holdings Berhad ("CIMB Group")				
Dato' Sri Mohamed Nazir bin Abdul Razak [^]	55,395,875	388,406 **	(4,000,000)	51,784,281
Dato' Zainal Abidin bin Putih [#]	110,000	-	-	110,000
Dato' Seri Yeap Leong Huat	210,000	-	-	210,000
Dato' Sulaiman bin Mohd Tahir	35,810	80,415 **	-	116,225
Mr. Renzo Christopher Viegas	96,062 **	-	-	96,062
Emerald Lodge Sdn Bhd				
Indirect Interest				
Dato' Seri Yeap Leong Huat	200,000	-	-	200,000

** Shares granted under Equity Ownership Plan ("EOP")

Note: Includes shareholding of spouse/child, details of which are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January	Acquired	Disposed	As at 31 December
[^] Dato' Azlina binti Abdul Aziz	8,000,000	-	(4,000,000)	4,000,000
[#] Datin Jasmine binti Abdullah Heng	20,000	-	-	20,000
[#] Mohamad Ari Zulkarnain bin Zainal Abidin	10,000	-	-	10,000

	Debentures held			
	As at 1 January	Acquired	Disposed	As at 31 December
Related company				
PT Bank CIMB Niaga Tbk				
- Subordinated Notes				
Dato' Sri Mohamed Nazir bin Abdul Razak	IDR4,500,000,000	-	-	IDR4,500,000,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in the shares, options over shares and debentures of the Bank, the holding company, the ultimate holding company and the Bank's related companies during the financial year.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 41 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body other than the Management Equity Scheme and Equity Ownership Plan of the ultimate holding company (shown in Note 40 to the Financial Statements) as disclosed in this Report.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

2012 Business Plan And Strategy

Although the country's banking sector is fairly insulated from the global economic shocks in 2012, the Bank faces daunting challenges against the backdrop of newly introduced regulatory frameworks and modest economic prospect growth.

The Bank took the opportunity to re-examine its business model to ensure sustainable growth and profitability. The successful implementation of key strategies including realigning and consolidating the consumer bank, leveraging on all staff at the branches to generate fee based income, putting greater focus on cost management, and increasing the visibility of alternate channels have put the bank on a firmer footing.

Outlook for 2013

In 2013, the Bank expects the global economy to remain sluggish and challenging. A few positive indications of globally recovery will have a positive impact on Malaysia's economy growth. The business environment is expected to face similar challenges as in 2012 and a speedy global recovery is not expected to materialise anytime soon.

Nevertheless, the Bank is positioned to grow, driven by the consumer and commercial segments. With the country's economic transformation programmes ("ETP") becoming more prevalent, the Bank is expected to be among the beneficiaries of the spill over effects from the many economic activities.

The outlook for the Bank is positive, due to the consistent Gross Domestic Product ("GDP") growth and higher per capita income of the country. Internally, the Bank will focus on revenue and cost synergies especially in the areas of coordinating functions across the region, removing duplication, management of resources and bringing value to our customers in a holistic manner as Group.

The Bank's growth remains a key priority together with re-examination of the business model, operational and process improvement, platform simplification, and investment in IT, new media and mobile platforms.

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**Directors' Report
for the financial year ended 31 December 2012 (Continued)****Ratings by External Rating Agencies**

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Classification	Definition (Long Term Ratings of the Bank)
RAM Rating Services Berhad Date accorded: Aug 2012	Long Term Financial Institution Rating/Outlook : AAA/Stable Short Term Financial Institution Rating : P1	Indicates a superior capacity to meet its financial obligations.
Malaysian Rating Corporation Berhad Date accorded: Nov 2012	Long Term Financial Institution Rating : AAA Short Term Financial Institution Rating : MARC-1 RM5.0 billion Subordinated Debt Programme : AA+ RM4.0 billion Perpetual Non-Innovative Tier-1 Stapled Capital Securities : AA RM1.0 billion Innovative Tier-1 Capital Securities : AA RM1.5 billion Subordinated Bonds : AA+ Outlook : Stable	Indicates an exceptionally strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse developments in the economy, and in business and other external conditions. Typically possess a strong financial position and superior earnings record.
Moody's Investors Service, Inc Date accorded: Jan 2013	Long Term Issuer Rating: A3 Short Term Issuer Rating : P-2 Long Term Deposit Rating : A3 Short Term Deposit Rating : P-2 Bank Financial Strength Rating : C- Senior Unsecured : A3 Outlook : Stable	Indicates expectation of low credit risk.

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**Directors' Report
for the financial year ended 31 December 2012 (Continued)****Ratings by External Rating Agencies (Continued)**

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Classification	Definition (Long Term Ratings of the Bank)
Standard & Poor's Ratings Services Date accorded: Dec 2012	Long Term Local Currency Issuer Credit Rating/Outlook : A-/Stable Short Term Local Currency Issuer Credit Rating : A-2 Long Term Foreign Currency Issuer Credit Rating/Outlook : A-/Stable Short Term Foreign Currency Issuer Credit Rating : A-2 Long Term Local Currency ASEAN Rating : axAA Short Term Local Currency ASEAN Rating : axA-1 Long Term Foreign Currency Senior Unsecured (1 issue) : A- Long Term Foreign Currency Subordinated (1 issue) : BBB+	A : Indicates strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. axAA : Indicates very strong capacity to meet its financial commitments relative to other regional obligors.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Board Shariah Committee

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and now as enshrined in the recently approved Islamic Financial Services Act 2013, the Board of Directors (“the Board”) is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank’s Islamic banking and finance operations as well as those Islamic business undertaken under its subsidiaries and associates that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group as established under CIMB Islamic Bank Berhad, the core Islamic banking and finance operating entity of the group.

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank, its subsidiaries and associates that it has management control. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating its business shall be made based on the decisions, views and opinions of the Board Shariah Committee. If the Board disagrees with any decisions, views, and opinions of the Board Shariah Committee on any Shariah matter, the former shall refer back the matter to the latter for a second or third review before final decision is made. All and any final decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The Board Shariah Committee shall at all times assist the Board to ensure that the Group’s Islamic banking and finance business does not have elements/activities which are not permissible under Shariah.

The members of the Board Shariah Committee are as follows:

1. Sheikh Professor Dr. Mohammad Hashim Kamali
2. Sheikh Nedham Muhammad Seleh Yaqooby
3. Sheikh Dr. Haji Mohd Nai'm bin Haji Mokhtar
4. Sheikh Associate Professor Dr. Shafaai bin Musa
5. Sheikh Dr. Yousef Abdullah Al Shubaily
6. Professor Dr. Noor Inayah Yaakub

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Board Shariah Committee (Continued)

The Board hereby affirms based on advice of the Board Shariah Committee that the operations of the Bank, its subsidiaries and associates that it has management control has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

Zakat obligations

The obligation and responsibility for payment of Zakat lies with the Muslim shareholders (if any) of the Bank and the Bank's Ultimate Holding Company. The obligation and responsibility for specific payment of Zakat on deposits and investments received by the Bank from its customers lies with its Muslim customers only. It is the same with any of the Bank's banking and asset management subsidiaries. The aforesaid is subject to the jurisdictional requirements on Zakat payment as may be applicable from time to time on the Bank and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of Zakat expenses (if any) in the financial statements of the Bank is reflective of this.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 48 to the Financial Statements.

Subsequent events after the financial year end

Subsequent events after the financial year end are disclosed in Note 49 to the Financial Statements.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Statement of Directors' Responsibility

In preparing the Financial Statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2012 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 14 of the Directors' Report.

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Directors' Report for the financial year ended 31 December 2012 (Continued)

Ultimate holding company

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

Dato' Zainal Abidin bin Putih

Director

Renzo Christopher Viegas

Director

Kuala Lumpur

12 March 2013

CIMB Bank Berhad

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Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Zainal Abidin bin Putih and Renzo Christopher Viegas, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 21 to 372 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2012 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution.

Dato' Zainal Abidin bin Putih

Director

Renzo Christopher Viegas

Director

Kuala Lumpur

12 March 2013

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Kim Kenny, being the officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 21 to 372 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Kim Kenny

Subscribed and solemnly declared by the abovenamed Kim Kenny at Kuala Lumpur before me, on 12 March 2013.

Commissioner for Oaths

CIMB Bank Berhad

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Board Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad, is responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

Our main responsibilities and accountabilities is to assist the Board in ensuring that the Bank's Islamic banking and finance businesses does not have elements/activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Bank) in the relevant jurisdiction that the Bank is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the Islamic banking and finance operations of the Bank has been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report hereinbefore.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses. In this regard we have developed and maintained a system of monitoring and reporting which provides the necessary internal controls to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance to the requirements of Shariah; the Bank's assets and liabilities under its Islamic banking and finance balance sheets are safeguarded against possible shariah non-compliance; and, that the day to day conduct of its Islamic banking and finance operations does not contradict Shariah principles.

The system is augmented by written policies and procedures, the careful selection and training of Shariah qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff of the Bank.

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Board Shariah Committee's Report (Continued)

Firstly, the system of internal control for effective Shariah governance is supported by a professional staff of Shariah researchers that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. Secondly, the Management has instituted the Shariah review framework that operates on a front to back basis comprising of self-assessment/self-reporting mechanism and periodic independent review undertaken by Group Compliance Department under the General Counsel Division. Thirdly, the system is also augmented by the Management putting in place a Shariah risk management framework covering the first; second and; third line of defenses. Lastly, there is also a strong team of internal auditors who conduct periodic Shariah audits of all the Bank's Islamic banking and finance operations on a scheduled and periodic basis.

We acknowledge that in 2012 the emplaced system of internal control in the Bank to meet the newly instituted enterprise wide Shariah governance framework by Bank Negara Malaysia is still relatively new with a lot of rooms for further improvement. On balance, we are satisfied that the Management has put in place the appropriate level of control as required by us. We also take comfort that on top of all these system of internal control, the external auditors have full and free access to, and meet periodically with, us and the Audit Committee to discuss their audit and findings as to the integrity of the Bank's Shariah compliance in its Islamic banking and finance activities and the adequacy of the system of internal controls to detect non-compliance to Shariah.

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the businesses of the Bank are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advice the Board accordingly. Based on the internal and external controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us.

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the year ended 31 December 2012 that were presented to us were done in compliance with Shariah;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. All earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

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Board Shariah Committee's Report (Continued)

We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Bank. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Bank for the year ended 31 December 2012 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee

Sheikh Professor Dr. Mohammad Hashim Kamali

Member

Sheikh Associate Professor Dr. Shafaai bin Musa

Member

Kuala Lumpur

12 March 2013

Independent Auditors' Report to the members of CIMB Bank Berhad

(Company No: 13491-P)
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Report on the Financial Statements

We have audited the Financial Statements of CIMB Bank Berhad, on pages 21 to 372, which comprise statements of financial position as at 31 December 2012 of the Group and of the Bank, and statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 57.

Directors' Responsibility for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report to the members of CIMB Bank Berhad (Continued)

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Opinion

In our opinion, the Financial Statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the Financial Statements.
- (c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Bank's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the members of CIMB Bank Berhad (Continued)

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Other Matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Soo Hoo Khoon Yean
(No. 2682/10/13(J))
Chartered Accountant

Kuala Lumpur
12 March 2013

CIMB Bank Berhad

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Statements of Financial Position as at 31 December 2012

	Note	The Group			The Bank		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
Assets		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2	22,978,876	28,241,623	20,847,989	16,939,905	20,783,513	12,911,193
Reverse repurchase agreements		5,379,786	3,957,059	3,504,914	5,179,726	3,957,059	2,475,591
Deposits and placements with banks and other financial institutions	3	3,737,020	4,045,865	9,641,391	10,708,711	10,848,583	16,083,982
Financial assets held for trading	4	24,148,212	12,627,696	14,458,911	17,626,483	9,471,491	11,814,976
Derivative financial instruments	24	3,956,310	4,135,377	3,500,891	3,945,552	4,080,924	3,262,534
Financial investments available-for-sale	5	25,637,990	15,735,494	12,376,754	21,279,447	13,199,586	10,633,945
Financial investments held-to-maturity	6	8,367,409	10,172,218	10,211,427	5,487,843	7,607,178	8,081,151
Loans, advances and financing	7	155,691,566	139,509,675	124,252,042	108,086,083	99,222,358	90,816,549
Other assets	8	2,335,148	2,092,419	2,481,123	1,710,386	1,631,450	1,905,843
Tax recoverable		2,055	2,464	2,084	-	-	-
Deferred taxation	9	25,702	23,487	21,636	-	-	-
Statutory deposits with central banks	10	5,263,859	5,082,585	1,410,155	3,886,421	3,812,297	954,023
Investment in subsidiaries	11	-	-	-	4,847,672	4,737,731	4,526,972
Investment in jointly controlled entity	12	153,557	149,208	139,849	125,000	125,000	125,000
Investment in associates	13	625,039	589,816	382,248	368,971	392,802	298,116
Amounts due from holding company and ultimate holding company	14	28,853	29,138	29,193	-	285	340
Amounts due from subsidiaries	15	-	-	-	316,086	456,073	84,317
Amounts due from related companies	16	1,417,749	1,673,748	2,259,363	1,415,341	1,671,621	2,239,775
Goodwill	17	4,891,433	4,899,904	4,923,428	3,555,075	3,555,075	3,555,075
Intangible assets	18	845,097	721,647	574,064	805,837	676,428	530,362
Prepaid lease payments	19	1,648	1,964	2,341	-	-	-
Property, plant and equipment	20	893,952	906,185	947,155	507,265	487,730	541,555
Investment properties	21	17,451	8,653	61,217	-	-	52,858
		266,398,712	234,606,225	212,028,175	206,791,804	186,717,184	170,894,157
Non-current assets/disposal groups held for sale	54	7,920	17,248	59,050	3,520	5,043	58,614
Total assets		266,406,632	234,623,473	212,087,225	206,795,324	186,722,227	170,952,771
Liabilities							
Deposits from customers	22	196,913,500	176,478,016	159,640,697	141,770,859	131,569,745	121,553,069
Deposits and placements of banks and other financial institutions	23	21,631,372	13,873,413	14,652,435	24,868,563	18,519,277	18,468,654
Repurchase agreements		3,083,499	1,083,039	33,087	2,783,408	1,083,039	33,087
Derivative financial instruments	24	3,986,306	4,087,789	3,711,140	3,782,923	3,778,176	3,423,815
Bills and acceptances payable		3,295,081	6,771,502	4,077,611	1,844,389	3,291,625	2,252,722
Amount due to Cagamas Berhad		-	-	107,523	-	-	107,523
Amounts due to subsidiaries	15	-	-	-	70,522	50,013	310,381
Amounts due to related companies	16	25,352	6,444	6,751	22	-	841
Other liabilities	25	3,225,313	3,196,860	3,637,462	2,413,524	2,559,744	2,731,046
Provision for taxation and Zakat		181,804	301,868	39,071	190,404	301,254	41,679
Deferred taxation	9	22,034	85,287	60,121	5,848	39,249	14,088
Bonds and debentures	26	2,045,409	-	423,982	1,267,767	-	-
Other borrowings	27	182,203	462,720	925,050	182,203	462,720	-
Subordinated obligations	28	10,119,872	8,243,955	6,098,269	9,367,232	7,930,808	6,159,081
Redeemable preference shares	29(a)	703,724	741,429	706,879	-	-	-
Total liabilities		245,415,469	215,332,322	194,120,078	188,547,664	169,585,650	155,095,986

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**Statements of Financial Position
as at 31 December 2012 (Continued)**

	Note	The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Equity							
Capital and reserves attributable to owners of the Parent							
Ordinary share capital	30	3,764,469	3,764,469	3,764,469	3,764,469	3,764,469	3,764,469
Reserves	32	16,679,305	15,018,007	13,691,445	14,253,451	13,142,368	11,862,576
		20,443,774	18,782,476	17,455,914	18,017,920	16,906,837	15,627,045
Perpetual preference shares	31	200,000	200,000	200,000	200,000	200,000	200,000
Redeemable preference shares	29(b)	29,740	29,740	29,740	29,740	29,740	29,740
Non-controlling interests		317,649	278,935	281,493	-	-	-
Total equity		20,991,163	19,291,151	17,967,147	18,247,660	17,136,577	15,856,785
Total equity and liabilities		266,406,632	234,623,473	212,087,225	206,795,324	186,722,227	170,952,771
Commitments and contingencies	24	447,763,689	407,043,765	339,983,774	402,883,688	370,723,140	305,702,131
Net assets per ordinary share (RM)		5.43	4.99	4.64	4.79	4.49	4.15

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**Statements of Income
for the financial year ended 31 December 2012**

		The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income	34	8,361,169	7,655,001	7,613,878	7,076,636
Interest expense	35	(3,833,092)	(3,438,638)	(3,445,235)	(3,149,992)
Net interest income		4,528,077	4,216,363	4,168,643	3,926,644
Income from Islamic banking operations	56	1,406,962	1,304,990	19,470	19,139
Net non-interest income	36	2,385,575	2,018,946	2,263,439	2,462,513
Net income		8,320,614	7,540,299	6,451,552	6,408,296
Overheads	37	(4,414,340)	(3,855,601)	(3,308,025)	(2,936,915)
Profit before allowances		3,906,274	3,684,698	3,143,527	3,471,381
Allowances for impairment losses on loans, advances and financing	38	(135,981)	(340,617)	(48,202)	(233,275)
Allowances for losses on other receivables written-back/(made)		578	(3,551)	358	(3,143)
Allowances for commitments and contingencies written-back	25(c)	13,473	19,220	10,957	18,818
Allowances for other impairment losses made	39	(1,114)	(70,478)	(1,498)	(67,488)
Profit after allowances		3,783,230	3,289,272	3,105,142	3,186,293
Share of results of jointly controlled entity	12	4,349	9,359	-	-
Share of results of associates	13	93,922	99,033	-	-
Profit before taxation		3,881,501	3,397,664	3,105,142	3,186,293
Taxation	42	(765,078)	(662,183)	(615,770)	(511,762)
Profit after taxation		<u>3,116,423</u>	<u>2,735,481</u>	<u>2,489,372</u>	<u>2,674,531</u>
Profit for the financial year attributable to :					
Owners of the Parent		3,104,119	2,725,882	2,489,372	2,674,531
Non-controlling interests		12,304	9,599	-	-
		<u>3,116,423</u>	<u>2,735,481</u>	<u>2,489,372</u>	<u>2,674,531</u>
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	43	<u>82.46</u>	<u>72.41</u>	<u>66.13</u>	<u>71.05</u>

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**Statements of Comprehensive Income
for the financial year ended 31 December 2012**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the financial year	3,116,423	2,735,481	2,489,372	2,674,531
Other comprehensive income/(expense):				
Revaluation reserve-financial investments available-for-sale	81,473	72,403	63,485	81,203
- Net gain from change in fair value	345,498	251,340	308,005	227,295
- Realised gain transferred to statement of income on disposal and impairment	(268,308)	(148,960)	(255,988)	(117,631)
- Disposal of subsidiary	(2,937)	-	-	-
- Income tax effects	8,389	(29,916)	11,468	(28,461)
- Currency translation difference	(1,169)	(61)	-	-
Net investment hedge	79,813	(59,404)	57,719	(59,404)
Cash flow hedge				
- Net (loss)/gain from change in fair value	(45)	226	(45)	226
Exchange fluctuation reserve	(121,852)	42,533	(21,147)	54,018
Share of other comprehensive (expense)/income of associate	(7,851)	13,849	-	-
Other comprehensive income for the year, net of tax	31,538	69,607	100,012	76,043
Total comprehensive income for the financial year	3,147,961	2,805,088	2,589,384	2,750,574
Total comprehensive income attributable to:				
Owners of the Parent	3,139,122	2,795,818	2,589,384	2,750,574
Non-controlling interests	8,839	9,270	-	-
	3,147,961	2,805,088	2,589,384	2,750,574

CIMB Bank Berhad

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**Statements of Changes in Equity
for the financial year ended 31 December 2012**

The Group	← Attributable to owners of the Parent →																
	Note	Redeemable		Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based			Retained profits	Perpetual preference		Non-controlling interests	Total Equity
		Share capital	Preference Shares							Share premium	payment reserve	Regulatory reserve		Total shares	Non-controlling interests		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2012																	
- As previously stated		3,764,469	29,740	5,033,633	4,294,435	(163,485)	451,876	(1,085,928)	735,457	76,699	263,360	490,627	4,778,576	18,669,459	200,000	278,935	19,148,394
- Effect of adopting MFRS1	55	-	-	-	-	213,699	142,757	-	-	(135,877)	-	-	(77,822)	142,757	-	-	142,757
As restated		3,764,469	29,740	5,033,633	4,294,435	50,214	594,633	(1,085,928)	735,457	(59,178)	263,360	490,627	4,700,754	18,812,216	200,000	278,935	19,291,151
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	3,104,119	3,104,119	-	12,304	3,116,423
Other comprehensive (expense)/income (net of tax)		-	-	-	-	(117,545)	73,354	-	-	79,768	(574)	-	-	35,003	-	(3,465)	31,538
- financial investments available-for-sale		-	-	-	-	-	81,205	-	-	-	-	-	-	81,205	-	268	81,473
- net investment hedge		-	-	-	-	-	-	-	79,813	-	-	-	-	79,813	-	-	79,813
- cash flow hedge		-	-	-	-	-	-	-	(45)	-	-	-	-	(45)	-	-	(45)
- currency translation difference		-	-	-	-	(117,545)	-	-	-	-	(574)	-	-	(118,119)	-	(3,733)	(121,852)
- share of other comprehensive expense of associate		-	-	-	-	-	(7,851)	-	-	-	-	-	-	(7,851)	-	-	(7,851)
Total comprehensive (expense)/income for the year		-	-	-	-	(117,545)	73,354	-	-	79,768	(574)	-	3,104,119	3,139,122	-	8,839	3,147,961
Transfer to statutory reserve		-	-	-	200,535	-	-	-	-	-	-	-	(200,535)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	682,950	(682,950)	-	-	-	-
Expiry of Management Equity Scheme		-	-	-	-	-	-	-	-	(248,602)	-	-	248,602	-	-	-	-
Second interim dividends for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(827,000)	(827,000)	-	-	(827,000)
Interim dividend for the financial year ended 31 December 2012	44	-	-	-	-	-	-	-	-	-	-	-	(660,000)	(660,000)	-	-	(660,000)
Right issues of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,615	33,615
Acquisition of remaining interest in subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,740)	(3,740)
Share-based payment expense		-	-	-	-	-	-	-	-	-	36,320	-	-	36,320	-	-	36,320
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(27,144)	-	-	(27,144)	-	-	(27,144)
At 31 December 2012		3,764,469	29,740	5,033,633	4,494,970	(67,331)	667,987	(1,085,928)	735,457	20,590	23,360	1,173,577	5,682,990	20,473,514	200,000	317,649	20,991,163

CIMB Bank Berhad

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**Statements of Changes in Equity
for the financial year ended 31 December 2012 (Continued)**

The Group	← Attributable to owners of the Parent →																
	Note	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based		Regulatory reserve	Retained profits	Perpetual preference shares	Non-controlling interests	Total Equity
		Share capital	Preference Shares								payment reserve	Regulatory reserve					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2011																	
- As previously stated		3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	238,906	117,595	4,094,495	17,366,147	200,000	281,493	17,847,640
- Effect of adopting MFRS1	55	-	-	-	-	213,699	119,507	-	-	(135,877)	-	-	(77,822)	119,507	-	-	119,507
As restated		3,764,469	29,740	5,033,633	4,126,569	-	508,540	(1,085,928)	735,457	-	238,906	117,595	4,016,673	17,485,654	200,000	281,493	17,967,147
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,725,882	2,725,882	-	9,599	2,735,481
Other comprehensive income/(expense) (net of tax)		-	-	-	-	50,214	86,093	-	-	(59,178)	(7,193)	-	-	69,936	-	(329)	69,607
- financial investments available-for-sale		-	-	-	-	-	72,244	-	-	-	-	-	-	72,244	-	159	72,403
- net investment hedge		-	-	-	-	-	-	-	-	(59,404)	-	-	-	(59,404)	-	-	(59,404)
- cash flow hedge		-	-	-	-	-	-	-	-	226	-	-	-	226	-	-	226
- currency translation difference		-	-	-	-	50,214	-	-	-	-	(7,193)	-	-	43,021	-	(488)	42,533
- share of other comprehensive income of associate		-	-	-	-	-	13,849	-	-	-	-	-	-	13,849	-	-	13,849
Total comprehensive income/(expense) for the year		-	-	-	-	50,214	86,093	-	-	(59,178)	(7,193)	-	2,725,882	2,795,818	-	9,270	2,805,088
Transfer to statutory reserve		-	-	-	167,866	-	-	-	-	-	-	-	(167,866)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	373,032	(373,032)	-	-	-	-
Second interim dividends for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	-	(600,903)
Interim dividend for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(900,000)	(900,000)	-	-	(900,000)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(921)	(921)
Share-based payment expense		-	-	-	-	-	-	-	-	-	39,275	-	-	39,275	-	-	39,275
Arising from capital reduction of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,907)	(10,907)
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(7,628)	-	-	(7,628)	-	-	(7,628)
At 31 December 2011		3,764,469	29,740	5,033,633	4,294,435	50,214	594,633	(1,085,928)	735,457	(59,178)	263,360	490,627	4,700,754	18,812,216	200,000	278,935	19,291,151

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**Statements of Changes in Equity
for the financial year ended 31 December 2012 (Continued)**

The Bank	Note	← Non-distributable					→ Distributable					Perpetual preference shares	Total Equity			
		Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Share-based				Retained profits	Total	
		Share capital	Preference Shares							payment reserve	Regulatory reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2012																
- As previously stated		3,764,469	29,740	5,033,633	3,964,469	7,384	383,677	(1,047,872)	746,852	76,699	245,281	431,514	3,163,001	16,798,847	200,000	16,998,847
- Effect of adopting MFRS1	55	-	-	-	-	46,533	137,730	-	-	(25,254)	-	-	(21,279)	137,730	-	137,730
As restated		3,764,469	29,740	5,033,633	3,964,469	53,917	521,407	(1,047,872)	746,852	51,445	245,281	431,514	3,141,722	16,936,577	200,000	17,136,577
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,489,372	2,489,372	-	2,489,372
Other comprehensive (expense)/income (net of tax)		-	-	-	-	(20,843)	63,485	-	-	57,674	(304)	-	-	100,012	-	100,012
- financial investments available-for-sale		-	-	-	-	-	63,485	-	-	-	-	-	-	63,485	-	63,485
- net investment hedge		-	-	-	-	-	-	-	-	57,719	-	-	-	57,719	-	57,719
- cash flow hedge		-	-	-	-	-	-	-	-	(45)	-	-	-	(45)	-	(45)
- currency translation difference		-	-	-	-	(20,843)	-	-	-	-	(304)	-	-	(21,147)	-	(21,147)
Total comprehensive (expense)/income for the year		-	-	-	-	(20,843)	63,485	-	-	57,674	(304)	-	2,489,372	2,589,384	-	2,589,384
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	499,439	(499,439)	-	-	-
Expiry of Management Equity Scheme		-	-	-	-	-	-	-	-	-	(230,859)	-	230,859	-	-	-
Second interim dividends for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(827,000)	(827,000)	-	(827,000)
Interim dividend for the financial year ended 31 December 2012	44	-	-	-	-	-	-	-	-	-	-	-	(660,000)	(660,000)	-	(660,000)
Share-based payment expense		-	-	-	-	-	-	-	-	-	35,140	-	-	35,140	-	35,140
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(26,441)	-	-	(26,441)	-	(26,441)
At 31 December 2012		3,764,469	29,740	5,033,633	3,964,469	33,074	584,892	(1,047,872)	746,852	109,119	22,817	930,953	3,875,514	18,047,660	200,000	18,247,660

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2012 (Continued)**

The Bank	Note	Non-distributable					Distributable					Perpetual preference shares	Total Equity			
		Share capital	Preference Shares	Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment reserve			Regulatory reserve	Retained profits	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2011																
- As previously stated		3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	215,059	110,190	2,310,697	15,541,124	200,000	15,741,124
- Effect of adopting MFRS1	55	-	-	-	-	46,533	115,661	-	-	(25,254)	-	-	(21,279)	115,661	-	115,661
As restated		3,764,469	29,740	5,033,633	3,964,469	-	440,204	(1,047,872)	746,852	110,623	215,059	110,190	2,289,418	15,656,785	200,000	15,856,785
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,674,531	2,674,531	-	2,674,531
Other comprehensive income/(expense) (net of tax)		-	-	-	-	53,917	81,203	-	-	(59,178)	101	-	-	76,043	-	76,043
- financial investments available-for-sale		-	-	-	-	-	81,203	-	-	-	-	-	-	81,203	-	81,203
- net investment hedge		-	-	-	-	-	-	-	-	(59,404)	-	-	-	(59,404)	-	(59,404)
- cash flow hedge		-	-	-	-	-	-	-	-	226	-	-	-	226	-	226
- currency translation difference		-	-	-	-	53,917	-	-	-	-	101	-	-	54,018	-	54,018
Total comprehensive income/(expense) for the year		-	-	-	-	53,917	81,203	-	-	(59,178)	101	-	2,674,531	2,750,574	-	2,750,574
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	321,324	(321,324)	-	-	-
Second interim dividends for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	(600,903)
Interim dividend for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(900,000)	(900,000)	-	(900,000)
Share-based payment expense		-	-	-	-	-	-	-	-	-	37,552	-	-	37,552	-	37,552
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(7,431)	-	-	(7,431)	-	(7,431)
At 31 December 2011		3,764,469	29,740	5,033,633	3,964,469	53,917	521,407	(1,047,872)	746,852	51,445	245,281	431,514	3,141,722	16,936,577	200,000	17,136,577

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2012**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit before taxation	3,881,501	3,397,664	3,105,142	3,186,293
Adjustments for:				
Depreciation of property, plant and equipment	200,418	197,973	148,549	154,772
Amortisation of intangible assets	164,515	149,949	142,555	130,950
Amortisation of prepaid lease payments	298	306	-	-
Gain on disposal of property, plant and equipment/ assets held for sale	(11,276)	(7,214)	(2,124)	(1,717)
Loss/(gain) on disposal of foreclosed properties	9,492	20,070	(6,676)	(1,293)
Fair value gain on investment properties	(4,755)	(1,842)	-	-
Property, plant and equipment written off	692	32	689	32
Net gain from sale of financial investments available-for-sale	(268,308)	(208,661)	(255,988)	(184,013)
Net gain from sale of financial investments held-to-maturity	(35,581)	(76,864)	(35,587)	(75,980)
Net loss from hedging derivatives	21,392	12,639	20,698	12,121
Net (gain)/loss from fair value hedge on redeemable preference shares	(17,088)	9,313	-	-
Unrealised (gain)/loss from revaluation of financial assets held for trading	(49,826)	45,090	(42,838)	42,234
Unrealised loss/(gain) from revaluation of derivative financial instruments	212,626	(341,871)	220,829	(346,903)
Unrealised gain on foreign exchange	(19,241)	(191,780)	(5,395)	(150,662)
Allowances for impairment losses on loans, advances and financing	474,025	676,088	270,974	435,456
Allowance for other impairment losses made on securities	1,114	72,987	1,498	71,869
Allowances for losses on other receivables (written-back)/made	(578)	3,551	(358)	3,143
Writeback for impairment loss in subsidiaries	-	-	-	(4,381)
Interest income on financial investments available-for-sale	(688,487)	(517,002)	(662,202)	(485,161)
Interest income on financial investments held-to-maturity	(348,308)	(377,229)	(283,688)	(349,454)
Interest expense on subordinated obligations	317,698	283,661	344,977	304,869
Interest expense on bonds and debentures	13,201	-	11,408	-
Interest expense on other borrowings	93,116	74,167	15,961	1,236
Interest expense on redeemable preference shares	40,501	40,506	-	-
Accretion of discount less amortisation of premium	(212,599)	(165,237)	(204,474)	(166,781)
Gain on disposal of subsidiaries	(8,405)	-	-	-
Gain on disposal of associate	(445)	-	(4,275)	-
Dividend income	(56,537)	(65,396)	(288,935)	(807,729)
Allowances for commitments and contingencies written-back	(13,473)	(19,220)	(10,957)	(18,818)
Share-based payment expense	36,320	39,275	35,140	37,552
Share of results of jointly controlled entity	(4,349)	(9,359)	-	-
Share of results of associates	(93,922)	(99,033)	-	-
	3,633,731	2,942,563	2,514,923	1,787,635

CIMB Bank Berhad

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**Statements of Cash Flows
for the financial year ended 31 December 2012 (Continued)**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets				
Reverse repurchase agreements	(1,422,727)	(452,145)	(1,222,667)	(1,481,468)
Deposits and placements with banks and other financial institutions	308,845	5,595,526	139,872	5,235,399
Financial assets held for trading	(11,269,242)	1,880,556	(7,892,265)	2,395,682
Loans, advances and financing	(16,697,938)	(15,789,019)	(9,163,067)	(8,687,813)
Amount due from holding company and ultimate holding company	285	55	285	55
Amount due from subsidiaries	-	-	139,987	(371,756)
Amount due from related companies	255,999	585,615	256,280	568,154
Other assets	(248,930)	654,583	(94,068)	494,471
Statutory deposits with central banks	(181,274)	(3,672,430)	(74,124)	(2,858,274)
Increase/(decrease) in operating liabilities				
Deposits from customers	20,435,484	16,837,319	10,201,114	10,016,676
Deposits and placements of banks and other financial institutions	7,756,768	(779,021)	6,348,095	50,623
Repurchase agreements	2,000,460	1,049,952	1,700,369	1,049,952
Derivative financial instruments	(81,861)	64,353	(86,880)	(136,666)
Bills and acceptances payable	(3,476,421)	2,693,891	(1,447,236)	1,038,903
Amount due to Cagamas Berhad	-	(107,523)	-	(107,523)
Amount due to holding company and ultimate holding company	-	(38,147)	-	-
Amount due to subsidiaries	-	-	20,509	(260,368)
Amount due to related companies	18,908	(307)	22	(841)
Other liabilities	46,048	(410,631)	(143,804)	(112,513)
Cash flows generated from/(used in) operations	1,078,135	11,055,190	1,197,345	8,620,328
Taxation paid	(945,936)	(378,970)	(734,617)	(250,622)
Net cash generated from operating activities	132,199	10,676,220	462,728	8,369,706

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2012 (Continued)**

	Note	The Group		The Bank	
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Cash flows from/(used in) investing activities					
Proceeds from disposal of subsidiary	53(a)(i)	27,852	-	-	-
Proceeds from disposal of associate		22,056	-	22,056	-
Dividend from associate		21,763	-	21,763	-
Dividend income		56,537	65,396	267,172	807,729
Investment in subsidiaries		-	-	(457,115)	(250,000)
Investment in associate		-	(94,686)	-	(94,686)
Interest income received from financial investments available-for-sale		829,562	555,269	739,977	523,494
Net purchase of financial investments available-for-sale		(9,707,503)	(3,158,618)	(7,859,125)	(2,381,771)
Interest income received from financial investments held-to-maturity		340,243	364,810	275,691	313,060
Net proceeds from financial investments held-to-maturity		1,864,464	198,902	2,177,012	658,302
Purchase of property, plant and equipment		(229,244)	(198,192)	(178,082)	(110,060)
Proceeds from disposal of property, plant and equipment/assets held for sale		48,068	88,340	7,505	56,465
Proceeds from disposal/write off of intangible assets		2,581	1,920	-	-
Proceeds from disposal of prepaid lease payments		-	(74)	-	-
Proceeds from disposal of investment properties		700	52,858	-	52,858
Purchase of investment properties		-	(1,200)	-	-
Purchase of intangible assets		(284,727)	(298,031)	(265,777)	(276,954)
Capital repayment from a subsidiary		-	(10,907)	347,175	43,622
Net cash used in investing activities		(7,007,648)	(2,434,213)	(4,901,748)	(657,941)
Cash flows (used in)/from financing activities					
Dividends paid		(1,487,000)	(1,501,824)	(1,487,000)	(1,500,903)
Interest expense paid on subordinated obligations		(312,476)	(308,891)	(340,011)	(330,302)
Interest expense paid on redeemable preference shares		(40,245)	(40,709)	-	-
Interest expense paid on other borrowings		(92,241)	(73,690)	(15,086)	(759)
Proceeds from issuance of bonds and debentures		2,058,449	-	1,282,599	-
Proceeds from other borrowings		-	500,000	-	500,000
Proceeds from issuance of subordinated obligations		2,118,252	2,049,193	1,500,000	1,500,000
Repayment of bonds and debentures		-	(423,982)	-	-
Repayment of other borrowing		(280,201)	(962,807)	(280,201)	(37,757)
Repayment of subordinated obligations		(216,136)	(158,387)	-	-
Net cash generated from/(used in) financing activities		1,748,402	(921,097)	660,301	130,279
Net (decrease)/increase in cash and cash equivalents during the financial year		(5,127,047)	7,320,910	(3,778,719)	7,842,044
Effects of exchange rate differences		(135,700)	72,724	(64,889)	30,276
Cash and cash equivalents at beginning of financial year		28,241,623	20,847,989	20,783,513	12,911,193
Cash and cash equivalents at end of financial year	2	22,978,876	28,241,623	16,939,905	20,783,513

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2012

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A Basis of preparation and Transition from FRS to MFRS

The Financial Statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

The Financial Statements of the Group and the Bank for the year ended 31 December 2012 are the first set of Financial Statements prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), including MFRS 1 “First-time adoption of MFRS”. Subject to certain transition elections disclosed in Note 55, the Group and the Bank have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2011 in these Financial Statements have been restated to give effect to these changes. Note 55 discloses the impact of the transition to MFRS on the Group and the Bank’s reported financial position, financial performance and cash flows.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial investments available-for-sale, financial assets and financial liabilities (including derivatives financial instruments) at fair value through profit or loss and investment properties measured at fair value.

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah.

The preparation of Financial Statements in conformity with MFRSs 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 50.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

A Basis of preparation and Transition from FRS to MFRS (Continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will be required to adopt the new standards, amendments to standards and interpretations in the period set out below:

- (i) Financial year beginning on/after 1 January 2013
 - MFRS 10 “Consolidated financial statements” (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.
 - MFRS 11 “Joint arrangements” (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

A Basis of preparation and Transition from FRS to MFRS (Continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(i) Financial year beginning on/after 1 January 2013 (Continued)

- MFRS 12 “Disclosures of interests in other entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 “Investments in associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do 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. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.
- The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- The revised MFRS 128 “Investments in associates and joint ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

A Basis of preparation and Transition from FRS to MFRS (Continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(i) Financial year beginning on/after 1 January 2013 (Continued)

- Amendment to MFRS 7 “Financial instruments: Disclosures” (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.
- Amendment to MFRS 119 “Employee benefits” (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.
- Amendment to MFRS 101 “Presentation of items of other comprehensive income” (effective from 1 July 2012) requires entities to separate items presented in “other comprehensive income” in the statement of comprehensive income (“OCI”) into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

The Group and the Bank will apply these standards from financial years beginning on or after 1 January 2013.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

A Basis of preparation and Transition from FRS to MFRS (Continued)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The adoption of the above new accounting standards will not have any significant impact on the financial results of the Group and the Bank except for MFRS 9 and MFRS 119. The financial effects of the adoption of MFRS 9 and MFRS 119 are still being assessed by the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group

(a) Subsidiaries

The Bank treats as subsidiaries, those corporations, partnerships or other entities (including special purpose entities) in which the Bank has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Even if there is no shareholder relationship, special purpose entities (“SPEs”) are consolidated in accordance with IC Interpretation 112 (“Consolidation: Special Purpose Entities”), if the Group controls them from an economic perspective.

When assessing whether the Group controls a SPE, in addition to the criteria in MFRS 127, it evaluates a range of factors, including whether:

- (a) the activities of the SPE are being conducted on the Group’s behalf according to its specific business needs so that the Group obtains the benefits from the SPE’s operations;
- (b) the Group has the decision-making power to obtain the majority of the benefits of the activities of the SPE, or the Group has delegated these decision-making power by setting up an ‘autopilot’ mechanism, or
- (c) the Group has the rights to obtain the majority of the benefits of the activities of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or
- (d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

The Group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for an acquisition is measured as the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor basis of accounting, the results of subsidiaries are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit difference is classified as equity. Any resulting debit difference is adjusted against merger reserves. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Acquisition-related costs are expensed as incurred.

In business combination achieved in stages, previously held equity interest in acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in statement of income.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in note L. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

All material transactions and balances between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group (Continued)

(b) Transaction with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposal to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

(c) Jointly controlled entity

The Group treats as a jointly controlled entity, corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the consolidated Financial Statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of the jointly controlled entity in the statement of income and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any).

(d) Associates

The Group treats as associates, corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for in the consolidated Financial Statements by the equity method of accounting.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group (Continued)

(d) Associates (Continued)

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the statement of income.

(e) Changes in ownership interest

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. This fair value is its fair value on initial recognition as a financial asset in accordance with MFRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

B Economic entities in the Group (Continued)

(f) Interests in subsidiaries, jointly controlled entity and associates

In the Bank's separate financial statements, investments in subsidiaries, jointly controlled entity and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, jointly controlled entity and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

C Recognition of interest/profit income and interest/profit expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Income from Islamic banking business is recognised on an accrual basis in accordance with Shariah.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

D Recognition of fees and other income

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

Guarantee fees, portfolio management fees and income from asset management and securities services which are material are recognised as income based on a time apportionment method.

Brokerage fees are recognised as income based on inception of such transactions.

Dividends are recognised when the right to receive payment is established.

E Sale and repurchase agreements

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from their portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

F Financial assets

(a) Classification

The Group and the Bank allocate their financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held for trading and other financial assets designated by the Group and the Bank as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Group's and the Bank's management has the positive intent and ability to hold to maturity. If the Group or the Bank sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(iv) Financial investments available-for-sale

Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

F Financial assets (Continued)

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income.

(c) Subsequent measurement

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of income in the period which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in other comprehensive income, until the securities are derecognised or impaired at which time the cumulative gains or loss previously recognised in equity are recognised in the statement of income. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the statement of income in the period it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity is calculated using the effective interest method and is recognised in the statement of income. Dividends from available-for-sale equity instruments are recognised in the statement of income when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans is included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

F Financial assets (Continued)

(d) Reclassification of financial assets

The Group and the Bank may choose to reclassify a non-derivative financial assets held for trading out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates.

G Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Bank accounting policy on derivatives is detailed in Note J.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

G Financial liabilities (Continued)

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, amount due to Cagamas Berhad, sundry creditors, bonds, other borrowings, subordinated obligations, amount due to subsidiaries, amount due to related companies and redeemable preference shares.

H Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Bank under standard repurchase agreements transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

I Impairment of financial assets

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criterias the Group and the Bank use to determine that there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

I Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

The Group and the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group and the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan or financial investments held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

I Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group and the Bank assess at each date of the statement of financial position whether there is objective evidence that the financial asset is impaired.

For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for “assets carried at amortised cost” above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income, the impairment loss is reversed through statement of income.

In the case of equity instruments classified as financial investments available-for-sale, in addition to the criteria for ‘assets carried at amortised cost’ above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on financial investments available-for-sale has been incurred, the cumulative loss that has been recognised directly in equity is removed from other comprehensive income and recognised in the statement of income. The amount of cumulative loss that is reclassified to statement of income is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income. Impairment losses recognised in statement of income on equity instruments are not reversed through the statement of income.

J Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise statement of income immediately.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

J Derivative financial instruments and hedge accounting (Continued)

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of future cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group and the Bank document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the statement of income over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained profits until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

J Derivative financial instruments and hedge accounting (Continued)

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

K Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	40 years or over the balance period of the lease, whichever is shorter
Building on freehold land	40 years
Building on leasehold land	40 years or over the balance period of the lease, whichever is shorter
Office equipment, furniture and fittings:	
- office equipment	3 - 5 years
- furniture and fixtures	10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment:	
- servers and hardware	3 - 5 years
- ATM machine	5 - 10 years
Computer equipment under lease	3 - 5 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

L Intangible assets

(a) Goodwill

Goodwill arising from business combination represents the excess of the cost of acquisition and the fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates and jointly controlled entities respectively are included in investments in associates and jointly controlled entities. Such goodwill is tested for impairment as part of the overall balance.

(b) Other intangible assets

Other intangible assets include credit card customer relationships, core deposits and computer software. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition date. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

L Intangible assets (Continued)

(b) Other intangible assets (Continued)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:	
- credit card	12 years
- revolving credit	4 years
- overdraft	6 years
- trade finance	5 years
Core deposits	8 years
Computer software	3 - 15 years

M Assets purchased under lease

(a) Finance lease

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Bank are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property, plant and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to statement of income.

(b) Operating lease

Leasehold land

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Others

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the lease.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

M Assets purchased under lease (Continued)

(b) Operating lease (Continued)

Others (Continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

N Assets sold under lease

(a) Finance lease

When assets are sold under a finance lease, the present value of the lease payments is recognised as a debtor. The difference between the gross debtor and the present value of the debtor is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(b) Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight line basis over the lease term.

O Currency translations

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated Financial Statements are presented in Ringgit Malaysia, which is the Group's and the Bank's functional and presentation currency.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

O Currency translations (Continued)

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments available-for-sale are included in the revaluation reserve - financial investments available-for-sale in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

O Currency translations (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

P Income and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement financial investments available-for-sale, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with the deferred gain or loss.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

P Income and deferred taxes (Continued)

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Q Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares are recognised as a liability when the shareholders' right to receive the dividend is established.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

R Employee benefits

(a) Short term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

(b) Post employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of services or compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service cost.

The Group and the Bank determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the Financial Statements do not differ from the amounts that would be determined at the end of the reporting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

R Employee benefits (Continued)

(b) Post employment benefits (Continued)

Defined benefit plans (Continued)

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity that approximate the terms of the related liability.

Plan assets in excess of the defined obligation are subject to the asset limitation specified in MFRS 119 - Employee Benefits.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions are not recognised unless the cumulative unrecognised gain or loss at the end of the previous reporting period exceeds the greater of 10 percent of the scheme assets or liabilities ('the corridor approach'). In these circumstances, the excess is recognised in statement of income over the employers' expected average remaining working lives.

Past-service costs are recognised immediately in the statement of income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

R Employee benefits (Continued)

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a bases similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits when they are demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Share-based compensation benefits

Management Equity Scheme ("MES" or the "Scheme")

The Group and the Bank have an equity-settled, share-based compensation plan of the equities in CIMB Group, which is settled by a substantial shareholder of the ultimate holding company, CIMB Group Holdings Berhad ("CIMB Group"). The Group and the Bank receiving the employees services should account for the plan as equity settled when it has no obligation to settle the share-based payment transaction. The value of the employee services received in exchange for the grant of options of CIMB Group is recognised as an expense with a corresponding increase in the share option reserves over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At the end of each reporting period, the Group and the Bank revise its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimate to the statement of income, with a corresponding adjustment to the share option reserve over the remaining vesting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

R Employee benefits (Continued)

(e) Share-based compensation benefits (Continued)

Employee Ownership Plan (“EOP”)

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB Group are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees (‘the final release date’). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

S Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

T Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell and reported within "Other Assets".

U Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

U Provisions (Continued)

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

V Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The financial guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the amount determined in accordance with MFRS 137 – "Provision, Contingent Liabilities and Contingent Assets", and the amount initially recognised less, when appropriate, accumulative amortisation recognised in accordance with MFRS 118 – "Revenue". These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in the statement of income within overheads.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

W Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements maturing less than one month.

X Segment reporting

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

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Y Non-current assets/disposal groups held for sale

Non-current assets/disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2012 (Continued)

Z Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group, and the Bank.

Investment properties are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group and the Bank use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statement of income as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

AA Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2012

1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 11 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

The holding company of the Bank is CIMB Group Sdn Bhd and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a quoted company, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 5th Floor, Bangunan CIMB, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at Menara Bumiputra-Commerce, 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

2 Cash and short-term funds

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash and balances with banks and other financial institutions	3,792,766	3,562,701	3,750,832	3,224,348	2,940,665	2,419,693
Money at call and deposit placements maturing within one month	19,186,110	24,678,922	17,097,157	13,715,557	17,842,848	10,491,500
	<u>22,978,876</u>	<u>28,241,623</u>	<u>20,847,989</u>	<u>16,939,905</u>	<u>20,783,513</u>	<u>12,911,193</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****3 Deposits and placements with banks and other financial institutions**

	The Group			The Bank		
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Licensed banks	3,089,151	2,873,847	7,721,433	10,322,160	10,027,352	14,871,467
Licensed investment banks	507,895	1,050,595	1,012,515	361,534	821,231	1,012,515
Bank Negara Malaysia and other central banks	50,109	66,219	301,244	-	-	200,000
Other financial institutions	89,865	55,204	606,199	25,017	-	-
	<u>3,737,020</u>	<u>4,045,865</u>	<u>9,641,391</u>	<u>10,708,711</u>	<u>10,848,583</u>	<u>16,083,982</u>

Included in the Bank's deposits and placements with banks and other financial institutions are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

As at 31 December 2012, the RPSIA placements amounted to RM984 million (31 December 2011: RM1,065 million; 1 January 2011: RM8,460 million) for a tenure between 1 to 4 months at indicative profit rates from 3.42% to 3.61% [31 December 2011: 3.39% to 3.76% (tenor 1 to 3 months); 1 January 2011: 2.81% to 4.18% (tenor 1 to 3 months)] per annum.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****4 Financial assets held for trading**

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Money market instruments						
Unquoted:						
Malaysian Government Securities	310,623	253,409	360,214	310,623	233,246	360,214
Cagamas bonds	-	52,511	13,186	-	52,511	13,186
Khazanah bonds	16,914	-	-	16,914	-	-
Malaysian Government treasury bills	215,116	90,484	57,779	146,661	80,750	57,779
Other Government securities	3,574,330	2,933,501	2,053,218	3,574,330	2,933,501	2,053,218
Bank Negara Malaysia bills	1,223,834	156,856	2,597,966	1,223,834	156,856	2,597,966
Bank Negara Malaysia negotiable notes	6,423,927	1,817,293	2,226,623	2,883,029	11,105	942,801
Bankers' acceptances and Islamic accepted bills	584,737	575,819	740,811	434,536	428,928	642,447
Negotiable instruments of deposit	2,929,556	2,069,683	1,778,088	1,272,571	1,565,527	1,140,087
Credit-linked notes	46,291	46,059	123,158	46,291	46,059	123,158
Commercial papers	320,059	168,458	163,033	320,059	168,458	163,033
Government Investment Issue	413,357	147,201	320,534	161,553	51,745	126,307
	16,058,744	8,311,274	10,434,610	10,390,401	5,728,686	8,220,196
Quoted securities:						
<u>In Malaysia</u>						
Shares	1,002,337	835,886	1,206,475	1,002,337	835,886	1,206,449
Warrants	-	-	5	-	-	-
	1,002,337	835,886	1,206,480	1,002,337	835,886	1,206,449
<u>Outside Malaysia</u>						
Shares	-	2,659	5,200	-	-	-
Private debt securities	35,846	4,818	553	-	-	-
Other Government bonds	294,207	216,609	8,247	-	-	-
	330,053	224,086	14,000	-	-	-
Unquoted securities:						
<u>In Malaysia</u>						
Shares	6,544	6,243	5,948	6,544	6,243	5,948
Private and Islamic debt securities	4,868,623	1,869,106	1,551,084	4,421,725	1,717,715	1,422,402
	4,875,167	1,875,349	1,557,032	4,428,269	1,723,958	1,428,350
<u>Outside Malaysia</u>						
Private and Islamic debt securities	1,822,142	1,322,944	1,246,789	1,805,476	1,182,961	959,981
Shares	59,769	58,157	-	-	-	-
	24,148,212	12,627,696	14,458,911	17,626,483	9,471,491	11,814,976

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****5 Financial investments available-for-sale**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Money market instruments						
Unquoted:						
Malaysian Government Securities	860,826	1,422,455	1,195,693	826,565	1,388,758	1,195,693
Khazanah bonds	400,350	190,187	-	346,110	190,187	-
Government Investment Issue	3,480,923	1,198,283	882,712	2,340,545	749,842	717,071
Other Government treasury bills	49,398	-	-	49,398	-	-
Other Government securities	104,099	25,874	-	104,099	25,874	-
Bank Negara Malaysia bills	497,386	-	-	497,386	-	-
Cagamas bonds	290,288	453,651	437,562	269,524	417,794	402,139
Commercial papers	9,999	-	-	9,999	-	-
	5,693,269	3,290,450	2,515,967	4,443,626	2,772,455	2,314,903
Quoted securities:						
<u>Outside Malaysia</u>						
Shares	289	4,398	5,287	289	189	463
Other Government bonds	1,107,829	834,022	569,024	-	-	-
Unit trusts	292,855	292,209	310,661	-	-	-
Private debt securities	91,723	19,826	-	-	-	-
	1,492,696	1,150,455	884,972	289	189	463
Unquoted securities:						
<u>In Malaysia</u>						
Private debt securities	13,955,518	8,924,328	7,926,739	12,404,294	8,195,124	7,468,840
Shares	826,572	797,611	727,228	818,674	797,475	719,619
Bonds funds	-	12,790	12,380	-	-	-
Loan stocks	18,507	19,774	26,624	18,507	12,806	26,624
	14,800,597	9,754,503	8,692,971	13,241,475	9,005,405	8,215,083
<u>Outside Malaysia</u>						
Shares	33,719	167,240	28,583	6,749	139,855	377
Private equity funds	69,444	60,479	49,974	-	-	-
Unit trusts	18,847	21,125	169,226	-	-	69,032
Private debt securities	3,758,797	1,612,707	321,077	3,793,355	1,578,415	295,429
	3,880,807	1,861,551	568,860	3,800,104	1,718,270	364,838
	25,867,369	16,056,959	12,662,770	21,485,494	13,496,319	10,895,287
Allowance for impairment losses:						
Private debt securities	(117,466)	(210,510)	(240,443)	(117,466)	(210,510)	(240,215)
Quoted shares	-	(2,504)	(2,554)	-	-	-
Unquoted shares	(95,454)	(94,532)	(28,049)	(74,020)	(73,417)	(7,035)
Loan stocks	(14,561)	(12,806)	(14,092)	(14,561)	(12,806)	(14,092)
Unit trusts	(1,898)	(1,113)	(878)	-	-	-
	(229,379)	(321,465)	(286,016)	(206,047)	(296,733)	(261,342)
	25,637,990	15,735,494	12,376,754	21,279,447	13,199,586	10,633,945

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****5 Financial investments available-for-sale (Continued)**

On 1 January 2012, the Group and the Bank designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM4,648 million (1 January 2011: RM3,457 million) and RM4,458 million (1 January 2011: RM3,299 million) respectively for the Group and RM4,154 million (1 January 2011: RM3,257 million) and RM3,971 million (1 January 2011: RM3,105 million) respectively for the Bank.

Securities amounting to RM4,329 million (31 December 2011: RM3,746 million; 1 January 2011: RM3,212 million) were invested by asset management companies on behalf of the Group and the Bank.

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

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	321,465	286,016	296,733	261,342
Net allowance made during the financial year	1,606	72,987	1,498	71,869
Disposal of securities	(92,184)	(28,447)	(92,184)	(28,447)
Written off	-	(836)	-	(836)
Exchange fluctuation	(1,508)	(8,255)	-	(7,195)
At 31 December	229,379	321,465	206,047	296,733

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****6 Financial investments held-to-maturity**

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Money market instruments						
Unquoted:						
Malaysian Government Securities	-	13,228	149,967	-	13,228	149,967
Malaysian Government Investment Issue	20,686	11,403	-	20,686	7,594	-
Other government securities	754,593	490,820	-	754,593	490,820	-
Cagamas bonds	4,834	5,977	4,817	4,834	5,977	4,817
	780,113	521,428	154,784	780,113	517,619	154,784
Quoted securities:						
<u>Outside Malaysia</u>						
Structured notes	-	-	154,859	-	-	-
Private debt securities	2,218,812	1,835,931	999,621	-	-	-
	2,218,812	1,835,931	1,154,480	-	-	-
Unquoted securities:						
<u>In Malaysia</u>						
Loans stocks	28,813	30,781	31,814	-	-	-
Danaharta Urus Sdn Bhd bonds	130,139	795,335	795,335	130,139	795,335	795,335
Private debt securities	3,734,412	4,760,561	5,927,319	3,081,972	4,075,637	5,028,711
	3,893,364	5,586,677	6,754,468	3,212,111	4,870,972	5,824,046
<u>Outside Malaysia</u>						
Private debt securities	1,485,557	1,932,271	1,901,967	1,461,848	1,887,612	1,821,247
Accretion of discount net of amortisation of premium	23,913	332,317	281,967	33,771	330,975	281,074
Less: Allowance for impairment losses	(34,350)	(36,406)	(36,239)	-	-	-
	8,367,409	10,172,218	10,211,427	5,487,843	7,607,178	8,081,151

On 1 January 2012, the Group and the Bank designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM4,648 million (1 January 2011: RM3,457 million) and RM4,458 million (1 January 2011: RM3,299 million) respectively for the Group and RM4,154 million (1 January 2011: RM3,257 million) and RM3,971 million (1 January 2011: RM3,105 million) respectively for the Bank.

Private debt securities amounting to RM Nil (31 December 2011: RM Nil; 1 January 2011: RM865 million) are funded by a RPSIA depositor, as part of an arrangement with CIMB Islamic.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****6 Financial investments held-to-maturity (Continued)**

Included in the financial investments held-to-maturity of the Group as at 31 December 2012 are 10-year promissory notes of THB263 million (31 December 2011: THB415 million; 1 January 2011: THB746 million) maturing between 2013 to 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank Public Company Limited ("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 financial year, CIMB Bank Thai has recognised a gain of approximately RM133 million (2011: RM101 million) arising from the sharing arrangement.

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

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	36,406	36,239	-	-
Written back during the financial year	(492)	-	-	-
Exchange fluctuation	(1,564)	167	-	-
At 31 December	34,350	36,406	-	-

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing****(i) By type**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Overdrafts	5,758,467	5,768,540	5,900,629	4,468,500	4,679,867	4,951,447
Term loans/financing						
- Housing loan/financing	45,080,347	41,257,312	36,154,734	34,255,088	32,162,693	28,921,656
- Syndicated term loan	9,286,127	9,654,363	6,368,262	8,941,483	9,388,988	5,820,904
- Other term loans/financing	62,695,639	55,204,174	49,556,043	41,135,566	35,597,859	34,054,035
- Factoring receivables	19,007	12,172	20,435	-	-	-
- Lease receivables	73,811	40,003	29,720	-	-	-
- Hire purchase receivables	12,772,502	11,614,260	11,375,883	4,918,434	5,160,996	5,361,387
Bills receivable	3,675,350	3,644,191	2,523,053	1,057,156	718,096	484,483
Trust receipts	2,295,493	1,230,199	1,043,959	661,991	540,594	513,515
Claim on customers under acceptance credit	3,919,377	3,537,136	3,755,603	3,577,129	3,295,642	3,557,332
Staff loans	413,561	384,590	399,616	364,097	345,173	371,598
Credit card receivables	4,535,888	4,649,029	4,266,422	4,438,006	4,544,951	4,175,950
Revolving credit	7,857,212	5,815,428	6,418,920	6,379,846	5,338,728	5,330,939
Share margin financing	692,016	560,088	652,998	656,790	501,297	627,691
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937
Fair value changes arising from fair value hedges	360,979	398,797	44,340	139,919	158,115	26,864
	159,435,776	143,770,282	128,510,617	110,994,005	102,432,999	94,197,801
Less: Individual impairment allowance	(1,902,985)	(2,062,708)	(1,975,959)	(1,652,134)	(1,633,574)	(1,527,289)
Less: Portfolio impairment allowance	(1,841,225)	(2,197,899)	(2,282,616)	(1,255,788)	(1,577,067)	(1,853,963)
Total net loans, advances and financing	155,691,566	139,509,675	124,252,042	108,086,083	99,222,358	90,816,549

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

(i) By type (continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM63,591,000 (31 December 2011: RM69,977,000; 1 January 2011: RM75,347,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have 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.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,869,471,000 (31 December 2011: RM7,237,885,000; 1 January 2011: RM7,663,278,000) and RM1,326,031,000 (31 December 2011: RM2,884,132,000; 1 January 2011: RM3,218,655,000) respectively, using interest rate swaps.

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Gross loans hedged	7,869,471	7,237,885	7,663,278	1,326,031	2,844,132	3,218,655
Fair value changes arising from fair value hedges	360,979	398,797	44,340	139,919	158,115	26,864
	8,230,450	7,636,682	7,707,618	1,465,950	3,002,247	3,245,519

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 31 December 2012 were RM311,304,935 (31 December 2011: RM445,176,674; 1 January 2011: RM127,755,094) and RM63,418,357 (31 December 2011: RM181,364,782; 1 January 2011: RM76,134,054) 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 (See Note 3), 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 31 December 2012, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM988 million (31 December 2011: RM1,065 million; 1 January 2011: RM7,331 million) and RM3.5 million (31 December 2011: RM3.7 million; 1 January 2011: RM154.8 million) respectively.

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Domestic banking institutions	384,015	57,963	65,091	5,920	173	-
Domestic non-bank financial institutions						
- stockbroking companies	10,009	-	-	10,009	-	-
- others	1,807,723	1,703,135	2,634,068	911,334	1,100,559	2,339,548
Domestic business enterprises						
- small medium enterprises	11,628,979	11,374,308	11,493,846	9,344,541	9,177,518	9,596,743
- others	28,981,548	29,554,549	25,637,017	16,055,888	19,336,391	16,960,581
Government and statutory bodies	12,883,567	12,657,089	10,666,029	6,128,639	6,103,106	6,122,203
Individuals	84,436,650	75,553,562	67,403,922	59,998,561	54,598,218	50,348,792
Other domestic entities	3,891,372	2,331,686	2,952,578	3,841,792	2,230,336	1,679,408
Foreign entities	15,050,934	10,139,193	7,613,726	14,557,402	9,728,583	7,123,662
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937

(iii) By interest rate sensitivity:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Fixed rate						
- Housing loans	1,763,136	1,935,707	3,530,315	1,139,268	1,242,704	2,540,512
- Hire-purchase receivables	12,750,776	11,594,690	11,366,668	4,893,719	5,139,062	5,350,880
- Other fixed rate loans	32,059,171	31,267,648	26,272,898	18,829,968	18,697,693	17,274,899
Variable rate						
- BLR plus	63,241,398	55,721,316	50,357,387	55,314,729	48,985,065	45,231,704
- Cost-plus	26,088,231	24,913,736	22,845,941	16,924,618	18,281,058	16,316,385
- Other variable rates	23,172,085	17,938,388	14,093,068	13,751,784	9,929,302	7,456,557
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Personal use	6,854,549	6,502,902	4,927,483	2,426,724	2,394,655	2,232,499
Credit card	4,535,885	4,649,029	4,266,422	4,438,003	4,544,951	4,175,950
Purchase of consumer durables	25,165	464	1,216	13,581	464	1,216
Construction	6,374,956	4,568,490	3,484,512	3,180,293	2,448,635	2,070,368
Residential property (Housing)	45,206,176	41,211,363	37,368,876	34,302,645	32,063,079	30,079,231
Non-residential property	15,844,104	12,593,580	11,642,466	13,270,216	10,666,694	9,991,008
Purchase of fixed assets other than land and building	2,077,105	1,652,118	1,310,510	1,451,923	985,007	575,842
Merger and acquisition	1,987,139	5,186,293	2,620,451	1,966,849	5,151,506	2,524,594
Purchase of securities	11,548,716	8,185,688	7,415,594	11,513,068	8,105,805	7,340,926
Purchase of transport vehicles	12,659,783	11,396,621	11,116,607	4,966,900	5,229,033	5,436,262
Working capital	34,549,290	29,512,883	31,170,896	22,699,923	18,338,603	19,591,623
Other purpose	17,411,929	17,912,054	13,141,244	10,623,961	12,346,452	10,151,418
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937

(v) By geographical distribution:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Malaysia	125,176,653	117,273,540	108,665,708	91,715,591	88,651,068	84,481,958
Indonesia	823,457	845,404	916,031	763,223	721,588	779,768
Thailand	14,516,991	12,213,550	9,906,698	261,874	45,780	47,578
Singapore	12,966,678	9,165,064	5,964,290	12,966,678	9,165,064	5,964,290
United Kingdom	934,931	996,344	621,152	934,931	996,344	621,152
Hong Kong	1,119,775	598,442	248,187	1,119,775	598,442	248,187
Other countries	3,536,312	2,279,141	2,144,211	3,092,014	2,096,598	2,028,004
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

(vi) By residual contractual maturity:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Maturing within one year	32,190,584	30,970,688	29,928,578	23,574,442	25,058,392	22,913,964
One year to less than three years	18,570,972	14,438,318	13,137,559	16,394,066	12,440,578	11,157,731
Three years to less than five years	12,806,619	11,357,133	15,095,548	8,530,058	8,519,463	12,155,052
Five years and more	95,506,622	86,605,346	70,304,592	62,355,520	56,256,451	47,944,190
Gross loans, advances and financing	159,074,797	143,371,485	128,466,277	110,854,086	102,274,884	94,170,937

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

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Personal use	129,177	139,300	135,673	65,962	81,162	84,306
Credit card	19,443	101,554	82,095	19,024	97,048	79,479
Purchase of consumer durables	26	80	251	26	80	251
Construction	1,092,381	1,104,991	1,197,100	1,063,342	992,740	1,032,935
Residential property (Housing)	870,768	794,760	816,457	706,606	660,496	706,774
Non-residential property	220,496	243,533	241,794	185,348	216,231	225,663
Purchased of fixed assets other than land and building	40,625	74,320	76,365	25,590	32,045	32,364
Purchase of securities	150,494	74,793	46,579	150,484	55,502	8,357
Purchase of transport vehicles	285,033	337,612	318,288	163,200	218,544	223,074
Working capital	1,430,290	1,863,700	1,767,123	1,251,415	1,644,242	1,527,926
Other purpose	302,583	373,900	376,567	61,845	43,738	67,019
Gross impaired loans	4,541,316	5,108,543	5,058,292	3,692,842	4,041,828	3,988,148

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

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Malaysia	3,675,540	4,045,324	4,177,553	3,326,563	3,605,151	3,696,797
Indonesia	94,495	47,167	84,019	94,495	-	-
Thailand	499,497	578,032	502,687	-	-	-
Singapore	29,400	43,103	61,114	29,400	43,103	61,114
United Kingdom	2,310	54,025	48,095	2,310	54,025	48,095
Other countries	240,074	340,892	184,824	240,074	339,549	182,142
Gross impaired loans, advances and financing	4,541,316	5,108,543	5,058,292	3,692,842	4,041,828	3,988,148

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

(ix) Movements in impaired loans, advances and financing are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,108,543	5,058,292	4,041,828	3,988,148
Classified as impaired during the financial year	2,621,969	3,293,236	2,089,168	2,749,184
Reclassified as not impaired during the financial year	(1,132,311)	(1,626,487)	(949,068)	(1,463,951)
Amount written back in respect of recoveries	(1,052,310)	(999,377)	(917,220)	(809,669)
Amount written off	(1,062,380)	(629,413)	(688,049)	(438,323)
Reclassification from unwinding income	135,686	-	114,742	-
Amount transferred to related company	(68,504)	-	-	-
Disposal of subsidiary	(2,464)	-	-	-
Exchange fluctuation	(6,913)	12,292	1,441	16,439
At 31 December	4,541,316	5,108,543	3,692,842	4,041,828
Ratio of gross impaired loans to total loans, advances and financing	2.85%	3.56%	3.33%	3.95%

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****7 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Individual impairment allowance				
At 1 January	2,062,708	1,975,959	1,633,574	1,527,289
Net allowance made during the financial year	150,751	158,185	138,153	139,707
Allowance made and charged to deferred assets	1,221	140	1,221	140
Amount written off	(330,229)	(28,605)	(186,228)	(11,099)
Disposal of subsidiary	(2,429)	-	-	-
Amount transferred to portfolio impairment allowance	9,598	(1,831)	-	-
Amount transferred to related company	(56,608)	-	-	-
Unwinding income	84,193	(45,829)	77,135	(31,897)
Exchange fluctuation	(16,220)	4,689	(11,721)	9,434
At 31 December	1,902,985	2,062,708	1,652,134	1,633,574
	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Portfolio impairment allowance				
At 1 January	2,197,899	2,282,616	1,577,067	1,853,963
Net allowance made during the financial year	316,497	504,947	131,975	289,245
Allowance (written back)/made and charged to deferred assets	(1,510)	844	(1,510)	844
Amount written off	(723,895)	(566,248)	(502,689)	(378,962)
Amount transferred from individual impairment allowance	(9,598)	1,831	-	-
Amount transferred to subsidiary	-	-	-	(166,234)
Amount transferred to related company	(1,553)	-	-	-
Unwinding income	65,104	(23,389)	51,867	(18,942)
Exchange fluctuation	(1,719)	(2,702)	(922)	(2,847)
At 31 December	1,841,225	2,197,899	1,255,788	1,577,067
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%

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****8 Other assets**

	Note	The Group			The Bank		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred assets	(a)	103,524	131,204	170,961	103,524	131,204	170,961
Foreclosed properties	(b)	120,549	116,848	171,675	-	8,557	2,425
Due from brokers and clients		-	30,723	37,305	-	-	-
Option premium receivables		246,723	249,461	278,032	246,723	249,461	278,032
Collateral pledged for derivative transactions		691,593	595,738	548,883	591,182	510,251	463,470
Other debtors, deposits and prepayments		1,172,759	968,445	1,274,267	768,957	731,977	990,955
		2,335,148	2,092,419	2,481,123	1,710,386	1,631,450	1,905,843

- (a) Deferred assets comprise mainly the carrying value of the excess of liabilities over assets of Common Forge Berhad (now known as Southeast Asia Special Asset Management Berhad) taken over by SBB Berhad in 2000 and will be reduced progressively by a scheme of arrangement which has been agreed by Bank Negara Malaysia. Movements in deferred assets during the financial year are as follows:

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
At 1 January	131,204	170,961
Amortisation for the financial year	(27,391)	(40,741)
Impairment allowance (made)/written back	(289)	984
At 31 December	103,524	131,204

- (b) Movements in foreclosed properties during the financial year are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	116,848	171,675	8,557	2,425
Acquired during the financial year	82,877	50,632	-	-
Reclassified from assets held for sale	-	8,557	-	8,557
Disposed during the financial year	(77,424)	(109,915)	(8,557)	(2,425)
Disposal of subsidiary	(682)	-	-	-
Exchange difference	(1,070)	(4,101)	-	-
At 31 December	120,549	116,848	-	8,557

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****9 Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Deferred tax assets	25,702	23,487	21,636	-	-	-
Deferred tax liabilities	(22,034)	(85,287)	(60,121)	(5,848)	(39,249)	(14,088)
	3,668	(61,800)	(38,485)	(5,848)	(39,249)	(14,088)

Further breakdown are as follows:

Deferred tax assets (before offsetting)

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Portfolio impairment allowance	3,316	5,399	4,158	377	1,214	-
Other temporary differences	61,108	36,129	20,613	20,643	23,498	9,537
Property, plant and equipment	2,508	4,102	3,294	-	-	-
Provision for expenses	236,174	201,758	233,703	215,853	190,134	225,535
	303,106	247,388	261,768	236,873	214,846	235,072
Offsetting	(277,404)	(223,901)	(240,132)	(236,873)	(214,846)	(235,072)
Deferred tax assets (after offsetting)	25,702	23,487	21,636	-	-	-

Deferred tax liabilities (before offsetting)

Property, plant and equipment	(67,762)	(55,637)	(66,897)	(62,540)	(51,019)	(63,117)
Revaluation reserve- financial investments available-for-sale	(153,796)	(162,185)	(132,269)	(146,287)	(157,755)	(129,294)
Intangible assets	(36,001)	(47,940)	(59,368)	(33,894)	(45,321)	(56,749)
Other temporary differences	(41,879)	(43,426)	(41,719)	-	-	-
	(299,438)	(309,188)	(300,253)	(242,721)	(254,095)	(249,160)
Offsetting	277,404	223,901	240,132	236,873	214,846	235,072
Deferred tax liabilities (after offsetting)	(22,034)	(85,287)	(60,121)	(5,848)	(39,249)	(14,088)

Deferred tax assets arising from unabsorbed tax losses amounted to RM152,170,000 (31 December 2011: RM191,922,000, 1 January 2011: RM244,725,000), have not been recognised in the financial statements at CIMB Bank Group. The unabsorbed tax losses will expire in 2013 and 2014.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)								
At 1 January 2012								
- As previously stated		5,399	(51,535)	(114,995)	(7,297)	(47,940)	201,758	(14,610)
- Effect of adopting MFRS1		-	-	(47,190)	-	-	-	(47,190)
As restated		5,399	(51,535)	(162,185)	(7,297)	(47,940)	201,758	(61,800)
(Charged)/credited to statements of income	42	(2,083)	(15,667)	-	26,526	11,939	34,629	55,344
Over/(under) accrual in prior year		-	1,948	-	-	-	(213)	1,735
Transferred to equity		-	-	8,389	-	-	-	8,389
At 31 December 2012		3,316	(65,254)	(153,796)	19,229	(36,001)	236,174	3,668

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)								
At 1 January 2011								
- As previously stated		4,158	(63,603)	(94,803)	(21,106)	(59,368)	233,703	(1,019)
- Effect of adopting MFRS1		-	-	(37,466)	-	-	-	(37,466)
As restated		4,158	(63,603)	(132,269)	(21,106)	(59,368)	233,703	(38,485)
Credited/(charged) to statements of income	42	1,241	11,586	-	13,085	11,428	(46,004)	(8,664)
Over accrual in prior year		-	482	-	724	-	14,059	15,265
Transferred to equity		-	-	(29,916)	-	-	-	(29,916)
At 31 December 2011		5,399	(51,535)	(162,185)	(7,297)	(47,940)	201,758	(61,800)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
The Bank								
Deferred tax assets/(liabilities)								
At 1 January 2012								
- As previously stated		1,214	(51,019)	(112,240)	23,498	(45,321)	190,134	6,266
- Effect of adopting MFRS1		-	-	(45,515)	-	-	-	(45,515)
As restated		1,214	(51,019)	(157,755)	23,498	(45,321)	190,134	(39,249)
(Charged)/credited to statements of income	42	(837)	(12,462)	-	(2,855)	11,427	25,649	20,922
Over accrual in prior year		-	941	-	-	-	70	1,011
Transferred to equity		-	-	11,468	-	-	-	11,468
At 31 December 2012		377	(62,540)	(146,287)	20,643	(33,894)	215,853	(5,848)

	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
The Bank								
Deferred tax assets/(liabilities)								
At 1 January 2011								
- As previously stated		-	(63,117)	(93,110)	9,537	(56,749)	225,535	22,096
- Effect of adopting MFRS1		-	-	(36,184)	-	-	-	(36,184)
As restated		-	(63,117)	(129,294)	9,537	(56,749)	225,535	(14,088)
Credited/(charged) to statements of income	42	1,214	11,594	-	13,642	11,428	(48,638)	(10,760)
Over accrual in prior year		-	504	-	319	-	13,237	14,060
Transferred to equity		-	-	(28,461)	-	-	-	(28,461)
At 31 December 2011		1,214	(51,019)	(157,755)	23,498	(45,321)	190,134	(39,249)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****10 Statutory deposits with central banks**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Statutory deposits with						
- Bank Negara Malaysia	4,333,114	4,132,034	899,043	3,229,017	3,034,237	586,417
- Other central banks	930,745	950,551	511,112	657,404	778,060	367,606
	5,263,859	5,082,585	1,410,155	3,886,421	3,812,297	954,023

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of foreign subsidiaries and foreign branches are maintained with respective central banks in compliance with the applicable legislation.

11 Investments in subsidiaries

	31 December 2012 RM'000	The Bank 31 December 2011 RM'000	1 January 2011 RM'000
	Unquoted shares, at cost		
- ordinary and preference shares	(a) 4,876,602	4,766,661	4,560,333
Less: Allowance for impairment loss	(28,930)	(28,930)	(33,361)
	4,847,672	4,737,731	4,526,972

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****11 Investments in subsidiaries (Continued)**

(a) Ordinary shares

- (i) On 8 March 2012, CIMB Thai Bank, 93.71% owned subsidiary of the Bank, which in turn is a 99.99% owned subsidiary of CIMBG, announced a 3-for-10 rights issue at THB1 per share. The exercise was approved at the Annual General Meeting and approved by Thailand's Ministry of Finance on 12 April 2012 and 21 June 2012 respectively. The exercise was completed on 7 August 2012 and CIMB Thai Bank successfully raised a total capital of THB 4.769 billion.

Subsequent to the right issue, the Bank's shareholding in CIMB Thai Bank has increased from 93.15% to 93.71% as other shareholders have not subscribed their portion of the rights issue.

- (ii) On 22 June 2012, CIMB Thai Bank, entered into a Share Sale Agreement with CIMB Securities International Pte Ltd., a 100% owned subsidiary of CIMBG, to dispose to the latter 109,999,993 ordinary shares in CIMB Securities (Thailand) Company Limited ("CIMBS"), representing 99.99% of CIMBS's issued and paid-up share capital for a total consideration of THB1,117,600,000 (equivalent to approximately RM110,936,000). The disposal of CIMBS was completed on 2 July 2012.
- (iii) On 21 November 2012, CIMB Bank (L) Limited, a wholly-owned subsidiary of the Bank, made a capital repayment of USD100 million to the Bank as part of its capital reduction exercise.

- (b) The Bank had undertaken a net investment hedge on the foreign exchange risk of CIMB Bank (L) Limited using the following hedging instruments:

	Fair value at 31 December 2012 RM'000	Fair value at 31 December 2011 RM'000	Fair value at 1 January 2011 RM'000
USD200 million subordinated loans	611,800	635,400	616,700
USD304 million fixed deposits	-	-	937,569
USD123 million interbank borrowings	-	-	379,138
USD307 million interbank borrowings	-	975,339	-
USD134 million interbank borrowings	409,906	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:					
		Directly by the Bank			Through subsidiary company		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	%	%	%	%	%	%	
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	100	-	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	100	-	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	100	-	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	-	100	100	100
BC Management Services Ltd (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	-	100	100	100
Mutiara Aset Berhad	Dormant	100	100	100	-	-	-
CIMB Islamic Trustee Berhad (formerly known as CIMB Trustee Berhad) @	Trustee services	20	20	20	40	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	100	-	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	100	-	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	100	-	-	-
Semerak Services Sdn. Bhd.	Service company	100	100	100	-	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of management services and outsourcing	100	100	100	-	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:					
		Directly by the Bank			Through subsidiary company		
		31 December 2012 %	31 December 2011 %	1 January 2011 %	31 December 2012 %	31 December 2011 %	1 January 2011 %
BBMB Finance Nominee (Hong Kong) Limited (Incorporated in Hong Kong) ^	Dormant	-	-	100	-	-	-
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	100	-	-	-
Halyconia Asia Fund Limited (Incorporated in the British Virgin Islands) ^	Open-ended investment fund	-	-	-	-	100	100
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	-	100	100	100
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	-	100	100	100
Mezzanine Capital Limited	Fund management	-	-	-	100	100	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	100	-	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd. (formerly known as Southern Nominees (Tempatan) Sdn. Bhd.)	Nominee services	100	100	100	-	-	-
CIMB Islamic Nominees (Asing) Sdn. Bhd. (formerly known as Southern Nominees (Asing) Sdn. Bhd.)	Nominee services	100	100	100	-	-	-
SBB Capital Markets Sdn. Bhd.	Investment holding	100	100	100	-	-	-
CIMB Commerce Trustee Berhad (formerly known as BHLB Trustee Berhad) ®	Trustee services	20	20	20	40	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	100	-	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	100	-	-	-
SIBB Berhad	Dormant	80	80	80	-	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	-	80	80	80

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:					
		Directly by the Bank			Through subsidiary company		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	%	%	%	%	%	%	
SFB Auto Berhad	Dormant	100	100	100	-	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	100	-	-	-
Seal Line Trading Sdn. Bhd. ^		-	-	-	-	-	100
CIMB Nominees (S) Pte Ltd (Incorporated in Republic of Singapore) ^a	Nominee services	100	100	100	-	-	-
SBB Capital Corporation	Special purpose vehicle	100	100	100	-	-	-
Perdana Visi Hartanah Sdn. Bhd.	Property investment	100	100	100	-	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	100	-	-	-
SBB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	100	-	-	-
Premier Fidelity Berhad	Dormant	100	100	100	-	-	-
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^a	Banking	93.71	93.15	93.15	-	-	-
Commerce Returns Berhad [∞]	Special purpose vehicle	-	-	-	-	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^a	Commercial banking and related financial services	100	100	100	-	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****11 Investments in subsidiaries (Continued)**

The subsidiaries held through CIMB Thai Bank Public Company Limited are as follows:

Name	Principal activities	Percentage of equity held:					
		Directly by the Bank			Through subsidiary company		
		31 December 2012 %	31 December 2011 %	1 January 2011 %	31 December 2012 %	31 December 2011 %	1 January 2011 %
CIMB Securities (Thailand) Company Limited (Incorporated in the Kingdom of Thailand)	Stock and share broking	-	-	-	-	99.99	99.99
CT Coll Company Limited (formerly known as BT Business Consulting Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Debt collection service	-	-	-	99.99	99.99	99.99
Centre Auto Lease Company Limited (formerly known as BT Leasing Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Leasing/hire purchase	-	-	-	99.99	99.99	99.99
Worldlease Company Limited (formerly known as BT Worldlease Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Hire purchase of motorcycles	-	-	-	99.99	75.04	75.04

[^] Company has been voluntarily liquidated during the financial year^α Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia[∞] In accordance with IC 112 - Consolidation: Special Purpose Entities, Commerce Returns Berhad is consolidated in the Group as the substance of the relationship between the Group and the special purpose entity indicates that the entity is controlled by the Group[@] The combined interests of these subsidiaries are more than 51%

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****12 Investment in jointly controlled entity**

	The Group		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Share of net assets of jointly controlled entity	153,557	149,208	139,849

	The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Unquoted shares, at cost	125,000	125,000	125,000

The jointly controlled entity, which is incorporated in Malaysia, is as follows:

Name	Principal activity	Percentage of equity held	
		2012	2011
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50

On 22 October 2003, Bumiputra-Commerce Finance Berhad (“BCF”) entered into a joint venture agreement with Proton Edar Sdn. Bhd. (“PESB”) for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a jointly controlled entity was incorporated under the name of Proton Commerce Sdn Bhd (“PCSB”) which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares (“PPS”) which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

The Group’s share of income and expenses of the jointly controlled entity is as follows:

	2012	2011
	RM'000	RM'000
Income	51,899	54,820
Expenses	(45,690)	(42,388)
Profit before taxation	6,209	12,432
Taxation	(1,860)	(3,073)
Net profit for the financial year	4,349	9,359

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****12 Investment in jointly controlled entity (Continued)**

The Group's share of the assets and liabilities of the jointly controlled entity other than those that are held in trust by the Bank is as follows:

	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Non-current assets	794,487	852,052	220,271
Current assets	150,546	149,368	117,658
Current liabilities	(790,870)	(819,960)	(80,989)
Long term liabilities	(606)	(32,252)	(117,091)
Net assets	153,557	149,208	139,849

13 Investments in associates

	The Group	
	2012	2011
	RM'000	RM'000
At 1 January	589,816	382,248
Capital contributions and purchase of right issues in associates	-	94,686
Disposal of certain percentage in an associate	(29,085)	-
Dividend from associate	(21,763)	-
Share of associate's other comprehensive income	(7,851)	13,849
Share of profit	93,922	99,033
	625,039	589,816

	The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	368,971	392,802	298,116

On 21 February 2012, CIMB Bank had completed the disposal of 6.8% stake in The South East Asian Strategic Assets Fund LP. to a third party. The Bank still has the significant influence over SEASAF subsequent to the disposal and continues to recognise as investment in associate.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****13 Investments in associates (Continued)**

Details of the associates held by the Bank are as follows:

Name	Principal activities	Percentage of equity held	
		2012	2011
		%	%
Bank of Yingkou Co., Ltd (Incorporated in the People Republic of China)	Banking	19.99	19.99
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Investing in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	25.1	31.9
SEASAF Power Sdn. Bhd.	Investment holding	25.1	31.9
SEASAF Highway Sdn. Bhd.	Investment holding	25.1	31.9
SEASAF Education Sdn. Bhd.	Investment holding	25.1	31.9
SEASAF Power Sdn. Bhd.	Investment holding	-	31.9
SEASAF 1 Resources Pte Ltd (Incorporated in the Republic of Singapore)	Investment holding	25.1	31.9

The Group's share of income and expenses of the associates are as follows:

	2012	2011
	RM'000	RM'000
Interest income	407,921	279,075
Interest expense	(219,822)	(110,873)
Net interest income	188,099	168,202
Non-interest income	34,470	39,750
Net income	222,569	207,952
Overheads	(87,478)	(74,927)
Allowances for losses on loans and advances	(11,154)	(4,518)
Write-back of other impairment losses	-	825
Profit before taxation	123,937	129,332
Taxation	(29,873)	(30,182)
Profit after taxation	94,064	99,150
Non-controlling interest	(142)	(117)
	93,922	99,033

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****13 Investments in associates (Continued)**

The Group's share of the assets and liabilities of the associate is as follows:

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Total assets	6,292,153	5,545,144	4,278,928
Total liabilities	(5,726,298)	(5,004,075)	(3,931,032)
Net assets	565,855	541,069	347,896

14 Amounts due from holding company and ultimate holding company

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Amounts due from:						
- ultimate holding company	28,853	28,853	29,193	-	-	340
- holding company	-	285	-	-	285	-
	28,853	29,138	29,193	-	285	340

The amounts due from holding company and ultimate holding company are unsecured, interest free and callable on demand.

15 Amounts due from/(to) subsidiaries

	31 December 2012 RM'000	The Bank 31 December 2011 RM'000	1 January 2011 RM'000
Amounts due from subsidiaries	316,086	456,073	84,317
Amounts due to subsidiaries	(70,522)	(50,013)	(310,381)

The amounts due from/(to) subsidiaries are unsecured, interest free and callable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****16 Amounts due from/(to) related companies**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Amounts due from related companies	<u>1,417,749</u>	<u>1,673,748</u>	<u>2,259,363</u>	<u>1,415,341</u>	<u>1,671,621</u>	<u>2,239,775</u>
Amounts due to related companies	<u>(25,352)</u>	<u>(6,444)</u>	<u>(6,751)</u>	<u>(22)</u>	<u>-</u>	<u>(841)</u>

Included in amount due from related companies is an amount of RM1,285,914,000 (31 December 2011: RM1,371,367,000; 1 January 2011: RM1,671,488,000) due from PCSB. With the adoption of FRS 139 on 1 January 2010, hire-purchase receivables belonging to PCSB were de-recognised from the Group's and the Bank's loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

The amounts from/(to) related companies are unsecured, interest free and callable on demand.

17 Goodwill

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost				
At 1 January	4,903,904	4,927,428	3,559,075	3,559,075
Exchange fluctuation	(8,471)	(23,524)	-	-
At 31 December	<u>4,895,433</u>	<u>4,903,904</u>	<u>3,559,075</u>	<u>3,559,075</u>
Impairment				
At 1 January/31 December	(4,000)	(4,000)	(4,000)	(4,000)
Net book value at 31 December	<u>4,891,433</u>	<u>4,899,904</u>	<u>3,555,075</u>	<u>3,555,075</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****17 Goodwill (Continued)****Allocation of goodwill to cash-generating units**

Goodwill has been allocated to the following cash-generating units (“CGUs”). These CGUs do not carry any intangible assets with indefinite useful lives.

A segment-level summary of the goodwill allocation is presented below:

	The Group			The Bank		
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail Financial Services	1,101,075	1,101,075	1,101,075	1,101,075	1,101,075	1,101,075
Commercial Banking	911,000	911,000	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	136,000	-	-	-
Direct Banking Group	587,000	587,000	587,000	587,000	587,000	587,000
Treasury	537,000	537,000	537,000	537,000	537,000	537,000
Foreign Banking operations	1,199,277	1,199,277	1,199,277	-	-	-
Goodwill	4,890,352	4,890,352	4,890,352	3,555,075	3,555,075	3,555,075
Exchange fluctuation	1,081	9,552	33,076	-	-	-
	4,891,433	4,899,904	4,923,428	3,555,075	3,555,075	3,555,075

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

17 Goodwill (Continued)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2013 financial budgets approved by the Board of Directors, projected for five years based on the average to year historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (31 December 2011: 5.00%; 1 January 2011:5.00%) for all cash generating units other than foreign banking operations which has used an estimated growth rate of 2.00% (31 December 2011: 2.00%; 1 January 2011: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 7.10% (31 December 2011: 8.72%; 1 January 2011: 8.89%) and 9.50% (31 December 2011: 12.33%; 1 January 2011: 10.43%) for the foreign banking operations CGU. The discount rate is pre-tax and reflects the specific risks relating to the CGUs.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2012 and 31 December 2011. In 1 January 2011, the impairment charge arises from the impairment of trustee services of RM4 million.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****18 Intangible assets**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2012						
Cost						
At 1 January		163,382	264,662	1,084,291	256	1,512,591
Additions		-	-	284,727	-	284,727
Disposals/write-off		-	-	(8,152)	-	(8,152)
Reclassified from property, plant and equipment	20	-	-	15,214	-	15,214
Exchange fluctuation		(23)	-	(678)	-	(701)
At 31 December		<u>163,359</u>	<u>264,662</u>	<u>1,375,402</u>	<u>256</u>	<u>1,803,679</u>
Amortisation and impairment						
At 1 January		76,800	181,627	532,414	103	790,944
Amortisation during the financial year		14,677	33,083	116,755	-	164,515
Disposals/write-off		-	-	(5,571)	-	(5,571)
Reclassified from property, plant and equipment	20	-	-	8,975	-	8,975
Exchange fluctuation		(22)	-	(259)	-	(281)
At 31 December		<u>91,455</u>	<u>214,710</u>	<u>652,314</u>	<u>103</u>	<u>958,582</u>
Net book value at 31 December 2012		<u>71,904</u>	<u>49,952</u>	<u>723,088</u>	<u>153</u>	<u>845,097</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****18 Intangible assets (Continued)**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2011						
Cost						
At 1 January		163,382	264,662	794,437	256	1,222,737
Additions		-	-	298,031	-	298,031
Disposals/write-off		-	-	(6,707)	-	(6,707)
Reclassified from property, plant and equipment	20	-	-	477	-	477
Exchange fluctuation		-	-	(1,947)	-	(1,947)
At 31 December		<u>163,382</u>	<u>264,662</u>	<u>1,084,291</u>	<u>256</u>	<u>1,512,591</u>
Amortisation and impairment						
At 1 January		62,123	148,544	437,903	103	648,673
Amortisation during the financial year		14,677	33,083	102,189	-	149,949
Impairment written off		-	-	(1,916)	-	(1,916)
Disposals/write-off		-	-	(4,787)	-	(4,787)
Exchange fluctuation		-	-	(975)	-	(975)
At 31 December		<u>76,800</u>	<u>181,627</u>	<u>532,414</u>	<u>103</u>	<u>790,944</u>
Net book value at 1 January 2011		<u>101,259</u>	<u>116,118</u>	<u>356,534</u>	<u>153</u>	<u>574,064</u>
Net book value at 31 December 2011		<u>86,582</u>	<u>83,035</u>	<u>551,877</u>	<u>153</u>	<u>721,647</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****18 Intangible assets (Continued)**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
The Bank					
2012					
Cost					
At 1 January		153,091	263,612	947,103	1,363,806
Additions		-	-	265,777	265,777
Disposals/write-off		-	-	(39)	(39)
Reclassified from property, plant and equipment	20	-	-	13,807	13,807
Exchange fluctuation		-	-	362	362
At 31 December		<u>153,091</u>	<u>263,612</u>	<u>1,227,010</u>	<u>1,643,713</u>
Amortisation					
At 1 January		70,164	181,232	435,982	687,378
Amortisation during the financial year		12,758	32,952	96,845	142,555
Disposals/write-off		-	-	(39)	(39)
Reclassified from property, plant and equipment	20	-	-	7,713	7,713
Exchange fluctuation		-	-	269	269
At 31 December		<u>82,922</u>	<u>214,184</u>	<u>540,770</u>	<u>837,876</u>
Net book value at 31 December 2012		<u>70,169</u>	<u>49,428</u>	<u>686,240</u>	<u>805,837</u>
The Bank					
2011					
Cost					
At 1 January		153,091	263,612	670,087	1,086,790
Additions		-	-	276,954	276,954
Disposals/write-off		-	-	(2)	(2)
Exchange fluctuation		-	-	64	64
At 31 December		<u>153,091</u>	<u>263,612</u>	<u>947,103</u>	<u>1,363,806</u>
Amortisation					
At 1 January		57,406	148,280	350,742	556,428
Amortisation during the financial year		12,758	32,952	85,240	130,950
Disposals/write-off		-	-	(2)	(2)
Exchange fluctuation		-	-	2	2
At 31 December		<u>70,164</u>	<u>181,232</u>	<u>435,982</u>	<u>687,378</u>
Net book value at 1 January 2011		<u>95,685</u>	<u>115,332</u>	<u>319,345</u>	<u>530,362</u>
Net book value at 31 December 2011		<u>82,927</u>	<u>82,380</u>	<u>511,121</u>	<u>676,428</u>

The above intangible assets include the software under construction at cost of the Group and the Bank of RM452,343,695 (31 December 2011: RM429,321,508; 1 January 2011: RM246,949,720) and RM446,299,253 (31 December 2011: RM418,148,107; 1 January 2011: RM240,020,724) respectively.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

18 Intangible assets (Continued)

The valuation of customer relationships was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing customer base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8.0%-8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation periods of the intangible assets are as follows:

Customer relationships:	
- credit card	5.5 years
- overdraft	2 years
- trade finance	1 years
Core deposits	1.5 - 2.5 years
Computer software	2 – 14 years

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****19 Prepaid lease payments**

		Short term leasehold land RM'000	Total RM'000
The Group 2012	Note		
Cost			
At 1 January		5,433	5,433
Reclassified to investment properties	21	(13)	(13)
Exchange fluctuation		(36)	(36)
At 31 December		<u>5,384</u>	<u>5,384</u>
Amortisation			
At 1 January		3,469	3,469
Amortisation during the financial year		298	298
Reclassified to investment properties	21	(7)	(7)
Exchange fluctuation		(24)	(24)
At 31 December		<u>3,736</u>	<u>3,736</u>
Net book value at 31 December 2012		<u>1,648</u>	<u>1,648</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****19 Prepaid lease payments (Continued)**

The Group	Note	Short term leasehold land RM'000	Total RM'000
2011			
Cost			
At 1 January		5,604	5,604
Reclassified to non-current assets held for sale		(693)	(693)
Reclassified from investment properties	21	689	689
Disposals/write-off		(58)	(58)
Exchange fluctuation		(109)	(109)
At 31 December		<u>5,433</u>	<u>5,433</u>
Amortisation			
At 1 January		3,263	3,263
Amortisation during the financial year		306	306
Reclassified to non-current assets held for sale		(2)	(2)
Disposals/write-off		(34)	(34)
Exchange fluctuation		(64)	(64)
At 31 December		<u>3,469</u>	<u>3,469</u>
Net book value at 1 January 2011		<u>2,341</u>	<u>2,341</u>
Net book value at 31 December 2011		<u>1,964</u>	<u>1,964</u>

Future amortisation of prepaid land lease is as follows:

The Group	Short term leasehold land		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
- Not later than one year	298	306	340
- Later than one year and not later than five years	1,192	1,224	1,360
- More than five years	158	434	641
	<u>1,648</u>	<u>1,964</u>	<u>2,341</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment**

The Group 2012	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		71,099	9,111	1,804	341,960	55,206	54,249	959,459	719,132	53,336	61,624	2,326,980
Additions	8	8	-	-	-	940	6,011	22,188	160,848	34,009	5,240	229,244
Disposals/write-offs		(2,675)	-	-	(6,230)	-	(1,880)	(76,596)	(57,270)	(8,795)	(22,271)	(175,717)
Reclassifications		-	-	-	-	-	-	41	-	-	(41)	-
Reclassified to investment properties	21	-	-	-	-	(6,700)	-	-	-	-	-	(6,700)
Reclassified to intangible assets	18	-	-	-	-	-	-	(1,407)	(13,807)	-	-	(15,214)
Reclassified from/(to) non-current assets held for sale		153	(579)	-	(7,132)	(1,560)	(295)	-	-	-	-	(9,413)
Exchange fluctuation		(406)	-	-	(1,318)	71	(270)	(651)	(450)	(103)	5	(3,122)
At 31 December		68,179	8,532	1,804	327,280	47,957	57,815	903,034	808,453	78,447	44,557	2,346,058

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2012	Note	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Accumulated depreciation												
At 1 January		8,830	2,988	978	111,684	23,967	26,424	609,779	558,049	23,926	54,170	1,420,795
Charge for the financial year		-	262	26	4,817	1,266	3,684	96,548	79,930	11,080	2,805	200,418
Disposals/write-off		-	-	-	(3,492)	-	(1,466)	(67,124)	(53,866)	(7,341)	(21,364)	(154,653)
Reclassified to intangible assets	18	-	-	-	-	-	-	(1,262)	(7,713)	-	-	(8,975)
Reclassified to investment properties	21	-	-	-	-	(1,763)	-	-	-	-	-	(1,763)
Reclassified from/(to) non-current assets held for sale		-	(311)	-	(1,266)	(708)	(236)	-	-	-	-	(2,521)
Exchange fluctuation		(63)	-	-	(624)	(6)	(106)	55	(516)	38	27	(1,195)
At 31 December		8,767	2,939	1,004	111,119	22,756	28,300	637,996	575,884	27,703	35,638	1,452,106
Net book value at 31 December 2012		59,412	5,593	800	216,161	25,201	29,515	265,038	232,569	50,744	8,919	893,952

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM19,019,925 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2011	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		79,627	9,712	1,804	373,504	56,400	65,154	867,595	655,964	44,304	61,117	2,215,181
Additions		-	-	-	-	-	1,652	98,797	80,648	15,948	1,147	198,192
Disposals/write-offs		-	(601)	-	(22,010)	(967)	(10,896)	(5,563)	(15,267)	(6,913)	(240)	(62,457)
Reclassified to investment properties	21	-	-	-	-	(539)	-	-	-	-	-	(539)
Reclassified to intangible assets	18	-	-	-	-	-	-	-	-	-	(477)	(477)
Reclassified to non-current assets held for sale		(7,400)	-	-	(5,516)	(135)	(832)	-	-	-	-	(13,883)
Exchange fluctuation		(1,128)	-	-	(4,018)	447	(829)	(1,370)	(2,213)	(3)	77	(9,037)
At 31 December		71,099	9,111	1,804	341,960	55,206	54,249	959,459	719,132	53,336	61,624	2,326,980

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2011	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation												
At 1 January		9,006	3,110	956	116,105	23,433	33,650	517,737	490,783	24,129	49,117	1,268,026
Charge for the financial year		-	284	22	4,664	1,159	3,291	98,880	78,023	6,413	5,237	197,973
Disposals/write-off		-	(406)	-	(5,724)	(291)	(9,926)	(5,752)	(9,212)	(6,616)	(205)	(38,132)
Reclassified to investment properties	21	-	-	-	-	(327)	-	-	-	-	-	(327)
Reclassified to non-current assets held for sale		-	-	-	(1,521)	(82)	(112)	-	-	-	-	(1,715)
Exchange fluctuation		(176)	-	-	(1,840)	75	(479)	(1,086)	(1,545)	-	21	(5,030)
At 31 December		8,830	2,988	978	111,684	23,967	26,424	609,779	558,049	23,926	54,170	1,420,795
Net book value at 1 January 2011		70,621	6,602	848	257,399	32,967	31,504	349,858	165,181	20,175	12,000	947,155
Net book value at 31 December 2011		62,269	6,123	826	230,276	31,239	27,825	349,680	161,083	29,410	7,454	906,185

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM36,726,843 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Note	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Cost												
At 1 January		14,411	9,111	1,804	51,948	47,744	18,623	748,217	583,186	34,285	4,567	1,513,896
Additions		-	-	-	-	-	-	34,415	125,409	18,219	39	178,082
Disposals/write-off		(81)	-	-	(234)	-	-	(55,436)	(38,971)	(6,054)	(41)	(100,817)
Reclassifications		-	-	-	-	-	-	41	-	-	(41)	-
Reclassified to intangible assets	18	-	-	-	-	-	-	-	(13,807)	-	-	(13,807)
Reclassified from/(to) non-current assets held for sale		153	(579)	-	442	(1,560)	(295)	-	-	-	-	(1,839)
Exchange fluctuation		-	-	-	-	134	-	992	626	42	5	1,799
At 31 December		14,483	8,532	1,804	52,156	46,318	18,328	728,229	656,443	46,492	4,529	1,577,314
Accumulated depreciation												
At 1 January		-	2,988	978	19,586	21,701	7,678	536,377	416,021	19,057	1,780	1,026,166
Charge for the financial year		-	262	26	1,459	900	461	77,159	62,156	5,845	281	148,549
Disposals/write off		-	-	-	(32)	-	-	(52,291)	(38,923)	(5,633)	(31)	(96,910)
Reclassified to intangible assets	18	-	-	-	-	-	-	-	(7,713)	-	-	(7,713)
Reclassified from/(to) non-current assets held for sale		-	(311)	-	56	(708)	(236)	-	-	-	-	(1,199)
Exchange fluctuation		-	-	-	-	25	-	774	275	55	27	1,156
At 30 December		-	2,939	1,004	21,069	21,918	7,903	562,019	431,816	19,324	2,057	1,070,049
Net book value at 31 December 2012		14,483	5,593	800	31,087	24,400	10,425	166,210	224,627	27,168	2,472	507,265

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM16,730,984 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost											
At 1 January	16,202	9,712	1,804	53,369	47,795	18,623	712,964	526,155	36,632	3,507	1,426,763
Additions	-	-	-	-	-	-	36,036	68,851	4,170	1,003	110,060
Disposals/write-off	-	(601)	-	-	(432)	-	(1,392)	(12,026)	(6,555)	(22)	(21,028)
Reclassified to non-current assets held for sale	(1,791)	-	-	(1,421)	-	-	-	-	-	-	(3,212)
Exchange fluctuation	-	-	-	-	381	-	609	206	38	79	1,313
At 31 December	14,411	9,111	1,804	51,948	47,744	18,623	748,217	583,186	34,285	4,567	1,513,896
Accumulated depreciation											
At 1 January	-	3,110	956	18,389	20,777	7,214	456,513	356,058	20,646	1,545	885,208
Charge for the financial year	-	284	22	1,485	935	466	80,839	65,834	4,670	237	154,772
Disposals/write off	-	(406)	-	-	(56)	-	(1,345)	(6,077)	(6,280)	(22)	(14,186)
Reclassified to non-current assets held for sale	-	-	-	(288)	-	-	-	-	-	-	(288)
Exchange fluctuation	-	-	-	-	45	(2)	370	206	21	20	660
At 31 December	-	2,988	978	19,586	21,701	7,678	536,377	416,021	19,057	1,780	1,026,166
Net book value at 1 January 2011	16,202	6,602	848	34,980	27,018	11,409	256,451	170,097	15,986	1,962	541,555
Net book value at 31 December 2011	14,411	6,123	826	32,362	26,043	10,945	211,840	167,165	15,228	2,787	487,730

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM12,714,403 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****21 Investment properties**

The Group	Note	Freehold land	Buildings on	Buildings on	Buildings on	Total
2012		RM'000	freehold land	short term	long term	RM'000
			RM'000	leasehold land	leasehold land	
				RM'000	RM'000	RM'000
At 1 January		437	5,922	2,212	82	8,653
Reclassifications		-	-	(2,212)	2,212	-
Reclassified from property, plant and equipment	20	-	-	-	4,937	4,937
Reclassified from prepaid lease payment	19	-	-	6	-	6
Reclassified to non-current assets held for sale		-	-	-	(200)	(200)
Disposals		-	(700)	-	-	(700)
Fair value adjustments		(410)	1,201	-	3,964	4,755
At 31 December		27	6,423	6	10,995	17,451

The Group	Note	Freehold land	Buildings on	Buildings on	Buildings on	Total
2011		RM'000	freehold land	short term	long term	RM'000
			RM'000	leasehold land	leasehold land	
				RM'000	RM'000	RM'000
At 1 January		905	4,554	2,901	52,857	61,217
Additions		-	1,200	-	-	1,200
Reclassifications		(79)	79	-	-	-
Reclassified from property, plant and equipment	20	-	-	-	212	212
Reclassified to prepaid lease payment	19	-	-	(689)	-	(689)
Reclassified to non-current assets held for sale		(389)	(1,111)	-	(771)	(2,271)
Disposals		-	-	-	(52,858)	(52,858)
Fair value adjustments		-	1,200	-	642	1,842
At 31 December		437	5,922	2,212	82	8,653

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****21 Investment properties (Continued)**

	Buildings on short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Total RM'000
The Bank 2012			
At 1 January/31 December	-	-	-
<hr/>			
	Buildings on short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Total RM'000
The Bank 2011			
At 1 January	-	52,858	52,858
Disposals	-	(52,858)	(52,858)
At 31 December	-	-	-
<hr/>			

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The following amounts have been reflected in the statement of income:

	The Group		The Bank	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Rental income	236	1,052	-	559
Operating expenses arising from investment properties that generated the rental income	72	119	-	-
	<hr/>		<hr/>	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****22 Deposits from customers****(a) By type of deposit**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Demand deposits	46,654,411	40,989,837	34,920,585	38,460,944	35,269,691	30,091,373
Saving deposits	18,671,940	15,704,254	14,092,199	13,303,733	12,023,812	10,562,489
Fixed deposits	84,142,375	72,962,052	66,917,400	60,637,674	53,854,216	48,937,747
Negotiable instruments of deposit	3,486,671	3,158,825	1,930,628	1,028,429	620,623	859,859
Others	43,958,103	43,663,048	41,779,885	28,340,079	29,801,403	31,101,601
	196,913,500	176,478,016	159,640,697	141,770,859	131,569,745	121,553,069

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

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Due within six months	75,588,715	63,621,905	55,751,393	51,428,929	43,649,293	39,228,996
Six months to less than one year	9,229,944	9,473,621	9,859,396	7,624,281	7,962,978	7,495,459
One year to less than three years	1,599,009	1,457,823	1,544,333	1,441,003	1,318,312	1,394,158
Three years to less than five years	416,731	1,335,103	1,665,300	377,243	1,311,831	1,651,387
Five years and more	794,647	232,425	27,606	794,647	232,425	27,606
	87,629,046	76,120,877	68,848,028	61,666,103	54,474,839	49,797,606

(b) By type of customer

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Government and statutory bodies	11,453,433	12,525,136	14,054,491	4,925,580	6,637,526	8,285,269
Business enterprises	75,514,357	72,366,005	68,019,496	52,410,839	54,538,807	52,673,540
Individuals	70,876,057	62,830,536	51,863,891	58,409,100	51,547,232	41,842,495
Others	39,069,653	28,756,339	25,702,819	26,025,340	18,846,180	18,751,765
	196,913,500	176,478,016	159,640,697	141,770,859	131,569,745	121,553,069

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****23 Deposits and placements of banks and other financial institutions**

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Licensed banks	11,259,981	7,938,192	6,830,585	16,104,276	13,513,748	11,382,428
Licensed finance companies	405,825	129,555	145,025	233,663	95,612	112,363
Licensed investment banks	2,077,702	1,765,936	2,847,557	1,079,043	912,853	2,276,357
Bank Negara Malaysia	1,988,428	372,677	1,598,400	1,988,428	372,677	1,598,400
Other financial institutions	5,899,436	3,667,053	3,230,868	5,463,153	3,624,387	3,099,106
	<u>21,631,372</u>	<u>13,873,413</u>	<u>14,652,435</u>	<u>24,868,563</u>	<u>18,519,277</u>	<u>18,468,654</u>

The Group and the Bank has undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM97,000,000 and RM70,000,000 respectively (31 December 2011: RM70,000,000; 1 January 2011: RM1,025,300,000) using interest rate swaps.

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Negotiable instruments of deposit	97,000	70,000	1,025,300	70,000	70,000	1,025,300
Fair value changes arising from fair value hedges	(2,141)	721	(13,613)	(2,025)	721	(13,613)
	<u>94,859</u>	<u>70,721</u>	<u>1,011,687</u>	<u>67,975</u>	<u>70,721</u>	<u>1,011,687</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2012 for the Group and the Bank were RM2,287,177 and RM2,165,165 respectively (31 December 2011: fair value gain of RM3,577,351; 1 January 2011: fair value loss of RM13,843,746).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies****(i) Derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Assets	Liabilities	Principal	Assets	Liabilities
At 31 December 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	13,738,830	171,642	(170,835)	10,426,406	134,227	(121,587)
Currency swaps	52,821,438	233,353	(193,141)	45,121,841	192,252	(173,177)
Currency spots	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)
Cross currency interest rate swaps	18,304,520	538,657	(323,526)	18,067,514	512,906	(312,421)
	91,317,821	953,495	(697,351)	79,485,086	846,190	(615,608)
Interest rate derivatives						
Interest rate swaps	252,533,001	1,992,124	(1,630,195)	222,510,515	1,851,022	(1,514,380)
Interest rate futures	8,199,677	20,571	(605)	8,190,488	20,495	(605)
Interest rate options	2,478,653	1,399	(14,283)	2,478,653	1,399	(14,283)
	263,211,331	2,014,094	(1,645,083)	233,179,656	1,872,916	(1,529,268)
Equity related derivatives						
Equity swaps	340,784	937	(945)	340,784	937	(945)
Equity options	8,706,537	551,515	(983,802)	8,478,145	550,982	(983,269)
Index futures	1,245,998	15,325	(15,336)	2,884	1	(12)
	10,293,319	567,777	(1,000,083)	8,821,813	551,920	(984,226)
Commodity related derivatives						
Commodity swaps	199,464	19,071	(19,870)	199,464	19,071	(19,870)
Commodity futures	135	15	-	135	15	-
Commodity options	521,350	141,740	(141,752)	521,350	141,740	(141,752)
	720,949	160,826	(161,622)	720,949	160,826	(161,622)
Credit related contract						
Credit default swaps	2,871,205	31,604	(110,883)	2,871,205	31,604	(110,883)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	991,872	13,780	(12,266)	1,059,622	13,780	(14,280)
Interest rate swaps	17,882,021	214,734	(359,018)	24,892,822	468,316	(367,036)
Total derivatives assets/(liabilities)	387,288,518	3,956,310	(3,986,306)	351,031,153	3,945,552	(3,782,923)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies (Continued)****(i) Derivative financial instruments (continued)**

At 31 December 2011	The Group			The Bank		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	11,137,071	150,947	(171,386)	8,556,322	111,129	(151,896)
Currency swaps	38,299,915	412,444	(328,273)	34,400,531	366,975	(262,949)
Currency spots	2,864,293	1,439	(1,362)	2,498,173	1,013	(926)
Currency options	1,684,491	8,983	(14,206)	1,540,387	7,718	(13,339)
Cross currency interest rate swaps	16,804,268	537,952	(392,083)	16,657,869	522,901	(392,922)
	70,790,038	1,111,765	(907,310)	63,653,282	1,009,736	(822,032)
Interest rate derivatives						
Interest rate swaps	242,872,810	2,604,921	(2,279,435)	218,308,474	2,400,666	(2,059,269)
Interest rate futures	11,930,771	31,861	(2,279)	11,803,092	31,861	(2,278)
Interest rate options	150,000	10,408	(4,550)	150,000	10,408	(4,550)
	254,953,581	2,647,190	(2,286,264)	230,261,566	2,442,935	(2,066,097)
Equity related derivatives						
Equity swaps	525,927	416	(385)	296,560	258	(227)
Equity options	8,603,265	60,008	(323,752)	6,928,079	49,570	(313,355)
Index futures	17,121	1	(132)	17,121	1	(132)
	9,146,313	60,425	(324,269)	7,241,760	49,829	(313,714)
Commodity related derivatives						
Commodity swaps	80,961	4,456	(5,498)	80,961	4,456	(5,498)
Commodity futures	39,643	783	(863)	39,643	783	(863)
Commodity options	203,200	48,048	(48,048)	203,200	48,048	(48,048)
	323,804	53,287	(54,409)	323,804	53,287	(54,409)
Credit related contract						
Credit default swaps	2,138,269	38,374	(72,394)	2,138,269	38,374	(72,394)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	71,131	-	(597)	71,131	-	(597)
Interest rate swaps	13,495,846	224,336	(442,546)	18,100,014	486,763	(448,933)
Total derivatives assets/(liabilities)	350,918,982	4,135,377	(4,087,789)	321,789,826	4,080,924	(3,778,176)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies (Continued)**

	The Group			The Bank		
	Principal	Assets	Liabilities	Principal	Assets	Liabilities
At 1 January 2011	Fair values RM'000	Fair values RM'000	Fair values RM'000	Fair values RM'000	Fair values RM'000	Fair values RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,295,460	159,844	(154,852)	8,546,302	152,256	(102,140)
Currency swaps	34,680,313	515,786	(488,225)	31,027,117	457,444	(446,027)
Currency spot	270,937	305	(197)	134,454	282	(148)
Currency options	2,404,827	1,624	(5,694)	2,404,828	1,624	(5,694)
Cross currency interest rate swaps	16,047,393	687,934	(736,030)	15,375,452	649,282	(740,073)
	63,698,930	1,365,493	(1,384,998)	57,488,153	1,260,888	(1,294,082)
Interest rate derivatives						
Interest rate swaps	181,322,125	1,698,397	(1,323,655)	161,336,017	1,511,081	(1,168,420)
Interest rate futures	13,746,090	18,185	(15,428)	13,746,090	18,185	(15,428)
Interest rate options	750,000	7,179	(3,602)	750,000	7,179	(3,602)
	195,818,215	1,723,761	(1,342,685)	175,832,107	1,536,445	(1,187,450)
Equity related derivatives						
Equity swaps	273,717	1,777	(51,329)	273,717	1,777	(51,329)
Equity options	10,545,684	223,081	(606,369)	8,326,139	216,503	(600,027)
Index futures	9,089	-	(137)	9,089	-	(137)
	10,828,490	224,858	(657,835)	8,608,945	218,280	(651,493)
Commodity related derivatives						
Commodity swaps	60,480	4,085	-	60,480	4,085	-
Commodity futures	60,553	1	(3,653)	60,553	1	(3,653)
Commodity options	104,840	15,028	(15,028)	104,840	15,028	(15,028)
	225,873	19,114	(18,681)	225,873	19,114	(18,681)
Credit related contract						
Credit default swaps	1,366,348	29,138	(56,883)	1,366,348	29,138	(56,883)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	218,378	-	(43,342)	-	-	-
Interest rate swaps	12,412,998	138,527	(206,716)	16,752,811	198,669	(215,226)
Total derivatives assets/(liabilities)	284,569,232	3,500,891	(3,711,140)	260,274,237	3,262,534	(3,423,815)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies (Continued)****(i) Derivative financial instruments (continued)****Fair value hedge**

Fair value hedges are used by the Group and the Bank to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group and the Bank uses interest rate swaps and cross-currency swaps to hedge against interest rate risk of loans, subordinated obligations, negotiable instruments of deposits issued and foreign bonds. For designated and qualifying fair value hedges, the changes in fair value of derivative and item in relation to the hedged risk are recognised in the statement of income. If the hedge relationship is terminated, the cumulative adjustment to the carrying amount of the hedged item is amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognised, in which case, it is released to the statement of income immediately. For the financial year ended 31 December 2011, the Group and the Bank has ceased fair value hedged item of RM6,220,990 due to maturity of negotiable instruments of deposit. The Group and the Bank has also fully amortised the cumulative fair value loss of redesignated negotiable instruments of deposit of RM22,512,000 upon its maturity.

Included in the net non-interest income (Note 36) is the net gains/(losses) arising from fair value hedges during the year as follows:

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Loss)/gain on hedging instruments	(52,275)	(166,467)	(42,417)	(65,566)	49,498	(36,299)
Gain/(loss) on the hedged items attributable to the hedged risk	30,883	153,828	(8,222)	44,868	(61,619)	(16,230)

Net investment hedge

Foreign exchange swaps and non derivative financial liabilities are used to hedge the Group and the Bank's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the foreign exchange swaps are transferred to equity to offset any gains or losses on translation of the net investment in foreign operations. Ineffectiveness from hedges of net investments was recognised in the statement of income during the year for the Group and the Bank of RM8,921,424 (2011: RM4,964,677) and RM6,610,619 (2011: RM281,912) respectively.

An amount of RM 22,093,736 was withdrawn from the equity of the Bank during the financial year due to capital repayment from CIMB Bank (L) Ltd.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

24 Derivative financial instruments, commitments and contingencies (Continued)

(i) Derivative financial instruments (continued)

Cash flow hedge

Cash flow hedges are used by the Group and the Bank to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group and the Bank hedges cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2012, the Group and the Bank has ceased cash flow hedge accounting with cumulative gain of RM180,525 (31 December 2011: RM225,502) remaining in equity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

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

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

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

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

	The Group			The Bank		
	31 December 2012 Principal RM'000	31 December 2011 Principal RM'000	1 January 2011 Principal RM'000	31 December 2012 Principal RM'000	31 December 2011 Principal RM'000	1 January 2011 Principal RM'000
<u>Credit-related</u>						
Direct credit substitutes	3,054,864	2,431,001	2,147,004	2,768,393	2,338,908	1,880,066
Transaction-related contingent items	4,824,655	4,397,206	4,338,700	3,397,275	3,205,540	3,158,201
Short-term self-liquidating trade-related contingencies	2,597,320	2,549,245	3,511,093	2,259,282	2,032,382	3,228,857
Obligations under underwriting agreement	-	145,000	235,000	-	145,000	235,000
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	44,332,208	36,370,852	33,360,091	39,355,086	33,911,376	31,228,089
- maturity exceeding one year	5,829,416	6,710,804	6,778,212	4,912,481	5,835,710	5,366,611
Forward asset purchase	-	-	3,084	-	-	3,084
Miscellaneous commitments and contingencies	2,182,750	4,940,544	5,908,957	1,506,060	2,884,268	1,195,586
Total credit-related commitments and contingencies	62,821,213	57,544,652	56,282,141	54,198,577	50,353,184	46,295,494

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****24 Derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group			The Bank		
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
<u>Treasury-related</u>						
Foreign exchange related contracts :						
- less than one year	72,130,981	54,262,216	49,875,252	61,910,823	47,503,115	43,923,081
- one year to less than 5 years	15,314,186	12,075,435	10,353,701	14,666,935	11,844,370	10,184,529
- five years and above	4,864,527	4,523,518	3,688,354	3,966,951	4,376,928	3,380,543
	92,309,694	70,861,169	63,917,307	80,544,709	63,724,413	57,488,153
Interest rate related contracts :						
- less than one year	74,120,451	58,434,217	63,095,660	64,397,699	48,713,161	55,007,853
- one year to less than 5 years	165,050,907	173,535,167	118,422,644	147,726,981	161,029,887	101,633,153
- five years and above	43,168,105	37,522,247	27,437,533	47,193,909	39,660,736	36,668,534
	282,339,463	269,491,631	208,955,837	259,318,589	249,403,784	193,309,540
Equity related contracts:						
- less than one year	3,943,985	1,852,206	3,614,590	3,233,352	1,635,696	2,976,850
- one year to less than 5 years	4,655,936	4,901,299	5,121,016	4,310,774	3,939,189	4,045,536
- five years and above	1,693,398	2,392,808	2,092,883	1,277,687	1,666,874	1,586,558
	10,293,319	9,146,313	10,828,489	8,821,813	7,241,759	8,608,944
Total treasury-related commitments and contingencies	384,942,476	349,499,113	283,701,633	348,685,111	320,369,956	259,406,637
	447,763,689	407,043,765	339,983,774	402,883,688	370,723,140	305,702,131

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****25 Other liabilities**

	Note	The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Due to brokers and clients		53,194	103,439	103,102	53,194	70,715	63,690
Accrued employee benefits	(a)	14,319	10,866	10,224	14,096	10,866	10,127
Post employment benefit obligations	(b)	138,611	145,426	168,283	29,450	38,779	71,353
Sundry creditors		685,928	815,400	466,407	590,303	740,233	400,125
Expenditure payable		1,049,827	859,843	970,190	856,409	723,549	859,465
Allowance for commitments and contingencies	(c)	15,188	29,232	49,208	3,826	14,783	33,333
Provision for legal claims		86,348	127,216	137,415	67,832	100,852	110,563
Credit card expenditure payable		120,790	89,291	195,688	118,540	87,686	194,244
Call deposit borrowing		456,832	436,242	403,274	417,304	402,705	281,833
Others		604,276	579,905	1,133,671	262,570	369,576	706,313
		3,225,313	3,196,860	3,637,462	2,413,524	2,559,744	2,731,046

(a) Accrued employee benefits

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

(b) Post employment benefit obligations

		The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Defined contribution plan – EPF	(i)	29,448	28,713	30,042	29,448	28,713	30,042
Defined benefit plans	(ii)	109,163	116,713	138,241	2	10,066	41,311
		138,611	145,426	168,283	29,450	38,779	71,353

(i) Defined contribution plan of the Group and the Bank

Group companies incorporated in Malaysia contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligations (continued)****(ii) Defined benefit plans of the Group and the Bank**

CIMB Bank and CIMB Thai Bank operate final salary defined benefit plans for employees, the assets of which are held in separate trustee - administered funds. CIMB Bank through the Trustee's of the Scheme has on 13th January 2011 written to the Inland Revenue Board to notify on the Bank's intention to wind up the scheme. As a result of the winding up of the Scheme, all members cease to earn further benefits under the Scheme effective from 1 January 2011. As at 31 December 2012, 99.5% of the funds under the Scheme has been remitted to the Employee Provident Fund (EPF). The balance remaining unpaid is in respect of deceased staff. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2012.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Present value of funded obligations	910	20,561	182,436	910	20,561	182,436
Present value of unfunded obligations	111,766	107,156	96,930	-	-	-
Fair value of plan assets	(908)	(10,495)	(114,679)	(908)	(10,495)	(114,679)
Unrecognised actuarial loss	(2,605)	(509)	(26,446)	-	-	(26,446)
Liability	109,163	116,713	138,241	2	10,066	41,311

The amount recognised in the statement of income in respect of defined benefit plans are as follows:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Current service cost	8,253	13,759	18,576	-	-	12,442
Interest cost	3,562	4,498	14,437	-	-	12,094
Expected return on plan assets	(990)	(623)	(5,870)	(990)	(623)	(5,870)
Curtailment loss/amortisation of unrecognised loss	-	(5,046)	(15,862)	-	(5,046)	(15,862)
Net actuarial losses recognised during the year	67	-	-	-	-	-
Total included in personnel costs	10,892	12,588	11,281	(990)	(5,669)	2,804

The actual return on plan assets of the Group and the Bank were RM1,090,443 (2011: RM623,045).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans of the Group and the Bank (continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	127,717	279,366	20,561	182,436
Current services costs	8,253	13,759	-	-
Interest costs	3,562	4,498	-	-
Actuarial losses	2,672	509	-	-
Benefits paid	(19,651)	(156,829)	(19,651)	(156,829)
Exchange fluctuation	(9,877)	(8,540)	-	-
Curtailments	-	(5,046)	-	(5,046)
At 31 December	112,676	127,717	910	20,561

The movements in the fair value of plan assets for the financial year are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	10,495	114,679	10,495	114,679
Expected return on plan assets	990	623	990	623
Benefits paid	(10,577)	(104,807)	(10,577)	(104,807)
At 31 December	908	10,495	908	10,495

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans of the Group and the Bank (continued)**

The principal actuarial assumptions used in respect of the Group's and the Bank's defined benefit plans were as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	%	%	%	%
Discount rates	3.50	3.50	-	-
Future salary increases	5.00	5.00	-	-

The expected contribution to post employment benefits plan for the financial year ended 31 December 2013 to the Group is RMNil (2012: RM12,416,000).

	2012	2011	2010	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000
The Group					
As at 31 December					
Present value of defined benefit obligation	112,676	127,717	279,366	284,589	170,709
Fair value of plan assets	(908)	(10,495)	(114,679)	(104,644)	(83,622)
Deficit	111,768	117,222	164,687	179,945	87,087
Experience adjustments on plan liabilities					
	2,672	509	2,478	-	31,827
Experience adjustments on plan assets	-	-	2,550	9,482	(21,007)
The Bank					
As at 31 December					
Present value of defined benefit obligation	910	20,561	182,436	186,191	170,709
Fair value of plan assets	(908)	(10,495)	(114,679)	(104,644)	(83,622)
Deficit	2	10,066	67,757	81,547	87,087
Experience adjustments on plan liabilities					
	-	-	2,478	-	31,827
Experience adjustments on plan assets	-	-	2,550	9,482	(21,007)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****25 Other liabilities (Continued)****(c) Allowances for commitments and contingencies**

Movement in the allowances for commitments and contingencies are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	29,232	49,208	14,783	33,333
Allowance written back during the financial year	(13,473)	(19,220)	(10,957)	(18,818)
Exchange fluctuation	(571)	(756)	-	268
At 31 December	<u>15,188</u>	<u>29,232</u>	<u>3,826</u>	<u>14,783</u>

26 Bonds and debentures

	Note	The Group			The Bank		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
USD140 millions bonds	(a)	-	-	423,982	-	-	-
HKD462 million notes	(b)	188,499	-	-	188,499	-	-
USD350 million notes	(c)	1,079,268	-	-	1,079,268	-	-
Structured debentures THB1.2 billion	(d)	121,489	-	-	-	-	-
Short term debentures THB6.6 billion	(e)	656,153	-	-	-	-	-
		<u>2,045,409</u>	<u>-</u>	<u>423,982</u>	<u>1,267,767</u>	<u>-</u>	<u>-</u>

(a) USD140 million bonds

CIMB Bank (L) Limited, a wholly-owned subsidiary of CIMB Bank, has issued a 2 year senior unsecured USD140 million bonds guaranteed by CIMB Group Holdings Berhad. The USD140 million bonds were issued at par on 17 April 2009 and bear an interest rate of 3.00% per annum payable annually in arrears on 15 April 2010 and 15 April 2011. The USD140 million bonds are not listed on any exchange and shall be redeemed at the nominal value on the maturity date. The USD140 million bonds were fully subscribed by TPG Malaysia Finance, L.P.

The USD140 million bonds have matured on 15 April 2011.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****26 Bonds and debentures (Continued)****(b) HKD462 million notes**

On 8 May 2012, CIMB Bank, acting through its Labuan Offshore Branch, issued a HKD462 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD462 million notes using cross currency interest rate swaps.

	The Group and The Bank		
	31 December	31 December	1 January
	2012	2011	2011
	RM'000	RM'000	RM'000
HKD462 million notes, at cost	180,462	-	-
Fair value changes arising from fair value hedges	3,116	-	-
Foreign exchange translations and interest payables	4,921	-	-
	188,499	-	-

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2012 were RM 5,457,587 (31 December 2011: RMNil; 1 January 2011: RMNil).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****26 Bonds and debentures (Continued)****(c) USD350 million notes**

On 26 July 2012, CIMB Bank issued a USD350 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 26 July 2017. It bears a coupon rate of 2.375% per annum payable semi-annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the USD350 million notes using interest rate swaps.

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
USD350 million notes, at cost	1,103,725	-	-
Fair value changes arising from fair value hedges	3,630	-	-
Foreign exchange translations and interest payables	(28,087)	-	-
	1,079,268	-	-

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 were RM10,764,183 (31 December 2011: RMNil; 1 January 2011: RMNil).

(d) Structured debentures THB1.2 billion

During the financial year, CIMB Thai Bank issued various unsecured structured debentures amounted to THB1.2 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rate at THBFIX 6 month + 0.50% per annum payable semi annually.

(e) Short term debentures THB6.6 billion

During the financial year, CIMB Thai Bank issued various unsecured short term debentures amounted to THB6.6 billion, with maturity dates varies from 12 days to 6 months. The debentures carry fixed interest rates of 2.76% to 2.95%, payable at respective maturity dates.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****27 Other borrowings**

	Note	The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Term loan- USD300 million	(a)	-	-	925,050	-	-	-
Others	(b)	182,203	462,720	-	182,203	462,720	-
		182,203	462,720	925,050	182,203	462,720	-
At cost		-	-	1,092,750	-	-	-
Exchange difference		-	-	(167,700)	-	-	-
		-	-	925,050	-	-	-

(a) In 2006, CIMB Bank (L) Limited secured a term loan facility amounting to USD300 million which will mature on 22 June 2011. It bears a floating interest rate of LIBOR+0.19% per annum and is secured by a corporate guarantee issued by the Bank. The term loan has matured on 22 June 2011.

(b) The Bank obtained a funding through the securitisation of its hire purchase receivables to a third party.

On 4 November 2011, the funding – 1st tranche of RM180 million is raised for an effective interest rate of 2.85% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

On 16 December 2011, the funding – 2nd tranche of RM320 million is raised for an effective interest rate of 3.00% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

The Group and the Bank continues to recognise the hire purchase receivables on its statements of financial position as at 31 December 2012 and 2011 as the Group and the Bank continues to retain the risk and rewards of the hire purchase receivables.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations**

	Note	The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Subordinated loans - USD200 million	(a)	-	-	-	703,724	741,429	706,879
Subordinated bonds - RM1.5 billion	(b)	1,510,496	1,520,952	1,506,341	1,510,496	1,520,952	1,506,341
Subordinated bonds - RM1.0 billion	(c)	1,015,603	1,015,786	1,000,000	1,015,603	1,015,786	1,000,000
Subordinated bonds - RM1.0 billion	(d)	994,303	991,868	947,673	994,303	991,868	947,673
Subordinated notes - USD50 million	(e)	-	-	158,387	-	-	-
Subordinated notes - USD40 million	(f)	-	133,734	126,237	-	-	-
Subordinated notes - THB544 million	(g)	54,450	54,843	55,932	-	-	-
Subordinated notes - THB120 million	(h)	-	10,674	10,308	-	-	-
Subordinated Sukuk - RM850 million	(i)	861,751	545,590	295,203	-	-	-
Subordinated notes - RM1 billion	(j)	1,018,754	1,027,297	999,414	1,018,754	1,027,297	999,414
Subordinated notes - RM1 billion	(j)	1,061,704	1,066,054	998,774	1,061,704	1,066,054	998,774
Subordinated notes - RM1.5 billion	(k)	1,557,190	1,567,422	-	1,557,190	1,567,422	-
Subordinated notes - THB3 billion	(l)	238,072	309,735	-	-	-	-
Subordinated notes - RM1.5 billion	(m)	1,505,458	-	-	1,505,458	-	-
Subordinated notes - THB3 billion	(n)	302,091	-	-	-	-	-
		10,119,872	8,243,955	6,098,269	9,367,232	7,930,808	6,159,081

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

- (a) The USD200 million 6.62% subordinated loans of the Bank were obtained from SBB Capital Corporation (“SCC”) from the net proceeds that SCC raised through the issuance of SCC Preference Shares. The loans bear interest at a rate of 6.62% per annum payable semi-annually in arrears on 2 May and 2 November up to and including 2 November 2015. Thereafter, interest will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November. The subordinated loans will mature on 2 November 2055. The USD200 million subordinated loans qualify as Tier-1 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the USD200 million subordinated loans using interest rate swaps.

	The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated notes, at cost	728,250	728,250	728,250
Fair value changes arising from fair value hedges	91,556	108,644	99,331
Foreign exchange translations and interest payables	(116,082)	(95,465)	(120,702)
	703,724	741,429	706,879

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 were RM83,329,063 (31 December 2011: RM103,979,729; 1 January 2011: RM91,504,709).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

- (b) The RM1.5 billion 10-year subordinated bonds (“the RM1.5 billion Bonds”) were issued by the Bank on 28 March 2008. The Bonds were issued at par and are callable with step-up in 2013. The Bonds bear an interest rate of 4.9% per annum payable semi-annually in arrears for the first 5 years, after which interest rate will be reset to 5.9% per annum until maturity date.

The Bank may at its option, subject to the prior approval of BNM, redeem the RM1.5 billion Bonds in part or in whole, on 28 March 2013 at their principal amount.

The RM1.5 billion Bonds qualify as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk amounting to RM600 million of the RM1.5 billion Bonds using interest rate swaps.

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated notes, at cost	600,000	600,000	600,000
Fair value changes arising from fair value hedges	(8,634)	1,821	6,341
	591,366	601,821	606,341

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 was RM4,598,938 (31 December 2011: RM14,993,302; 1 January 2011: RM20,380,266).

- (c) The RM1.0 billion subordinated bonds (“the RM1.0 billion Bonds”) were issued at par on 7 October 2008 under the Innovative Tier-1 Capital Securities Programme which was approved by the Securities Commission on 24 September 2008. The RM1.0 billion Bonds are due on 7 October 2038 callable with step-up on 7 October 2018. The bonds bear an interest rate of 6.7% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 3-month KLIBOR plus 2.98%.

The Bank may at its option, subject to the prior approval of BNM, redeem the RM1.0 billion subordinated bonds in whole but not in part, on 7 October 2018 or any interest payment date thereafter, at their principal amount plus accrued interest.

The RM1.0 billion Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

(d) The RM1.0 billion subordinated bonds (“the Bonds”) is part of the Non-Innovative Tier 1 Stapled Securities Issuance Programme which was approved by the Securities Commission on 17 December 2008. Under the programme, the Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:

- (i) Non-Cumulative Perpetual Capital Securities issued by the Bank; and
- (ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of the Bank

The Bonds under the first issuance were issued at par on 26 December 2008 and are due on 26 December 2058, with optional redemption on 26 December 2018 or any distribution payment date thereafter. The Bonds bear an interest rate of 7.2% per annum payable semi-annually in arrears.

Subject to the prior approval of BNM, the Bank shall redeem the RM1.0 billion subordinated bonds in whole but not in part, on 26 December 2018 or any distribution payment date thereafter, at their principal amount plus accrued interest.

The Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk amounting to RM800 million of the RM1.0 billion Bonds using interest rate swaps.

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated notes, at cost	800,000	800,000	800,000
Fair value changes arising from fair value hedges	(6,880)	(9,119)	(52,327)
	<u>793,120</u>	<u>790,881</u>	<u>747,673</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2012 was RM9,589,359 (31 December 2011: RM11,841,284; 1 January 2011: RM55,049,856).

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

28 Subordinated obligations (Continued)

- (e) On 17 July 2006, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 50 unit unsecured 10-year subordinated notes (“the USD40 million Notes”). The USD50 million Notes were issued at a price of USD1 million per unit and are callable with step-up in 2011. The USD50 million Notes bear an interest rate at six-month LIBOR plus 3.5% for the first 5 years payable semi-annually on 17 July and 17 January, after which interest rate will be reset at a rate per annum equal to the six-month LIBOR plus 5.25%.

CIMB Thai Bank may at its option, subject to the prior approval of Bank of Thailand, redeem the USD50 million Notes in whole but not in part, on 17 July 2012 at their principal amount plus accrued interest.

CIMB Thai Bank had fully settled the USD40 million Notes on 17 July 2011.

- (f) On 16 February 2007, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 400 unit unsecured 10-year subordinated notes (“the USD40 million Notes”). The USD40 million Notes were issued at a price of USD100,000 per unit and are callable with step-up in 2012. The USD40 million Notes bear an interest rate at six-month LIBOR plus 3.5% for the first 5 years payable semi-annually on 20 February and 20 August, after which interest rate will be reset at a rate per annum equal to the six-month LIBOR plus 5.25%.

CIMB Thai Bank may at its option, subject to the prior approval of Bank of Thailand, redeem the USD40 million Notes in whole but not in part, on 20 February 2012 at their principal amount plus accrued interest.

CIMB Thai Bank had fully settled the USD40 million Notes on 21 February 2012.

- (g) The THB544 million subordinated notes (“the THB544 million Notes”) represent CIMB Thai Bank’s obligation with regards to the promissory notes previously issued by few financial institutions before a series of merger. The promissory notes, which are guaranteed by Financial Institutions Development Fund (“FIDF”) has been recalled as FIDF is of the opinion that CIMB Thai Bank has no obligations in respect to the related liabilities. However, CIMB Thai Bank has yet to return the promissory notes to FIDF in order to retain its right to claim compensation from FIDF should CIMB Thai Bank need to undertake any responsibility for any obligations in the future.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

- (h) On 31 August 2009, CIMB Securities (Thailand) Company Limited (“CIMBS”), a subsidiary of CIMB Thai Bank, issued 120,000 unit 5-year Unsecured Zero-Coupon Subordinated Debentures (“the THB120 million Notes”) at a price of THB783.5262 per unit. The THB120 million Notes bear no interest.

The THB120 million Notes will mature on 31 August 2014.

CIMBS was disposed by CIMB Thai Bank on 2 July 2012, refer Note 48(d).

- (i) The RM850 million unsecured subordinated Sukuk (‘the Sukuk’) is part of the Tier-2 Junior Sukuk programme by the Bank’s direct subsidiary, CIMB Islamic which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

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

On 21 April 2011, additional RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum, payable semi-annually in arrears.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM250 million subordinated debts using Islamic profit rate swaps.

	The Group		
	31 December	31 December	1 January
	2012	2011	2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	250,000	250,000	-
Fair value changes arising from fair value hedges	5,628	7,959	-
	255,628	257,959	-

The fair value gain of profit rate swaps in this hedge transaction as at 31 December 2012 was RM5,932,760 (31 December 2011: RM8,194,538; 1 January 2011: RM Nil).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

- (i) On 18 September 2012, additional RM300 million was issued at par and is due on 18 September 2022, with optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM300 million subordinated debts using Islamic profit rate swaps.

	The Group		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	300,000	-	-
Fair value changes arising from fair value hedges	(2,351)	-	-
	<u>297,649</u>	<u>-</u>	<u>-</u>

The fair value loss of profit rate swaps in this hedge transaction as at 31 December 2012 was RM2,302,664.

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**

- (j) The Bank has on 23 December 2010 completed the issuance of unsecured RM2.0 billion Subordinated Debt.

The RM2.0 billion Subordinated Debt issuance was issued under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“10 years tranche”), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“15 years tranche”). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia’s approval.

The coupon rate for the Subordinated Debt is 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issue will be used for the Bank’s working capital purposes.

The RM2.0 billion subordinated debts qualify as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts (maturity of 10 years) and RM1.0 billion subordinated debts (maturity of 15 years) using interest rate swaps.

Subordinated debts with maturity of 10 years

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	1,000,000	1,000,000	1,000,000
Fair value changes arising from fair value hedges	18,754	27,297	(586)
	1,018,754	1,027,297	999,414

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 was RM15,087,833 (31 December 2011: fair value gain of RM23,117,414; 1 January 2011: fair value loss of RM3,113,966).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)**(j) Subordinated debts with maturity of 15 years

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	1,000,000	1,000,000	1,000,000
Fair value changes arising from fair value hedges	61,704	66,054	(1,226)
	1,061,704	1,066,054	998,774

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 was RM51,449,507 (31 December 2011: fair value gain of RM55,268,434; 1 January 2011: fair value loss of RM8,039,903).

(k) The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

The RM1.5 billion Subordinated Debt issuance was the second issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter ("Tranche 1"), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter ("Tranche 2"). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issue will be used for the Bank's working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion and RM150 million subordinated debts using interest rate swaps.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****28 Subordinated obligations (Continued)****(k) RM1.35 billion Subordinated debts**

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	1,350,000	1,350,000	-
Fair value changes arising from fair value hedges	26,142	35,936	-
	<u>1,376,142</u>	<u>1,385,936</u>	<u>-</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 were RM29,818,318 (31 December 2011: RM38,756,075; 1 January 2011: RM Nil).

RM150 million Subordinated debts

	The Group and The Bank		
	31 December 2012	31 December 2011	1 January 2011
	RM'000	RM'000	RM'000
Subordinated debts, at cost	150,000	150,000	-
Fair value changes arising from fair value hedges	5,819	6,257	-
	<u>155,819</u>	<u>156,257</u>	<u>-</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2012 were RM6,478,919 (31 December 2011: RM6,820,237; 1 January 2011: RM Nil).

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

28 Subordinated obligations (Continued)

- (l) On 14 July 2011, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 3,000,000 units unsecured 10-year subordinated notes ("the THB3 billion Notes"). The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January.

The THB3 billion Notes will mature on 14 July 2021. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

The THB3 billion Notes qualify as Tier-2 Capital for the purpose of the RWCR computation.

- (m) The Bank has on 30 November 2012 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

The RM1.5 billion Subordinated Debt issuance was the third issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt was issued as a single tranche of RM1.5 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter. Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.15% per annum. There is no step up coupon after call dates. Proceeds from the issue will be used for the Bank's working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier-2 Capital for the purpose of the RWCR computation.

- (n) On 9 November 2012, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 3,000,000 units unsecured 10-year subordinated notes. The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 4.80% per annum payable semi annually on 9 November and 9 May.

The THB3 billion Notes will mature on 9 November 2022. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

The THB3 billion Notes qualify as Tier-2 Capital for the purpose of the RWCR computation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****29 Redeemable preference shares**

(a)

	The Group	
	2012	2011
	RM'000	RM'000
Authorised		
Redeemable preference shares of USD0.01 each		
At 1 January/31 December	<u>8</u>	<u>8</u>
	The Group	
	31 December	1 January
	2012	2011
	RM'000	RM'000
Issued and fully paid		
Redeemable preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	<u>703,724</u>	<u>706,879</u>
	The Group	
	31 December	1 January
	2012	2011
	RM'000	RM'000
Non-cumulative guaranteed preference shares, at cost	<u>728,250</u>	<u>728,250</u>
Fair value changes arising from fair value hedges	<u>91,556</u>	<u>99,331</u>
Foreign exchange translations and interest payables	<u>(116,082)</u>	<u>(120,702)</u>
	<u>703,724</u>	<u>706,879</u>

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation (“SCC”), a wholly owned subsidiary of the Bank incorporated in Labuan. The main features of the SCC Preference Shares are as follows:

- (i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.
- (ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of Bank Negara Malaysia, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.
- (iii) The SCC Preference Shares will not be convertible into ordinary shares.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****29 Redeemable preference shares (Continued)**

- (iv) The SCC Preference Shares are guaranteed by the Bank on a subordinated basis. If the SCC Preference shares have not been redeemed in full on or prior to 2 November 2055, the Bank shall cause the substitution of the SCC Preference Shares with Preference Shares issued by the Bank (Substitute Preference Shares) and the SCC Preference Shares shall be mandatorily exchanged for such Substitute Preference Shares having economic terms which are in all material aspects equivalent to those of the SCC Preference Share.

The SCC Preference Shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange Inc on 4 November 2005 and 24 November 2005 respectively and qualify as Tier-1 Capital for the purpose of the RWCR computation, subject to the limit as prescribed in the 'Guidelines on Innovative Tier 1 Capital Instruments' issued by Bank Negara Malaysia on 24 December 2004.

(b)

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Authorised		
Redeemable preference shares of RM0.01 each (equity)		
At 1 January/31December	50,000	50,000
	<hr/>	<hr/>
Issued and fully paid		
Redeemable preference shares of RM0.01 each (equity)		
At 1 January/31December	29,740	29,740
	<hr/>	<hr/>

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

29 Redeemable preference shares (Continued)

On 30 January 2008, the Bank issued 2,974,009,486 RPS of nominal value RM0.01 each to the Bank's minority shareholders and to CIMB Group at an issue price of RM1.00 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM's approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****30 Ordinary share capital**

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	7,000,000	7,000,000

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	3,764,469	3,764,469

31 Perpetual preference shares

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	500,000	500,000

	The Group and The Bank	
	2012	2011
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	200,000	200,000

The main features of the PPS are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act, 1965 and as approved by Bank Negara Malaysia.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

32 Reserves

- (a) The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.
- (b) Pursuant to the Finance Act, 2007 which was gazetted on 28 December 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Bank, but is exempted from tax in the hands of the shareholders ("single tier system"). During the financial year 2012, the Bank has fully utilised the credit in the Section 108 balance to distribute dividend payments to its shareholders as allowed by the transitional provision under the Finance Act, 2007. As at 31 December 2012, the Bank has sufficient tax exempt account balances of RM973,565,000 (31 December 2011: RM747,303,000; 1 January 2011: RM10,742,000) to pay tax exempt dividends.
- (c) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.
- (e) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****32 Reserves (Continued)**

- (f) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (g) Hedging reserve arise from net investment hedge activities undertaken by the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. Included in hedging reserve in 2012 and 2011 also cash flow hedge undertaken by the Group and the Bank on held-to-maturity debt securities against foreign exchange risk using currency swaps, which subsequently terminated by the Bank with cumulative gain of RM180,525 (31 December 2011: RM225,502; 1 January 2011: RM Nil) remaining in equity.
- (h) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010.
- (i) Share-based payment reserve arose from the Management Equity Scheme and Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.

33 Share premium

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Relating to				
- Ordinary shares				
At 1 January/31 December	5,033,633	5,033,633	5,033,633	5,033,633

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****34 Interest income**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and advances				
- interest income	6,157,552	5,691,801	5,210,662	4,895,203
- unwinding income [^]	73,221	95,495	63,941	78,701
Money at call and deposits with financial institutions	444,694	497,375	771,052	828,878
Reverse repurchase agreements	149,083	100,759	140,447	79,114
Financial assets held for trading	276,184	187,243	266,371	170,492
Financial investments available-for- sale	688,487	517,002	662,202	485,161
Financial investments held-to-maturity	348,308	377,229	283,688	349,454
Others	11,041	22,860	11,041	22,852
	8,148,570	7,489,764	7,409,404	6,909,855
Net accretion of discount less amortisation of premium	212,599	165,237	204,474	166,781
	8,361,169	7,655,001	7,613,878	7,076,636

[^] Unwinding income is interest income earned on impaired financial assets**35 Interest expense**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits and placements of banks and other financial institutions	138,228	117,998	192,100	146,174
Deposits from customers	3,098,269	2,775,752	2,754,408	2,552,234
Repurchase agreements	32,119	2,497	27,814	2,009
Loans sold to Cagamas	-	1,635	-	1,635
Negotiable certificates of deposits	99,960	141,756	98,567	141,169
ICULS	-	666	-	666
Redeemable preference shares	40,501	40,506	-	-
Bonds and debentures	13,201	-	11,408	-
Subordinated obligations	317,698	283,661	344,977	304,869
Other borrowings	93,116	74,167	15,961	1,236
	3,833,092	3,438,638	3,445,235	3,149,992

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****36 Net non-interest income**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net fee and commission income				
Commissions	184,655	142,035	166,233	134,529
Fee on loans and advances	406,484	357,636	395,337	356,650
Service charges and fees	397,325	317,651	363,652	289,983
Guarantee fees	48,880	66,148	35,796	55,314
Other fee income	209,739	178,793	188,102	161,894
Fee and commission income	1,247,083	1,062,263	1,149,120	998,370
Fee and commission expense	(289,975)	(227,288)	(289,975)	(227,288)
Net fee and commission income	957,108	834,975	859,145	771,082
Gross dividend income from:				
In Malaysia				
Subsidiaries	-	-	222,630	762,435
Financial assets held for trading	33,745	30,732	33,662	30,732
Financial investments available-for- sale	11,024	14,637	10,880	14,562
	44,769	45,369	267,172	807,729
Outside Malaysia				
Financial assets held for trading	8	4	-	-
Financial investments available-for- sale	11,760	20,023	-	-
Associate	-	-	21,763	-
	11,768	20,027	21,763	-
Net (loss)/gain arising from financial assets held for trading				
- realised	(40,367)	(340,957)	(46,148)	(350,978)
- unrealised	49,826	(45,090)	42,838	(42,234)
	9,459	(386,047)	(3,310)	(393,212)
Net loss arising from hedging derivatives	(21,392)	(12,639)	(20,698)	(12,121)
Net gain/(loss) arising from derivative financial instruments				
- realised	870,239	556,813	878,690	561,750
- unrealised	(212,626)	341,871	(220,829)	346,903
	657,613	898,684	657,861	908,653

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****36 Net non-interest income (Continued)**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net gain from sale of financial investments available-for-sale	268,308	208,661	255,988	184,013
Net gain from sale of financial investments held-to-maturity	35,581	76,864	35,587	75,980
Brokerage income	23,304	26,987	-	-
Other non-interest income				
Foreign exchange gain	159,261	136,046	112,806	93,493
Rental income	9,450	12,888	6,553	7,399
Gain on disposal of property, plant and equipment/assets held for sale	11,108	7,115	2,124	1,717
(Loss)/gain on disposal of foreclosed properties	(9,492)	(20,070)	6,676	1,293
Gain on disposal of leased assets	168	99	-	-
Gain on disposal of subsidiaries	8,405	-	-	-
Gain on disposal of associate	445	-	4,275	-
Gain on revaluation of investment properties	4,755	1,842	-	-
Share of gain from recovery of impaired loans	133,464	101,220	-	-
Gain on disposal of impaired loans	-	20,063	-	-
Others	81,493	46,862	57,497	16,487
	399,057	306,065	189,931	120,389
	2,385,575	2,018,946	2,263,439	2,462,513

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****37 Overheads**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Personnel costs				
- Salaries, allowances and bonuses	1,964,048	1,662,510	1,584,366	1,291,085
- Pension cost (defined contribution plan)	184,148	171,133	165,894	152,405
- Pension cost (defined benefit plan)	3,925	(41,744)	(7,999)	(60,000)
- Overtime	15,518	17,342	10,180	11,067
- Staff incentives and other staff payments	160,343	128,609	156,073	124,626
- Medical expenses	65,698	58,059	61,026	53,737
- Others	65,985	100,199	46,824	63,960
	2,459,665	2,096,108	2,016,364	1,636,880
Establishment costs				
- Depreciation of property, plant and equipment	200,418	197,973	148,549	154,772
- Amortisation of prepaid lease payments	298	306	-	-
- Rental	211,139	205,581	166,020	161,176
- Repairs and maintenance	192,729	100,349	169,613	86,377
- Outsourced services	162,340	147,241	242,452	251,216
- Security expenses	95,516	95,058	100,286	103,293
- Utility expenses	47,223	40,941	37,111	31,856
- Others	51,348	55,966	36,812	43,780
	961,011	843,415	900,843	832,470
Marketing expenses				
- Sales commission	10,286	8,828	3,033	392
- Advertisement	114,712	106,923	97,139	96,624
- Others	21,413	24,148	13,508	17,436
	146,411	139,899	113,680	114,452
Administration and general expenses				
- Communication	51,649	65,186	44,619	58,213
- Consultancy and professional fees	55,606	53,067	46,082	46,514
- Legal expenses	10,194	20,877	(6,749)	17,030
- Stationery	36,006	40,412	28,268	32,153
- Amortisation of intangible assets	164,515	149,949	142,555	130,950
- Postages	45,731	39,287	35,948	35,823
- Administrative travelling and vehicle expenses	32,546	32,955	22,332	22,255
- Incidental expenses on banking operations	32,944	52,976	21,859	24,478
- Insurance	84,108	57,666	21,154	16,944
- Others	143,442	69,511	77,500	6,471
	656,741	581,886	433,568	390,831
Shared service cost				
- Personnel cost	138,356	123,001	(70,306)	(10,947)
- Establishment cost	21,961	18,830	(73,517)	(41,214)
- Marketing expenses	11,753	37,083	1,656	28,587
- Administration and general expenses	18,442	15,379	(14,263)	(14,144)
	190,512	194,293	(156,430)	(37,718)
	4,414,340	3,855,601	3,308,025	2,936,915

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****37 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (excluding benefits-in-kind) (Note 41)	5,071	5,665	4,717	5,324
Hire of equipment	5,069	3,815	4,453	3,182
Lease rental	371	587	371	587
Auditors' remuneration:				
PwC Malaysia (audit)				
- statutory audit	2,291	2,215	1,957	1,861
- limited review	680	693	625	638
- other audit related	160	160	100	100
PwC Malaysia (non audit)	760	190	695	146
Other member firms of PwC International Limited (audit)				
- statutory audit	1,111	1,041	688	565
- limited review	630	625	-	-
- other audit related	230	182	53	-
Other member firms of PwC International Limited (non audit)	288	350	76	169
Property, plant and equipment written-off	692	32	689	32

PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****38 Allowances for impairment losses on loans, advances and financing**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing				
Individual impairment allowance				
- Net allowance made during the financial year	150,751	158,185	138,153	139,707
Portfolio impairment allowance				
- Net allowance made during the financial year	316,497	504,947	131,975	289,245
Impaired loans and advances				
- recovered	(338,044)	(335,471)	(222,772)	(202,181)
- written off	6,777	12,956	846	6,504
	135,981	340,617	48,202	233,275

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****39 Allowances for other impairment losses made/(written-back)**

		The Group		The Bank	
	Note	2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale					
- net allowance made during the financial year		1,606	72,987	1,498	71,869
Financial investments held-to-maturity					
- net allowance written back during the financial year		(492)	-	-	-
- recovered		-	(2,509)	-	-
Subsidiaries					
- written back during the financial year	(a)	-	-	-	(4,381)
		1,114	70,478	1,498	67,488

- (a) The write-back of allowance for impairment losses on the Bank's certain subsidiaries were due to the recoverable amounts were higher than the cost of investment of these subsidiaries.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

40 Significant related party transactions and balances

(a) The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 11	Subsidiaries
CIMB Investment Bank Berhad	Subsidiary of holding company
SBB Berhad	Subsidiary of ultimate holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Proton Commerce Sdn. Bhd.	Jointly controlled entity
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Commerce Asset Realty Sdn. Bhd.	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(b) Related party transactions**

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on commercial terms and at market rates.

	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
2012				
Income				
Interest on deposits and placements with financial institutions	-	333,127	37,412	-
Interest on loans, advances and financing	13,765	23,052	-	62
Interest on subordinated bonds and financing	4,066	448	3,759	-
Others	12,753	30,464	7,810	38
Expenditure				
Interest on deposits from customers and repurchase agreement	10,300	3,630	2,949	909
Interest on deposits and placements of banks and other financial institutions	2	58,834	22,663	-
Rental of premises	2,491	431	563	-
Shared service cost	-	(281,520)	125,091	-
Others	-	139,992	284	-
2011				
Income				
Interest on deposits and placements with financial institutions	-	337,740	43,977	-
Interest on loans, advances and financing	43,381	19,816	-	42
Interest on subordinated bonds and financing	4,140	242	4,932	-
Others	10,642	47,008	7,703	-
Expenditure				
Interest on deposits from customers and repurchase agreement	9,194	1,400	389	3,754
Interest on deposits and placements of banks and other financial institutions	19	30,863	30,216	-
Interest on ICULS	-	-	666	-
Rental of premises	2,773	1,006	650	-
Shared service cost	-	(207,506)	169,702	-
Others	-	169,315	6,774	-

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(c) Related party balances**

2012	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
Amounts due from				
Current accounts, deposits and placements with banks and other financial institutions	-	8,641,061	1,207,994	-
Loans, advances and financing	827,894	151,252	257,659	10,101
Derivative financial instruments	8,892	383,381	-	-
Investments securities	81,306	262,834	-	-
Others	-	231	15,460	-
Amounts due to				
Deposits from customers and repurchase agreement	75,022	143,606	2,137,907	61,535
Deposits and placements of banks and other financial institutions	135,980	6,621,492	102,479	-
Derivative financial instruments	9,398	46,299	-	-
Others	1,931	314,631	67,819	-
Commitment and contingencies				
Cross currency interest rate swaps	-	243,301	-	-
Foreign exchange related contracts	-	-	3,061	-
Equity related contracts	-	-	168	-
Interest rate related contracts	-	7,223,920	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
2011				
Amounts due from				
Current accounts, deposits and placements with banks and other financial institutions	-	9,210,220	860,584	-
Loans, advances and financing	335,191	122,012	186,318	3,837
Derivative financial instruments	4,164	347,754	-	-
Investments securities	89,944	296,934	16,993	-
Others	285	218	15,092	-
Amounts due to				
Deposits from customers and repurchase agreement	76,678	338,576	1,632,939	108,692
Deposits and placements of banks and other financial institutions	355,899	5,881,364	47,229	-
Derivative financial instruments	13,188	24,846	-	-
Others	22,055	338,103	135,974	-
Commitment and contingencies				
Cross currency interest rate swaps	-	244,540	-	-
Foreign exchange related contracts	-	-	5,040	-
Equity related contracts	-	-	1,054	-
Interest rate related contracts	-	6,100,780	-	-

Other related party balances are unsecured, non-interest bearing and has repayable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)**

(d) Key management personnel

Key management compensation

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	101,677	91,901	117,618	80,210
Share options of the ultimate holding company (units)	-	11,008,700	-	7,400,140
Shares of the ultimate holding company (units)	3,383,529	3,618,435	3,982,757	3,112,241

Included in the above is the Executive Directors' compensation which is disclosed in Note 41. The share options and shares are granted on the same terms and condition as those offered to other employees of the Group and the Bank.

Loans to Directors of the Bank amounting to RM1,779,701 (31 December 2011: RM301,411; 1 January 2011: RM344,917). Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowances were required in 2012 and 2011 for loans, advances and financing made to the key management personnel.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Management Equity Scheme (“MES” or the “Scheme”)**

This Scheme was initiated as part of a performance linked compensation scheme by a substantial shareholder of CIMB Group, whereby share options are granted to selected employees of the Group and the Bank. The Scheme was launched on 1 March 2004, the expiry date of the Scheme was extended from 28 February 2012 to 31 May 2012. The Scheme lapsed thereafter.

The eligibility for participation in the scheme shall be at the discretion of the Nomination and Remuneration Committee of CIMB Group. Entitlements of eligible members of senior management are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of CIMB Group administers the scheme on behalf of the substantial shareholder. The entitlements granted vest in proportions across various exercised periods.

As the Group and the Bank do not have an obligation to settle the transaction with its employees, the Group and the Bank have accounted for the transaction as equity settled in accordance with MFRS 2.

The weighted average fair value of the entitlements granted, determined using the Binomial Valuation Model for the Group and the Bank were RM7.26 and RM7.28 each respectively. The significant inputs into the model were as follows:

Valuation assumptions	The Group	The Bank
- Expected volatility	31.8%	31.8%
- Expected dividend yield	1.6%	1.6%
- Expected option life	-	-
- Weighted average share price at grant date	RM10.64	RM10.68
- Weighted average risk-free interest rate	3.4%	3.4%

The volatility measured at the standard deviation of the daily share price returns was based on statistical analysis of daily prices over the last two years.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Management Equity Scheme (“MES” or the “Scheme”) (Continued)**

The total share-based payment expenses recognised in relation to the Scheme for the Group and the Bank during the current financial year amounted RMNil (2011: RM16,697,000) and RMNil (2011: RM15,629,000) respectively. The shares were exercisable 2 years from the grant date.

Details of the movement in the number of entitlements outstanding are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	Unit	Unit	Unit	Unit
	'000	'000	'000	'000
Share options				
At 1 January	12,426	25,570	11,375	23,606
Exercised	(12,426)	(13,084)	(11,375)	(12,173)
Forfeited	-	(60)	-	(58)
At 31 December	-	<u>12,426</u>	-	<u>11,375</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Management Equity Scheme (“MES” or the “Scheme”) (Continued)**

Grant date	Exercise price per share RM	The Group	The Bank	Expiry date
		Options (unit)	Options (unit)	
22.3.2007	3.48	9,073,524	8,157,091	31.5.2012
31.5.2007	3.48	4,757,661	4,482,460	31.5.2012
27.3.2008	3.48	3,536,910	3,176,131	31.5.2012
31.3.2009	3.48	6,261,462	5,958,650	31.5.2012
6.8.2009	3.48	90,735	81,571	31.5.2012
1.10.2009	3.48	362,941	326,284	31.5.2012
8.3.2010	3.48	7,040,341	6,676,810	31.5.2012
30.3.2010	3.48	795,947	794,114	31.5.2012
26.5.2010	1.74	300,000	-	31.5.2012

The weighted average share price at the time of exercise was RM7.39 each for the Group and the Bank (2011: RM8.19). There is no weighted average remaining contractual life as at 31 December 2012 (2011: 0.16 years).

The number of entitlements that are exercisable at the financial year end is Nil unit for the Group and the Bank (2011: 12,424,733 units for the Group and 11,374,744 units for the Bank).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(f) Equity Ownership Plan (“EOP”)**

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed at market price and proceeds received will be donated to CIMB Foundation on behalf of the employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM36,320,000 (2011: RM22,578,000) and RM35,140,000 (2011: RM21,923,000) respectively.

The weighted average fair value of shares awarded under EOP was RM7.70 per ordinary share (2011: RM8.27 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	Unit	Unit	Unit	Unit
	'000	'000	'000	'000
Shares				
At 1 January	4,974	-	4,714	-
Awarded	9,231	6,759	8,706	6,400
Released	(5,732)	(1,785)	(5,426)	(1,686)
At 31 December	8,473	4,974	7,994	4,714

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****40 Significant related party transactions and balances (Continued)****(g) Credit transactions and exposures with connected parties**

Credit exposures with connected parties as per BNM's revised "Guidelines in Credit Transactions and Exposures with Connected Parties" which became effective on 1 January 2008 are as follows:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Outstanding credit exposures with connected parties	14,335,749	11,889,087	14,793,893	13,837,887	11,264,350	14,112,120
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.3%	5.1%	7.3%	6.4%	6.0%	8.3%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(h) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 29% of the issued capital of the ultimate holding company (2011: 24%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 – "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

Apart from the individually significant transactions as disclosed in Note 8(a) and Note 40 (e) to the Financial Statements, the Group and the Bank have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business on commercial terms comparable to the terms of transaction with other entities that are not government-related. These commercial terms are consistently applied in accordance with the Group's and the Bank's internal policies and processes, which do not depend on whether the counterparties are government-related entities or not.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****41 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Dato' Zainal Abidin bin Putih
 Dato' Sri Mohamed Nazir bin Abdul Razak
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
 Mr. Joseph Dominic Silva
 Dato' Seri Yeap Leong Huat (resigned on 29 January 2013)
 Tan Sri G.K. Rama Iyer (retired on 17 April 2012)
 Puan Rosnah Kamarul Zaman (appointed on 19 January 2012)
 Mr. Venkatachalam Krishnakumar (appointed on 7 May 2012)

Executive Directors

Dato' Sulaiman bin Mohd Tahir
 Dato' Dr. Gan Wee Beng (retired on 2 April 2012)
 Mr. Renzo Christopher Viegas (appointed on 10 August 2012)

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	1,956	1,783	1,956	1,783
- Bonus	1,561	2,338	1,561	2,338
- Benefits-in-kind	1,091	51	1,091	51
Non-Executive Directors				
- Fees	405	295	345	223
- Other remuneration	1,149	1,249	855	980
- Benefits-in-kind	67	166	42	150
	6,229	5,882	5,850	5,525

The Directors' bonus for the financial year 2012 will be paid in tranches, spread over financial year 2013, while for financial year 2011, it was similarly paid in tranches, spread over financial year 2012. A similar condition is also imposed on the bonus for certain key personnel.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****41 Directors' remuneration (Continued)**

The functions and responsibilities of the CEO are carried out on a Group basis.

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2012	2011	2012	2011
	Number of directors	Number of directors	Number of directors	Number of directors
Executive Directors				
RM50,000 and below	-	-	-	-
RM50,001 – RM200,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM250,001 – RM400,000	1	-	1	-
RM400,001 – RM450,000	-	-	-	-
RM450,001 – RM700,000	-	-	-	-
RM700,001 – RM750,000	-	-	-	-
RM750,001 – RM1,500,000	-	-	-	-
RM1,500,001 – RM2,500,000	2	2	2	2

	The Group		The Bank	
	2012	2011	2012	2011
	Number of directors	Number of directors	Number of directors	Number of directors
Non-Executive Directors				
RM50,000 and below	1	3	1	3
RM50,001 – RM100,000	2	1	2	2
RM100,001 – RM150,000	1	1	1	-
RM150,001 – RM200,000	2	-	2	-
RM200,001 – RM250,000	-	1	1	2
RM250,001 – RM300,000	-	-	-	-
RM300,001 – RM350,000	-	-	-	1
RM350,001 – RM400,000	-	1	-	-
RM400,001 – RM550,000	2	2	1	1

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****42 Taxation**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	836,498	693,842	662,266	546,152
- Foreign tax	37,720	13,702	29,479	8,571
Deferred taxation (Note 9)	(55,344)	8,664	(20,922)	10,760
Over accrual in prior years	(53,796)	(54,025)	(55,053)	(53,721)
	765,078	662,183	615,770	511,762
Reconciliation between tax expense and the Malaysian tax rate				
Profit before taxation	3,881,501	3,397,664	3,105,142	3,186,293
Tax calculated at a rate of 25% (2011: 25%)	970,375	849,416	776,286	796,573
- different tax rates in Labuan and other countries	(105,988)	(65,275)	(80,615)	(35,827)
- expenses not deductible for tax purposes	108,051	93,806	73,465	74,469
- income not subject to tax	(102,290)	(100,414)	(98,313)	(269,732)
- utilisation of previously unrecognised tax losses	(51,274)	(61,325)	-	-
- over accrual in prior years	(53,796)	(54,025)	(55,053)	(53,721)
Tax expense	765,078	662,183	615,770	511,762

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

43 Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM3,104,119,000 (2011: RM2,725,882,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,489,372,000 (2011: RM2,674,531,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 3,764,469,000 (2011: 3,764,469,000) is used for the computation.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2012 and 31 December 2011.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****44 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2012			2011		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per redeemable preference shares	-	-	-	40.35	30.26	900,000
Per redeemable preference shares - single tier	22.19	22.19	660,000	-	-	-
<u>Interim dividend - in respect of previous year</u>						
Per redeemable preference shares	4.17	3.13	93,000	26.94	20.21	600,903
Per ordinary shares - single tier	19.50	19.50	734,000	-	-	-
	45.86	44.82	1,487,000	67.29	50.47	1,500,903

The Directors have proposed 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 RM959,000,000 in respect of the financial year ended 31 December 2012. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 17 January 2013.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2012.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****45 Lease commitments**

The Group and the Bank have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, is as follows:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Within one year	123,591	145,467	100,231	112,109	144,656	98,735
One year to less than five years	329,931	458,613	190,805	230,298	411,749	150,579
Five years and more	148,852	369,202	144,604	144,788	366,743	134,900

46 Capital commitments

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure:						
- authorised and contracted for	263,456	238,221	164,080	263,097	238,221	164,080
- authorised but not contracted for	331,257	504,542	1,026,003	330,161	499,864	1,022,434
	594,713	742,763	1,190,083	593,258	738,085	1,186,514

Analysed as follows:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Property, plant and equipment	536,068	679,574	721,670	534,809	675,346	718,540
Computer software	58,645	63,189	468,413	58,449	62,739	467,974
	594,713	742,763	1,190,083	593,258	738,085	1,186,514

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

47 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

The capital management process is centrally supervised by the Group Executive Committee (EXCO), Group Risk Committee (GRC) and Branch Risk Committee (BRC) who periodically assess and review of the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Available capital is allocated across competing demands, guided by the predetermined policies, and to ensure regulatory compliance. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

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

The capital adequacy ratio of CIMB Thai Bank remained unchanged based on guidelines issued by Bank of Thailand where Credit Risk and Market Risk is based on Standardised Approach (SA) while Operational Risk is based on Basic Indicator Approach. The capital adequacy ratio of CIMB Bank PLC is computed based on National Bank of Cambodia's requirements.

Capital Structure and Adequacy

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2012. The Group and the Bank issue various capital instruments pursuant to the respective regulatory guidelines, including tier 2 subordinated debt, innovative and non-innovative tier 1 hybrid securities that qualify as capital pursuant to the Risk Weighted Capital Adequacy Framework (Basel II)(RWCAF) and Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****47 Capital adequacy (Continued)**

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

	The Group			The Bank*		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Before deducting proposed dividends						
Core capital ratio	10.47%	11.91%	11.77%	13.16%	15.07%	14.20%
Risk-weighted capital ratio	16.19%	16.81%	15.24%	16.34%	17.40%	15.09%
After deducting proposed dividends						
Core capital ratio	9.86%	11.28%	11.29%	12.35%	14.26%	13.63%
Risk-weighted capital ratio	15.58%	16.18%	14.76%	15.53%	16.59%	14.53%

CIMB Group Holdings (“CIMBGH”) announced that it would implement 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 DRS of CIMBGH had received the necessary approvals from Bursa Securities and from its shareholders via an Extraordinary General Meeting held on 25 February 2013. The DRS is pending approval from Bank Negara Malaysia.

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

	The Group			The Bank*		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Credit risk	126,983,208	109,351,226	104,892,665	94,244,713	83,785,262	87,236,173
Market risk	14,568,174	8,785,131	9,658,308	13,283,095	8,105,302	9,176,183
Large exposure risk requirements	397,786	400,148	360,424	397,786	400,148	360,424
Operational risk	13,560,253	12,620,584	11,242,737	10,528,945	9,949,736	9,604,531
Total risk-weighted assets	155,509,421	131,157,089	126,154,134	118,454,539	102,240,448	106,377,311

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****47 Capital adequacy (Continued)**

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

	The Group			The Bank*		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Tier I capital						
Paid-up capital	3,764,469	3,764,469	3,764,469	3,764,469	3,764,469	3,764,469
Perpetual preference shares	200,000	200,000	200,000	200,000	200,000	200,000
Non-innovative Tier I Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Innovative Tier I Capital	1,611,800	1,635,400	1,616,700	1,611,800	1,635,400	1,616,700
Other reserves	14,442,525	13,740,524	13,008,976	12,712,661	12,481,830	12,190,836
Non-controlling interests	306,905	266,211	260,586	-	-	-
Less:						
Deferred tax assets	(146,237)	(89,327)	(82,519)	(140,439)	(118,506)	(115,206)
Goodwill	(4,891,433)	(4,899,904)	(4,923,428)	(3,555,075)	(3,555,075)	(3,555,075)
Total Tier I capital	16,288,029	15,617,373	14,844,784	15,593,416	15,408,118	15,101,724
Tier II capital						
Subordinated notes	7,881,400	5,813,057	3,936,919	6,500,000	5,000,000	3,500,000
Redeemable preference shares	29,740	29,740	29,740	29,740	29,740	29,740
Regulatory reserve	1,173,577	490,627	117,595	930,953	431,514	110,190
Portfolio impairment allowance ^	278,012	397,291	381,876	133,220	188,389	221,940
Surplus of total eligible provision over expected loss under the IRB approach	91,670	255,860	409,200	250,350	359,190	404,989
Total Tier II capital	9,454,399	6,986,575	4,875,330	7,844,263	6,008,833	4,266,859
Less:						
Investment in subsidiaries	(158,742)	(136,135)	(175,352)	(3,688,556)	(3,208,833)	(2,998,050)
Securitisation exposures subject to deductions^^	(65,621)	(70,116)	(70,116)	(65,621)	(70,116)	(70,116)
Investment in associates	(305,584)	(306,061)	(245,134)	(305,584)	(306,061)	(245,134)
Holding of other banking institutions' capital instruments	(28,159)	(40,990)	(2,842)	(28,159)	(40,990)	(2,842)
Total Eligible Tier II capital	8,896,293	6,433,273	4,381,886	3,756,343	2,382,833	950,717
Total capital base	25,184,322	22,050,646	19,226,670	19,349,759	17,790,951	16,052,441

* 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 RM 339,039,051 (31 December 2011: RM 463,064,140; 1 January 2011: RM495,950,492) and RM322,557,239 (31 December 2011: RM 441,690,248; 1 January 2011: RM476,240,986) 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.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****47 Capital adequacy (Continued)**

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank**	CIMB Thai Bank***	CIMB Bank PLC****
<u>31 December 2012</u>			
Core capital ratio	8.69%	10.27%	N/A
Risk-weighted capital ratio	13.27%	16.21%	26.82%
<u>31 December 2011</u>			
Core capital ratio	10.44%	7.65%	N/A
Risk-weighted capital ratio	14.42%	13.00%	56.33%
<u>1 January 2011</u>			
Core capital ratio	13.22%	9.04%	N/A
Risk-weighted capital ratio	17.19%	14.69%	636.20%

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

*** The capital adequacy ratios of CIMB Thai Bank is based on Bank of Thailand requirements and are computed in accordance with Standardised Approach (SA approach). The approach for Credit Risk and Market Risk is Standardised Approach (SA) while Operational Risk is based on Basic Indicator Approach.

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

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

48 Significant events during the financial year

(a) Disposal of 6.8% stake in The South East Asian Strategic Assets Fund LP

On 21 February 2012, CIMB Bank had completed the disposal of 6.8% stake in The South East Asian Strategic Assets Fund LP. to a third party. The Bank still has the significant influence over SEASAF subsequent to the disposal and continues to recognise as investment in associate.

(b) CIMB Thai Rights Issue

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

Subsequent to the right issue, the Bank's shareholding in CIMB Thai Bank has increased from 93.15% to 93.71% as other shareholders have not subscribed their portion of rights.

(c) Acquisition of a stake in Bank of Commerce ("BOC") in the Philippines

On 8 May 2012, CIMB Bank has entered into share purchase agreements ("SPA") with San Miguel Properties, Inc., San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings, Inc. and various minority shareholders for the proposed acquisition of 59.98% of the issued and paid-up share capital of Bank of Commerce ("BOC") ("Proposed Acquisition"), which is equivalent to 67,325,197 fully paid ordinary shares of PHP100 par value each, for a total cash consideration of PHP12,203 million (equivalent to approximately RM881 million). The approval from Bank Negara Malaysia for the proposal was obtained on 7 November 2012.

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

(d) Disposal of CIMB Securities (Thailand) Company Limited ("CIMBS")

On 22 June 2012, CIMB Thai Bank, a 93.15% owned subsidiary of CIMB Bank, which in turn is a 99.99% owned subsidiary of CIMBG, entered into a Share Sale Agreement with CIMB Securities International Pte Ltd., a 100% owned subsidiary of CIMBG, to dispose to the latter 109,999,993 ordinary shares in CIMBS, representing 99.99% of CIMBS's issued and paid-up share capital for a total consideration of THB1,117,600,000 (equivalent to approximately RM110,936,000). The disposal of CIMBS was completed on 2 July 2012.

See Note 53(a) for the effects of the disposal on the Financial Statements of the Group.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

49 Subsequent events after the financial year

- (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) Subsequent to 31 December 2012, CIMB Thai Bank issued various unsecured structured debentures amounted to THB1.37 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rate at THBFIX 6 month + 0.50% per annum payable semi annually.
- (d) Subsequent to 31 December 2012, CIMB Thai Bank issued various unsecured short term debentures amounted to THB5.75 billion, with maturity dates varies from 1 month to 6 months. The debentures carry fixed interest rates of 2.73% to 2.93%, payable at respective maturity dates.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Impairment of available-for-sale equity investments

The Group and the Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant and prolonged required judgement. The Group and the Bank evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(b) Impairment losses on loans, advances and financing

The Group and the Bank make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and time of the cash flows in allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

(c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note L(a) of the Summary of Significant Accounting Policies.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies (Continued)

(c) Goodwill impairment (continued)

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various business segments. The goodwill is then allocated to these various business segments. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the business segment, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in market in which a business operates. In the absence of readily available market data, this calculation is usually based upon discounting expected pre-tax cash flows at the Group's and the Bank's cost of capital, which requires exercise of judgement. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions.

Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies (Continued)

(d) Intangible assets

The Group's and the Bank's intangible assets that derive their value from contractual customer relationships and core deposits or that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

Determining the estimated useful life of these intangible assets requires an analysis of circumstances and judgment by the Bank's management. At the end of each reporting period, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount: the higher of fair value less cost to sell and its value in use. Net selling price is calculated based by reference to the amount at which the asset could be disposed in a binding agreement in an arms length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets' continued use, including those resulting from its ultimate disposal, at a market-based discount rate on pre-tax basis.

(e) Fair value of financial instruments

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 52.4.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

51 Segment reporting

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

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

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

(i) Business segment reporting

Definition of segments

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has been reorganised into the following five major operating divisions. The divisions form the basis on which the Group reports its segment information.

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

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

51 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking (Continued)

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

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.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

51 Segment reporting (Continued)

(i) Business segment reporting (continued)

31 December 2012 Group	Consumer Banking		Wholesale Banking		Investment	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services and Cards	Treasury and Banking, Markets	Investments Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external	318,743	2,143,654	1,408,977	23,741	24,992	600,081	7,889	4,528,077
- inter-segment	366,754	(152,907)	(102,493)	(13,978)	(72,607)	(1)	(24,768)	-
	685,497	1,990,747	1,306,484	9,763	(47,615)	600,080	(16,879)	4,528,077
Income from Islamic banking operations	124,347	583,363	310,701	1,950	386,601	-	-	1,406,962
Net non-interest income	129,459	566,245	1,162,663	54,814	129,224	305,490	37,680	2,385,575
	939,303	3,140,355	2,779,848	66,527	468,210	905,570	20,801	8,320,614
Overheads	(579,398)	(2,184,217)	(794,200)	(46,342)	(87,172)	(623,434)	(99,577)	(4,414,340)
of which:								
Depreciation of property, plant and equipment	(33,229)	(107,386)	(14,123)	(314)	(870)	(44,496)	-	(200,418)
Amortisation of prepaid lease payments	-	-	-	-	-	(298)	-	(298)
Amortisation of intangible assets	(23,536)	(105,195)	(13,893)	-	(156)	(21,735)	-	(164,515)
Profit/(loss) before allowances	359,905	956,138	1,985,648	20,185	381,038	282,136	(78,776)	3,906,274
Write back of/(allowances for) impairment losses on loans, advances and financing	45,698	65,073	(123,269)	(593)	-	(122,890)	-	(135,981)
Allowances for losses on other receivables written-back	-	2	-	-	-	-	576	578
Allowances for commitments and contingencies written-back/(made)	12,290	-	(1,334)	-	-	2,517	-	13,473
Allowances for other impairment losses written-back/(made)	492	-	(2,020)	-	523	(109)	-	(1,114)
Segment results	418,385	1,021,213	1,859,025	19,592	381,561	161,654	(78,200)	3,783,230
Share of results of jointly controlled entity	-	4,349	-	-	-	-	-	4,349
Share of results of associates	-	-	-	-	6,246	87,676	-	93,922
Taxation	-	-	-	-	-	-	-	(765,078)
Net profit after taxation								3,116,423

31 December 2012 Group	Consumer Banking		Wholesale Banking		Investment	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services and Cards	Treasury and Banking, Markets	Investments Banking				
	RM'000	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	127,404,887	296,719	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 associate	-	-	-	-	94,379	530,660	-	625,039

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

51 Segment reporting (Continued)

(i) Business segment reporting (continued)

31 December 2011 Group	Consumer Banking		Wholesale Banking		Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services and Cards	Treasury and Corporate Banking, Markets	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external	321,922	2,203,748	1,099,512	16,765	12,780	545,706	15,930	4,216,363
- inter-segment	370,104	(291,462)	23,526	(7,475)	(56,054)	(19)	(38,620)	-
	692,026	1,912,286	1,123,038	9,290	(43,274)	545,687	(22,690)	4,216,363
Income from Islamic banking operations	97,082	549,412	288,825	145	369,526	-	-	1,304,990
Net non-interest income	115,026	676,260	639,518	49,434	233,608	273,930	31,170	2,018,946
	904,134	3,137,958	2,051,381	58,869	559,860	819,617	8,480	7,540,299
Overheads	(519,638)	(1,946,777)	(680,677)	(43,671)	(13,054)	(585,768)	(66,016)	(3,855,601)
of which:								
Depreciation of property, plant and equipment	(23,820)	(126,793)	(13,071)	(369)	(693)	(33,227)	-	(197,973)
Amortisation of prepaid lease payments	-	-	-	-	-	(306)	-	(306)
Amortisation of intangible assets	(12,807)	(109,236)	(12,023)	-	(59)	(15,824)	-	(149,949)
Profit/(loss) before allowances	384,496	1,191,181	1,370,704	15,198	546,806	233,849	(57,536)	3,684,698
Write back of/(allowances for) impairment losses on loans, advances and financing	136,110	(305,464)	(55,243)	(508)	-	(115,512)	-	(340,617)
Allowances for losses on other receivables	(400)	(4)	-	-	-	-	(3,147)	(3,551)
Allowances for commitments and contingencies (made)/written-back	(1,518)	-	20,335	-	-	403	-	19,220
Allowances for other impairment losses written-back/(made)	2,509	-	(6,727)	-	(65,123)	(1,118)	(19)	(70,478)
Segment results	521,197	885,713	1,329,069	14,690	481,683	117,622	(60,702)	3,289,272
Share of results of jointly controlled entity	-	9,359	-	-	-	-	-	9,359
Share of results of associates	-	-	-	-	10,633	88,400	-	99,033
Taxation	-	-	-	-	-	-	-	(662,183)
Net profit after taxation	-	-	-	-	-	-	-	2,735,481

31 December 2011 Group	Consumer Banking		Wholesale Banking		Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services and Cards	Treasury and Corporate Banking, Markets	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	13,607,634	73,939,737	120,223,423	2,712,829	128,412	18,654,923	-	229,266,958
Unallocated assets	-	-	-	-	-	-	-	5,356,515
Total assets								234,623,473
Segment liabilities	26,808,454	59,896,357	108,282,000	1,605,065	741,439	15,699,891	-	213,033,206
Unallocated liabilities	-	-	-	-	-	-	-	2,299,116
Total liabilities								215,332,322
Other segment items								
Capital expenditure	49,011	328,047	25,713	-	201	94,451	-	497,423
Investment in jointly controlled entity	-	149,208	-	-	-	-	-	149,208
Investment in associates	-	-	-	-	126,974	462,842	-	589,816

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****51 Segment reporting (Continued)****(i) Business segment reporting (continued)**

	Consumer Banking		Wholesale Banking				Foreign Banking Operations RM'000	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				
1 January 2011 Group									
Segment assets	12,781,300	65,748,955	107,341,496	5,153,053	70,092	15,961,908	-	207,056,804	
Unallocated assets								5,030,421	
Total assets								212,087,225	
Segment liabilities	24,714,585	46,896,200	102,849,060	2,995,820	706,881	12,922,646	-	191,085,192	
Unallocated liabilities								3,034,886	
Total liabilities								194,120,078	
Other segment items									
Capital expenditure	35,270	241,997	18,969	-	148	54,453	-	350,837	
Investment in jointly controlled entity	-	139,849	-	-	-	-	-	139,849	
Investment in associates	-	-	-	-	68,734	313,514	-	382,248	

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****51 Segment reporting (Continued)****(ii) Geographic segment reporting**

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom and Hong Kong. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia, no other individual country contributed more than 10% of the net interest income and of total assets.

	31 December 2012				
	Net interest	non-current	Total	Total	Capital
	income	assets	assets	liabilities	expenditure
	RM'000	RM'000	RM'000	RM'000	RM'000
The Group					
Malaysia	3,682,820	11,407,842	221,812,846	203,430,214	429,518
Overseas operations	845,257	1,317,815	44,593,786	41,985,255	84,453
	<u>4,528,077</u>	<u>12,725,657</u>	<u>266,406,632</u>	<u>245,415,469</u>	<u>513,971</u>

	31 December 2011				
	Net interest	non-current	Total	Total	Capital
	income	assets	assets	liabilities	expenditure
	RM'000	RM'000	RM'000	RM'000	RM'000
The Group					
Malaysia	3,482,971	11,030,315	199,260,573	181,810,599	368,888
Overseas operations	733,392	1,346,894	35,362,900	33,521,723	128,535
	<u>4,216,363</u>	<u>12,377,209</u>	<u>234,623,473</u>	<u>215,332,322</u>	<u>497,423</u>

	1 January 2011				
	Total	Total	Total	Total	Capital
	non-current	assets	liabilities	liabilities	expenditure
	assets	RM'000	RM'000	RM'000	RM'000
The Group					
Malaysia	7,742,199	180,510,312	164,210,842	283,758	
Overseas operations	757,308	31,576,913	29,909,236	67,079	
	<u>8,499,507</u>	<u>212,087,225</u>	<u>194,120,078</u>	<u>350,837</u>	

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management

(a) Financial risk management objectives and policies

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

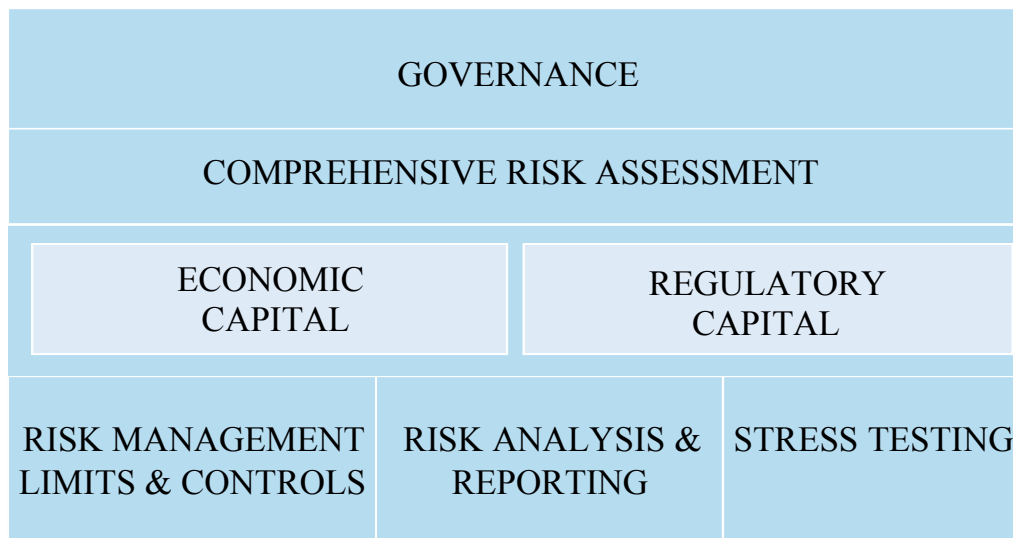
The objectives of the CIMB Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholders' value through proper allocation of capital and facilitate development of new businesses.

(b) Enterprise Wide Risk Management Framework (EWRM)

CIMB Group employs an EWRM framework to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (EWRM) (Continued)

The Group acknowledges that strong risk governance forms the backbone that holds the EWRM together. The Board of Directors through the Board Risk Committee (BRC) is ultimately responsible for the Group's risk management activities and provides strategic direction through the risk appetite statement and the corresponding capital and risk management frameworks. The implementation of the EWRM is supervised through several risk committees, with the line management being primarily responsible for identifying and managing risks at the onset. The Group Risk Division (GRD) is principally tasked to assist the various committees and undertakes the performance of the independent risk management, monitoring and reporting functions of the EWRM. The implementation of the EWRM is subjected to the independent assurance and assessment by Group Internal Audit Division.

The EWRM starts its comprehensive risk assessment process by assessing all risk taking activities of the Group from the perspectives of its financial and brand reputation impact, thus identifying the Group's material risks. These material risks are assessed, measured, controlled, monitored and reported on an on-going basis in accordance with the Group's risk management processes embodied within the EWRM.

At the core of the EWRM is a robust risk and capital management framework that relates the Group's material risks to its capital requirements and planning activities, ensuring its capital adequacy at all time. The Group's Risk-based Performance Measurement Framework provides a common and consistent measurement of risk to facilitate comparison of risks across business units and risk types. This enables the Group to consider both the downside risk, for risk protection and upside potential, for earnings growth. Hence, allowing the Group to measure the performance of each business on an absolute basis (economic profit) and relative percentage return basis (Risk Adjusted Return on Capital "RAROC") against the Group's costs of capital. Each year capital is allocated to the business units based on the respective business plan, budgeted profit and targeted RAROC.

The foundation of the EWRM is made up of three major building blocks, which are Risk Management Limits and Controls, Risk Analysis and Reporting, and Stress Testing. Limits constitute the key mechanism to control allowable risk taking activities and are regularly reviewed in the face of changing business needs, market conditions, and regulatory requirements. Timely reports and meaningful analysis of risk positions are critical to enable the Board and its management to exercise control over all exposures and make informed business decisions.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management (EWRM) Framework (Continued)

Stress testing involves identifying possible events or future changes in the financial and economic conditions that could have unfavourable effects on the Group's exposure and the assessment of the Group's ability to withstand such changes, usually in relation to the capacity of its capital and earnings to absorb potentially significant losses as well as the sufficiency of its liquidity surplus and reserves. Steps are then identified to manage risk and conserve capital. Group wide stress test is performed semi-annually.

(c) Risk Governance

In accordance with the Group's risk management structure, the BRC assumes the ultimate responsibility on behalf of the Boards of Directors for the supervision of risk management within CIMB Group. In line with best practices, the BRC determines the risk policy objectives for the Group.

Responsibility for administering risk management and control is delegated to the Group Risk Committee (GRC). The GRC is chaired by the Group Managing Director/Chief Executive Officer and undertakes the oversight function for overall risk limits, aligning them to the risk appetite. The GRC is further supported by several sub-committees, namely Group Wholesale Bank Risk Committee (GWBRC), Consumer Bank Credit Committee (CBCC), Regional Credit Committee (RCC), Singapore Business Credit Committee (SBCC), Regional Liquidity Risk Committee (RLRC) and Operational Risk Committee (ORC), each set up to manage and control specific risk areas. In relation to Interest Rate Risk in the Banking Book (IRRBB)/ Rate of return Risk in the Banking Book (RORBB), GRC is further assisted by Balance Sheet Management Committee (BSMC) that is responsible for recommending and executing strategies and hedging proposals for the banking book as well as ensuring the Group's interest rate/rate of return risk profile is within the risk limits/MATs endorsed by GRC. With this set-up, the Board and BRC through the various risk committees and BSMC maintain oversight of various risks across the Group.

The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units. BRC reviews the composition of these committees except for BSMC, to reflect a balance of experienced independent and non-independent individuals with the necessary skills and qualifications to carry out the roles and responsibilities of the relevant committee.

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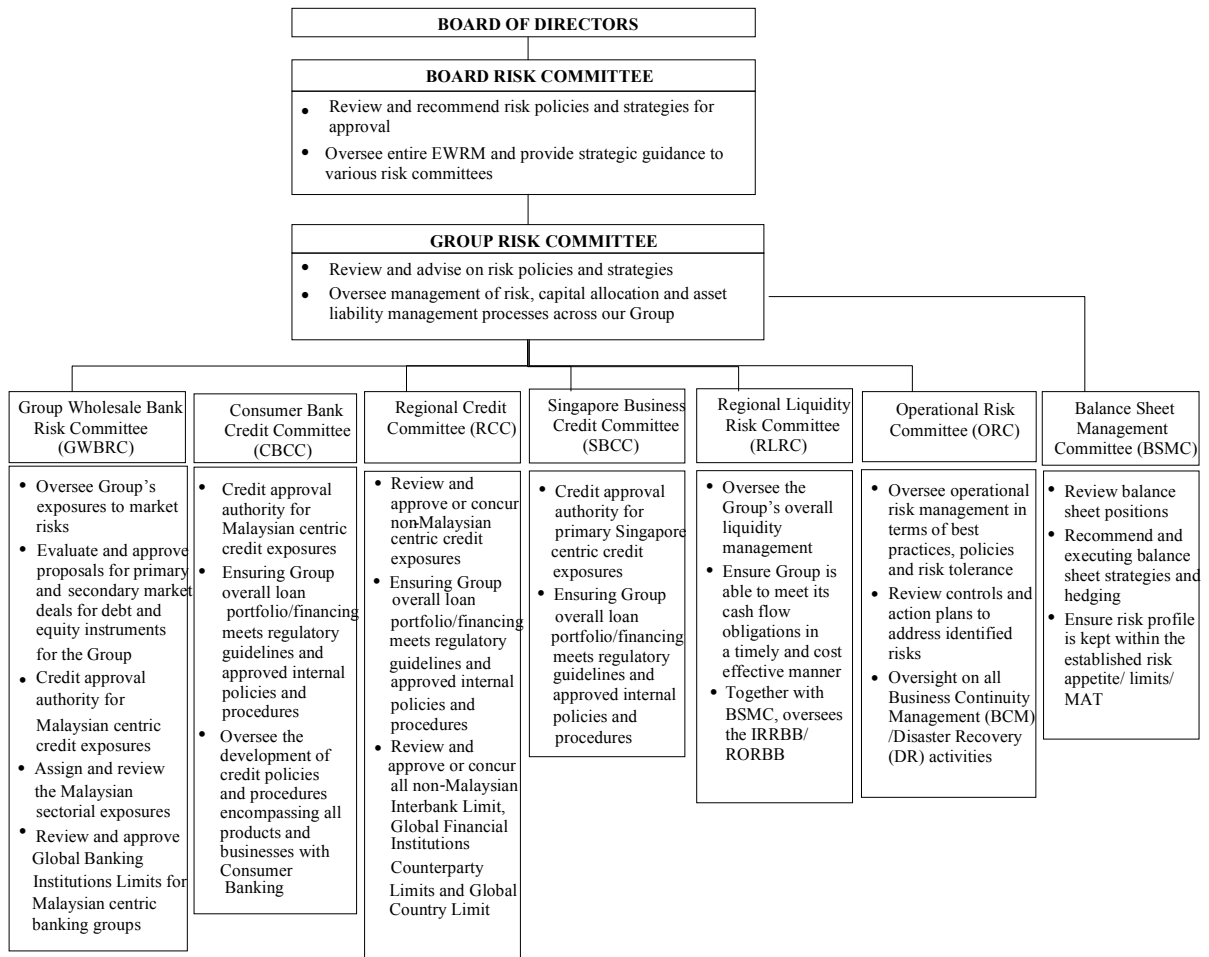
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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The following chart sets out the organisational structure of the risk management committees overseeing risk management activities and gives an overview of the respective committee's roles and responsibilities:



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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities within the Group.

Three-Lines of Defence

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and clients facing activities, are primarily responsible for risk management on a day-to-day basis. The second line of defence provides oversight functions and performs independent monitoring of business activities and reporting to management to ensure that the Group is conducting business and operating within the approved appetite and also in compliance to regulations. The third line of defence is Group Internal Audit Division who provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures. GRD comprises Group Risk Management (GRM), Group Credit (GC), Regional Credit Management (RCM) and Regional Risk (RR) and its key responsibilities are analyse, assess, measure, control, monitor and report the material risks to which the Group is exposed. GRD is headed by the CRO who is appointed by the Board to spearhead the risk management functions and the implementation of the EWRM. The CRO actively engages the Board and senior management on risk management issues and initiatives. The CRO also maintains an oversight on risk management functions across all entities within the Group.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management outfit, all risk management activities will be centralised at GRM. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to GRD.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(d) Group Risk Management

GRM monitors risk-taking activities, initiates and proposes risk policies, risk measurement methodologies and risk limits, performs independent review of loan/financing assets quality and loan/financing recovery plan, coordinates capital market products deployments and develops the risk-based product pricing framework for loan/financing portfolios.

In propagating and ensuring compliance to the market risk framework, GRM reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market as part of financial valuation.

GRM is also tasked with the co-ordination of the Group's effort towards implementation of Basel II. In this regard, GRM develops, implements and validates all internal rating and scoring models and closely monitors the usage of the rating and scoring systems to ensure relevancy to current market conditions and integrity of the ratings.

GRM adds value to business propositions by providing advice on market valuations, quantifications of capital requirement and independent risk assessment. This enables the business units to prepare for the potential risks associated with the new transactions or business ventures and consequently, address the management and mitigation of such risks from the early stage of the proposition. The business units gain understanding of the risk-reward equation of the proposition, consider the risk factors in the pricing decision, and ensure that the projected returns from the business propositions commensurate with the risks taken. In order to ensure the independence of GRM in such an arrangement, GRM's remuneration is not linked to the success of particular transactions or deals.

(e) Group Credit

GC carries out independent assessments and evaluations of all credit risk related proposals originating from the various business units such as loans/financing and advances, fixed income, derivatives, sales and trading, prior to submission to the CBCC, GWBRC, the Group Executive Committee (EXCO) or Board for approval. GC ensures proper grouping of entities and counterparties under the single customer framework. GC also reviews the Group's holdings of all fixed income assets issued by Malaysian companies and recommends the internal ratings for GWBRC's approval.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

(f) Regional Credit Management

A regional credit platform was established with a primary objective of enhancing efficiency and effectiveness of the credit oversight as well as credit approval process for all non-Malaysian centric Corporate and Financial Institutions within the Group. The platform includes 2 credit committees, the SBCC for smaller-sized exposures and the RCC for larger regional exposures. All credit proposals submitted to the 2 credit committees for approval/concurrence are routed through RCM for independent assessment and due recommendation to the credit committees.

(g) Regional Risk

RR was established with the objective of overseeing the risk management functions of the regional offices in Singapore, Cambodia and Indonesia as well as the Group's unit trust business under CIMB Principal Asset Management Bhd.

For the regional offices, the respective risk management team identifies, analyses, monitors, reviews, and reports the risk exposures of each individual country, including:

- i) Proprietary trading strategies, positions and activities against changes in the financial market on a daily basis.
- ii) Limit utilisation and adequacy, transaction prices and mark-to-market positions.
- iii) Credit reviews.
- iv) New product approval process.

The Validation Team is independent from the risk taking units and model development team, and reports to RR. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on rating systems, estimates of the risk components, and the processes by which the internal ratings are obtained and used. The unit provides recommendations to the modelling team and the business users. The unit reports its findings and recommendations to GRC and BRC.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

52.1 Credit Risk

Credit risk is defined as arising from losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group. It arises primarily from lending/financing activities through loans/financing assets as well as commitments to support clients' obligations to third parties, i.e. guarantees. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risk.

The credit approving authority is established and documented in the Group's credit policy. The Group adopts a multi-tiered credit approving authority spanning various delegated authorities and various credit committees. The credit committees namely, SBCC, CBCC, RCC and GWBRC are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the Group's business units. The Committees also ensures the overall loan/financing portfolio meets the guidelines of the regulatory authorities and adherence to the approved credit policies and procedures.

Credit applications are independently evaluated by GC/RCM prior to submission to the relevant committees for approval. Adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral are approaches adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual.

Adherence to established credit limits is monitored daily by GRM, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Management (Continued)

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures on at least an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs Value at Risk (VaR) to measure and manage credit portfolio risk due to credit events. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

Collaterals/Securities

All extension of credit in so far as deemed prudent, must be appropriately and adequately secured. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GWBRC/RCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral include land and buildings and vehicles. Guarantors accepted are in line with BNM's Risk Weighted Capital Adequacy Framework ("RWCAF") (Basel II – Risk Weighted Assets Computation) and Capital Adequacy Framework for Islamic Banks ("CAFIB") guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

Concentrations within risk mitigation

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any counterparty, sectors and country.

Off Balance Sheet Exposures and Counterparty Credit Risk (CCR)

CCR limits are established at the individual counterparty level and approved by GWBRC and/or RCC. These limits are monitored and reported at both business and at the Group level.

Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annexes (“CSA”) with counterparties. The net credit exposure with each counterparty is monitored and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GWBRC and/or RCC.

Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and the exposure as at 31 December 2012, there will be no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial guarantees and similar contract granted, the exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities. For all other financial assets, the exposure to credit risk equals their carrying amount in the statement of financial position.

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Financial guarantees	1,617,060	1,330,657	1,222,556	1,297,977	1,221,464	898,403
Credit related commitments and contingencies	53,054,395	48,315,209	46,051,277	46,847,796	44,545,488	41,385,026
	54,671,455	49,645,866	47,273,833	48,145,773	45,766,952	42,283,429

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 70.1% (31 December 2011: 69.6%; 1 January 2011: 68.5%) and 71.1% (31 December 2011: 65.4%; 1 January 2011: 65.0%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 65.6% (31 December 2011: 59.7%; 1 January 2011: 59.3%) and 63.1% (31 December 2011: 58.0%; 1 January 2011: 59.0%) respectively. The financial effects of collateral held for the remaining on balance sheet financial assets are insignificant.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.2 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows:

	The Group 31 December 2012								
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Cash and short-term funds	15,899,733	22,774	57,180	1,133,861	254,600	1,179,784	980,821	723,537	20,252,290
Reverse repurchase agreements	4,685,509	-	200,060	311,143	-	45,329	131,378	6,367	5,379,786
Deposits and placements with banks and other financial institutions	1,336,990	532,111	54,710	889,925	-	191,103	462,489	269,692	3,737,020
Financial assets held for trading									
- Money market instruments	12,484,412	48,553	7	3,525,744	28	-	-	-	16,058,744
- Quoted securities	-	-	330,053	-	-	-	-	-	330,053
- Unquoted securities	4,799,441	67,798	211,324	581,764	21,700	52,684	152,058	803,996	6,690,765
Financial investments available-for-sale									
- Money market instruments	5,539,772	104,099	-	-	-	49,398	-	-	5,693,269
- Quoted securities	-	-	1,199,552	-	-	-	-	-	1,199,552
- Unquoted securities	14,276,170	261,276	349,303	760,810	61,205	216,705	805,733	939,037	17,670,239
Financial investments held-to-maturity									
- Money market instruments	25,614	-	-	491,633	252,911	-	-	-	770,158
- Quoted securities	-	-	2,178,903	-	-	-	-	30,091	2,208,994
- Unquoted securities	3,647,919	-	279,735	1,155,606	-	25,321	25,107	254,569	5,388,257
Derivative financial instruments									
- Trading derivatives	1,668,702	10,736	214,633	624,268	526,995	193,463	127,192	361,807	3,727,796
- Hedging derivatives	113,209	-	-	94,711	17,655	-	-	2,939	228,514
Loans, advances and financing									
- Overdrafts	4,278,648	513	717,433	93,394	23	965	-	108,243	5,199,219
- Term loans/financing	103,732,608	610,818	9,249,277	10,358,562	196,190	675,343	890,495	2,385,109	128,098,402
- Bills receivable	442,473	-	2,551,022	593,458	-	-	-	17,241	3,604,194
- Trust receipts	321,380	77,445	1,542,808	225,523	-	-	9,868	3,070	2,180,094
- Claim on customers under acceptance credit	3,640,506	-	313	-	-	-	-	-	3,640,819
- Credit card receivables	3,848,907	-	-	630,601	-	-	-	-	4,479,508
- Revolving credit	5,569,734	43,831	63,778	1,030,706	-	354,376	218,496	516,722	7,797,643
- Share margin financing	691,687	-	-	-	-	-	-	-	691,687
Other assets	1,411,806	326	249,869	115,849	19,298	7,422	163	5	1,804,738
Amount due from holding company and ultimate holding company	28,853	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,405,275	5,490	58	5,683	-	-	7	1,236	1,417,749
Financial guarantees	1,134,686	-	85,994	154,691	374	5,487	11,873	223,955	1,617,060
Credit related commitments and contingencies	45,707,807	206,579	1,131,084	5,608,069	757	27,338	19,784	352,977	53,054,395
Total credit exposures	236,691,841	1,992,349	20,667,096	28,386,001	1,351,736	3,024,718	3,835,464	7,000,593	302,949,798

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows (Continued):

	The Group 31 December 2011								
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Cash and short-term funds	21,545,640	26,204	223,356	1,572,237	698,578	1,086,955	662,509	299,613	26,115,092
Reverse repurchase agreements	3,896,029	-	-	61,030	-	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	2,764,447	637,547	59,649	159,149	-	127,086	95,367	202,620	4,045,865
Financial assets held for trading									
- Money market instruments	5,342,968	58,867	-	2,809,433	100,006	-	-	-	8,311,274
- Quoted securities	-	-	221,427	-	-	-	-	-	221,427
- Unquoted securities	2,201,358	75,902	153,720	525,753	28,138	79,426	53,844	73,909	3,192,050
Financial investments available-for-sale									
- Money market instruments	3,264,576	25,874	-	-	-	-	-	-	3,290,450
- Quoted securities	-	-	853,848	-	-	-	-	-	853,848
- Unquoted securities	9,343,341	241,084	94,919	195,629	-	-	351,804	179,985	10,406,762
Financial investments held-to-maturity									
- Money market instruments	30,077	-	-	490,777	-	-	-	-	520,854
- Quoted securities	-	-	1,780,436	-	-	-	-	55,495	1,835,931
- Unquoted securities	6,164,928	36,938	39,044	930,878	254,944	24,966	54,114	309,621	7,815,433
Derivative financial instruments									
- Trading derivatives	1,321,010	10,615	211,601	894,951	677,038	229,790	114,836	451,200	3,911,041
- Hedging derivatives	100,417	-	-	103,980	18,571	-	-	1,368	224,336
Loans, advances and financing									
- Overdrafts	4,601,918	5,848	662,417	83,310	57	800	1,399	54,263	5,410,012
- Term loans/financing	96,092,028	619,187	7,543,092	8,351,178	53,145	587,531	581,148	1,562,648	115,389,957
- Bills receivable	692,273	-	2,871,072	17,099	-	2,025	-	-	3,582,469
- Trust receipts	366,039	47,744	583,292	105,566	-	-	7,817	5	1,110,463
- Claim on customers under acceptance credit	3,242,955	628	4,973	-	-	-	-	-	3,248,556
- Credit card receivables	4,068,576	-	-	436,002	-	-	-	-	4,504,578
- Revolving credit	4,385,919	69,977	54,618	492,787	-	367,137	6,165	337,055	5,713,658
- Share margin financing	497,269	-	46,094	-	-	-	-	6,619	549,982
Other assets	1,461,438	305	168,302	93,004	-	215	6	8,754	1,732,024
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	-	29,138
Amount due from related companies	1,662,266	8,142	57	3,151	95	4	28	5	1,673,748
Financial guarantees	1,044,841	-	59,553	169,408	-	50,428	-	6,427	1,330,657
Credit related commitments and contingencies	43,923,184	152,645	997,069	2,859,376	2,217	63,284	18,574	298,860	48,315,209
Total credit exposures	218,042,635	2,017,507	16,628,539	20,354,698	1,832,789	2,619,647	1,947,611	3,848,447	267,291,873

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows (Continued):

	The Group 1 January 2011								
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Cash and short-term funds	15,123,994	9,465	53,561	448,954	1,169,759	131,962	1,194,725	543,565	18,675,985
Reverse repurchase agreements	2,387,528	-	1,014,376	12,074	-	90,936	-	-	3,504,914
Deposits and placements with banks and other financial institutions	4,943,653	138,758	60,687	1,562,265	241,259	624,583	898,840	1,171,346	9,641,391
Financial assets held for trading									
- Money market instruments	8,380,084	6,763	-	2,047,763	-	-	-	-	10,434,610
- Quoted securities	5	-	8,800	-	-	-	-	-	8,805
- Unquoted securities	1,774,091	76,018	247,444	604,601	22,531	42,962	-	30,226	2,797,873
Financial investments available-for-sale									
- Money market instruments	2,515,967	-	-	-	-	-	-	-	2,515,967
- Quoted securities	-	-	569,024	-	-	-	-	-	569,024
- Unquoted securities	7,845,850	140,160	-	45,366	-	-	5,650	45,233	8,082,259
Financial investments held-to-maturity									
- Money market instruments	154,869	-	-	-	-	-	-	-	154,869
- Quoted securities	-	-	943,124	-	-	-	-	211,356	1,154,480
- Unquoted securities	7,185,026	3,532	333,445	885,214	-	24,052	102,159	368,650	8,902,078
Derivative financial instruments									
- Trading derivatives	1,396,727	4,085	65,381	504,976	840,315	125,028	57,124	368,728	3,362,364
- Hedging derivatives	11,136	-	-	93,167	34,224	-	-	-	138,527
Loans, advances and financing									
- Overdrafts	4,831,654	2,372	616,970	80,726	68	289	5,495	5,553	5,543,127
- Term loans/financing	86,235,742	727,335	6,338,019	5,688,587	50,188	203,004	268,354	1,218,827	100,730,056
- Bills receivable	412,951	-	1,995,818	63,070	-	-	-	-	2,471,839
- Trust receipts	407,200	34,843	445,135	48,431	-	-	-	-	935,609
- Claim on customers under acceptance credit	3,438,535	-	5,142	286	-	-	-	-	3,443,963
- Credit card receivables	3,885,531	-	-	290,000	-	-	-	-	4,175,531
- Revolving credit	5,461,931	61,826	51,401	468,556	-	174,793	57,142	33,706	6,309,355
- Share margin financing	623,747	-	18,815	-	-	-	-	-	642,562
Other assets	1,524,245	2,699	57,749	53,749	17,380	30,847	1,752	1,687	1,690,108
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	-	29,193
Amount due from related companies	2,242,830	16,318	-	25	-	-	-	190	2,259,363
Financial guarantees	1,079,017	-	93,996	188	-	49,340	-	15	1,222,556
Credit related commitments and contingencies	41,551,059	45,382	1,003,400	2,879,636	-	37,294	13	534,493	46,051,277
Total credit exposures	203,442,565	1,269,556	13,922,287	15,777,634	2,375,724	1,535,090	2,591,254	4,533,575	245,447,685

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows (Continued):

	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	The Bank 31 December 2012		Hong Kong RM'000	Others RM'000	Total RM'000
				United States RM'000	United Kingdom RM'000			
Cash and short-term funds	10,592,657	22,205	1,098,265	78,375	1,179,585	917,123	692,407	14,580,617
Reverse repurchase agreements	4,685,509	-	311,143	-	45,329	131,378	6,367	5,179,726
Deposits and placements with banks and other financial institutions	8,415,766	532,111	889,624	-	191,103	462,489	217,618	10,708,711
Financial assets held for trading								
- Money market instruments	6,816,071	48,553	3,525,742	28	-	-	7	10,390,401
- Unquoted securities	4,342,948	67,798	574,692	21,700	52,684	152,058	1,015,321	6,227,201
Financial investments available-for-sale								
- Money market instruments	4,290,129	104,099	-	-	49,398	-	-	4,443,626
- Unquoted securities	12,705,638	261,276	760,810	61,205	216,705	805,733	1,272,762	16,084,129
Financial investments held-to-maturity								
- Money market instruments	25,614	-	491,633	252,911	-	-	-	770,158
- Unquoted securities	3,257,082	-	1,155,606	-	25,321	25,107	254,569	4,717,685
Derivative financial instruments								
- Trading derivatives	1,620,024	10,736	609,565	525,939	163,658	127,192	406,342	3,463,456
- Hedging derivatives	366,791	-	94,711	17,655	-	-	2,939	482,096
Loans, advances and financing								
- Overdrafts	3,831,083	513	93,394	23	965	-	22,905	3,948,883
- Term loans/financing	72,807,652	610,818	10,358,562	43,191	675,343	890,495	2,450,664	87,836,725
- Bills receivable	438,708	-	593,458	-	-	-	17,050	1,049,216
- Trust receipts	288,360	44,443	225,523	-	-	9,868	-	568,194
- Claim on customers under acceptance credit	3,313,830	-	-	-	-	-	-	3,313,830
- Credit card receivables	3,752,596	-	630,601	-	-	-	-	4,383,197
- Revolving credit	4,194,963	16,599	1,030,706	-	354,376	218,496	514,267	6,329,407
- Share margin financing	656,631	-	-	-	-	-	-	656,631
Other assets	1,270,826	326	115,849	-	3,737	163	1,379	1,392,280
Amount due from subsidiaries	314,458	-	1,233	-	31	2	362	316,086
Amount due from related companies	1,402,940	5,473	5,683	-	-	7	1,238	1,415,341
Financial guarantees	934,541	-	154,691	-	4,928	11,873	191,944	1,297,977
Credit related commitments and contingencies	40,807,172	190,259	5,605,039	757	27,338	19,784	197,447	46,847,796
Total credit exposures	191,131,989	1,915,209	28,326,530	1,001,784	2,990,501	3,771,768	7,265,588	236,403,369

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows (Continued):

	The Bank 31 December 2011							Total RM'000
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	
Cash and short-term funds	15,192,593	25,969	1,358,525	466,648	1,084,426	438,721	404,930	18,971,812
Reverse repurchase agreements	3,896,029	-	61,030	-	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	9,947,298	637,547	-	-	31,770	95,367	136,601	10,848,583
Financial assets held for trading								
- Money market instruments	2,760,380	58,867	2,809,433	100,006	-	-	-	5,728,686
- Unquoted securities	2,015,206	75,902	509,366	28,128	70,000	53,844	148,230	2,900,676
Financial investments available-for-sale								
- Money market instruments	2,746,581	25,874	-	-	-	-	-	2,772,455
- Unquoted securities	8,560,086	180,606	195,629	-	-	351,804	274,904	9,563,029
Financial investments held-to-maturity								
- Money market instruments	26,268	-	490,777	-	-	-	-	517,045
- Unquoted securities	5,478,672	36,938	930,878	254,944	24,966	54,114	309,621	7,090,133
Derivative financial instruments								
- Trading derivatives	1,222,973	10,615	894,947	676,273	198,988	114,836	475,529	3,594,161
- Hedging derivatives	362,844	-	103,980	18,571	-	-	1,368	486,763
Loans, advances and financing								
- Overdrafts	4,243,064	5,848	83,310	57	800	1,399	16,938	4,351,416
- Term loans/financing	68,927,534	562,882	8,351,178	53,145	587,531	581,148	1,477,555	80,540,973
- Bills receivable	689,693	-	17,099	-	2,025	-	-	708,817
- Trust receipts	332,267	-	105,566	-	-	7,817	5	445,655
- Claim on customers under acceptance credit	3,024,586	-	-	-	-	-	-	3,024,586
- Credit card receivables	3,971,950	-	436,002	-	-	-	-	4,407,952
- Revolving credit	4,003,232	41,701	492,787	-	367,137	6,165	334,668	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	497,269
Other assets	1,227,125	305	92,515	-	215	6	159	1,320,325
Amount due from holding company and ultimate holding company	285	-	-	-	-	-	-	285
Amount due from subsidiaries	452,848	-	-	-	-	-	3,225	456,073
Amount due from related companies	1,660,139	8,142	3,151	95	4	28	62	1,671,621
Financial guarantees	995,201	-	169,408	-	50,428	-	6,427	1,221,464
Credit related commitments and contingencies	41,302,623	149,135	2,859,376	2,217	63,284	18,574	150,279	44,545,488
Total credit exposures	183,536,746	1,820,331	19,964,957	1,600,084	2,481,574	1,723,823	3,740,501	214,868,016

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2012, 31 December 2011 and 1 January 2011 are as follows (Continued):

	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	The Bank 1 January 2011		Hong Kong RM'000	Others RM'000	Total RM'000
				United States RM'000	United Kingdom RM'000			
Cash and short-term funds	8,811,635	9,461	421,724	211,348	69,874	957,167	539,909	11,021,118
Reverse repurchase agreements	2,387,528	-	12,074	-	75,989	-	-	2,475,591
Deposits and placements with banks and other financial institutions	12,081,079	138,758	1,068,826	241,259	624,583	868,005	1,061,472	16,083,982
Financial assets held for trading								
- Money market instruments	6,165,670	6,763	2,047,763	-	-	-	-	8,220,196
- Unquoted securities	1,644,017	44,351	563,418	22,524	24,179	-	83,894	2,382,383
Financial investments available-for-sale								
- Money market instruments	2,314,903	-	-	-	-	-	-	2,314,903
- Unquoted securities	7,350,152	90,186	45,366	-	-	5,650	45,232	7,536,586
Financial investments held-to-maturity								
- Money market instruments	154,869	-	-	-	-	-	-	154,869
- Unquoted securities	6,542,674	3,532	885,214	-	24,052	102,159	368,651	7,926,282
Derivative financial instruments								
- Trading derivatives	1,292,212	4,085	513,295	744,848	94,652	56,087	358,686	3,063,865
- Hedging derivatives	71,278	-	93,167	34,224	-	-	-	198,669
Loans, advances and financing								
- Overdrafts	4,519,722	2,372	80,726	68	289	5,495	10,033	4,618,705
- Term loans/financing	64,097,389	637,384	5,688,587	50,188	203,004	268,354	1,154,718	72,099,624
- Bills receivable	410,715	-	63,070	-	-	-	-	473,785
- Trust receipts	350,734	19,419	48,431	-	-	-	-	418,584
- Claim on customers under acceptance credit	3,261,541	-	286	-	-	-	-	3,261,827
- Credit card receivables	3,798,894	-	290,000	-	-	-	-	4,088,894
- Revolving credit	4,469,973	32,746	468,556	-	174,793	57,142	28,173	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	623,747
Other assets	1,518,796	2,456	50,938	301	30,839	1,386	1,813	1,606,529
Amount due from holding company and ultimate holding company	340	-	-	-	-	-	-	340
Amount due from subsidiaries	79,686	-	-	-	-	-	4,631	84,317
Amount due from related companies	2,235,200	4,359	25	-	-	-	191	2,239,775
Financial guarantees	848,860	-	188	-	49,340	-	15	898,403
Credit related commitments and contingencies	37,914,628	28,254	2,879,636	-	37,294	13	525,201	41,385,026
Total credit exposures	172,946,242	1,024,126	15,221,290	1,304,760	1,408,888	2,321,458	4,182,619	198,409,383

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, based on the industry sectors of the counterparty are as follows:

	The Group										Total credit exposures RM'000
	31 December 2012										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for-sale (i) RM'000	Financial investments held-to-maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets ^a RM'000	
						Trading derivatives RM'000	Hedging derivatives RM'000				
Agriculture	-	-	-	50,616	211,590	102,858	1,390	-	2,959,608	-	3,326,062
Mining and quarrying	-	-	-	152,059	92,466	-	11,940	-	2,040,966	-	2,297,431
Manufacturing	-	-	-	371,504	440,800	10,942	18,277	-	8,812,527	-	9,654,050
Electricity, gas and water	-	-	-	449,515	2,388,248	27,425	52,964	-	1,480,372	4,387	4,402,911
Construction	-	-	-	248,110	1,100,226	154,425	21,185	-	3,852,631	-	5,376,577
Transport, storage and communications	-	-	-	588,796	2,528,768	1,905,136	298,081	-	5,449,247	3,307	10,773,335
Education and health	-	-	-	-	5,685	-	-	-	2,961,179	-	2,966,864
Trade and hospitality	-	-	-	-	-	-	-	-	4,775,977	-	4,775,977
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	14,250,447	339,639	3,682,210	10,492,115	7,982,592	3,179,921	3,116,843	228,514	12,499,352	2,251,554	58,023,187
Real estate	-	11,654	-	10,200	585,284	-	315	-	7,940,069	273	8,547,795
<i>Others</i>											
Purchase of landed property	-	-	-	-	-	-	37	-	45,667,044	-	45,667,081
- Residential	-	-	-	-	-	-	-	-	11,267,192	-	11,267,192
- Non-residential	-	-	-	-	-	-	-	-	1,498,131	122,052	1,903,526
General commerce	-	-	-	8,388	79,162	189,401	6,392	-	12,818,225	343,928	44,905,412
Government and government agencies	6,001,843	4,744,117	54,810	10,238,347	7,934,653	2,755,294	14,195	-	7,432,074	-	7,600,098
Purchase of securities	-	168,024	-	-	-	-	-	-	12,202,663	-	12,202,663
Purchase of transport vehicles	-	-	-	-	-	-	-	-	8,002,928	-	8,002,928
Consumption credit	-	-	-	-	-	-	-	-	4,031,381	525,839	6,585,254
Others	-	116,352	-	469,912	1,213,586	42,007	186,177	-	-	-	-
	20,252,290	5,379,786	3,737,020	23,079,562	24,563,060	8,367,409	3,727,796	228,514	155,691,566	3,251,340	248,278,343

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011 based on the industry sectors of the counterparty are as follows (Continued):

	The Group 31 December 2011										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for-sale (i) RM'000	Financial investments held-to-maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets [*] RM'000	Total credit exposures RM'000
							Trading derivatives RM'000	Hedging derivatives RM'000			
Agriculture	-	-	-	-	172,407	102,873	2,858	-	2,116,536	14,487	2,409,161
Mining and quarrying	-	-	-	-	-	-	7,627	-	437,032	-	444,659
Manufacturing	-	-	-	314,068	145,652	59,440	51,683	-	8,533,840	30	9,104,713
Electricity, gas and water	-	-	-	256,146	1,885,457	27,337	32,319	-	1,311,830	3,766	3,516,855
Construction	-	-	-	278,563	898,239	268,664	15,285	-	2,834,510	-	4,295,261
Transport, storage and communications	-	3,445	-	118,615	2,247,739	1,671,992	237,429	-	7,693,795	3,748	11,976,763
Education and health	-	-	-	2,021	5,544	-	-	-	2,670,131	-	2,677,696
Trade and hospitality	-	-	-	-	-	-	-	-	4,668,640	-	4,668,640
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	15,157,333	137,371	3,990,661	4,307,547	3,420,250	3,044,722	3,463,577	224,336	10,918,770	2,537,582	47,202,149
Real estate	-	-	-	55,462	326,181	123,068	885	-	5,162,781	240	5,668,617
<i>Others:</i>											
Purchase of landed property	-	-	-	-	-	-	-	-	40,916,124	60	40,916,184
- Residential	-	-	-	-	-	-	-	-	7,724,763	-	7,724,763
- Non-residential	-	-	-	-	-	-	-	-	1,333,716	81,329	1,459,327
General commerce	-	-	-	26,071	-	-	18,211	-	12,610,760	230,489	42,986,109
Government and government agencies	10,957,759	3,766,995	55,204	6,080,439	4,976,466	4,305,341	2,656	-	5,183,475	34,438	5,236,093
Purchase of securities	-	18,180	-	-	-	-	-	-	10,995,140	-	10,995,140
Purchase of transport vehicles	-	-	-	-	-	-	-	-	11,117,752	-	11,226,720
Consumption credit	-	26,982	-	-	81,986	-	-	-	-	-	-
Others	-	4,086	-	285,819	391,139	568,781	78,511	-	3,280,080	528,741	5,137,157
	26,115,092	3,957,059	4,045,865	11,724,751	14,551,060	10,172,218	3,911,041	224,336	139,509,675	3,434,910	217,646,007

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52 Financial Risk Management (Continued)**52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011 based on the industry sectors of the counterparty are as follows (Continued):

	The Group 1 January 2011										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets [*] RM'000	Total credit exposures RM'000
						Trading derivatives RM'000	Hedging derivatives RM'000				
Agriculture	-	-	-	-	154,034	104,970	5,076	-	2,430,329	86	2,694,495
Mining and quarrying	-	-	-	-	-	-	11,239	-	297,379	-	308,618
Manufacturing	-	-	-	274,547	250,323	64,036	26,109	-	8,568,815	-	9,183,830
Electricity, gas and water	-	-	-	211,104	1,094,253	346,642	36,851	-	1,344,300	5,904	3,039,054
Construction	-	1,558	-	136,430	1,059,613	240,273	16,592	-	3,824,359	576	5,279,401
Transport, storage and communications	-	26,230	-	220,163	1,741,819	1,800,023	183,724	-	4,894,724	8,143	8,874,826
Education and health	-	-	-	-	-	-	-	-	1,926,924	-	1,926,924
Trade and hospitality	-	-	-	-	-	-	-	-	3,425,596	-	3,425,596
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	6,452,126	1,182,179	9,340,147	3,799,324	2,692,035	4,419,714	3,020,125	138,527	10,602,623	3,467,828	45,114,628
Real estate	-	-	-	200,603	181,106	-	54	-	3,772,222	52	4,154,037
<i>Others</i>											
Purchase of landed property											
- Residential	-	-	-	-	-	-	-	-	35,960,663	-	35,960,663
- Non-residential	-	-	-	-	-	-	-	-	6,438,078	-	6,438,078
General commerce	-	-	-	23,855	56,919	4,639	8,590	-	2,638,115	5,421	2,737,539
Government and government agencies	12,204,981	2,231,110	301,244	8,075,664	3,588,133	3,158,878	1,663	-	10,597,839	178,106	40,337,618
Purchase of securities	-	-	-	-	-	-	40,915	-	4,202,536	40,781	4,284,232
Purchase of transport vehicles	-	-	-	-	-	-	-	-	10,770,761	-	10,770,761
Consumption credit	-	47,290	-	-	66,207	-	-	-	9,101,823	-	9,215,320
Others	18,878	16,547	-	299,598	282,808	72,252	11,426	-	3,454,956	271,767	4,428,232
	18,675,985	3,504,914	9,641,391	13,241,288	11,167,250	10,211,427	3,362,364	138,527	124,252,042	3,978,664	198,173,852

* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Group 31 December 2012									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures
	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Agriculture	-	-	50,616	-	-	211,590	-	-	102,858	365,064
Mining and quarrying	-	-	152,059	-	-	92,466	-	-	-	244,525
Manufacturing	-	-	371,504	-	-	440,800	-	-	10,942	823,246
Electricity, gas and water	70,907	-	378,608	-	82,758	2,305,490	-	2,057	25,368	2,865,188
Construction	19,886	1,431	226,793	-	3,082	1,097,144	-	-	154,425	1,502,761
Transport, storage and communications	-	27,786	561,010	-	108,466	2,420,302	-	193,657	1,711,479	5,022,700
Education and health	-	-	-	-	5,685	-	-	-	-	5,685
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	6,149,496	103,907	4,238,712	430,916	793,659	6,758,017	4,970	358,452	2,816,499	21,654,628
Real estate	-	-	10,200	-	1,017	584,267	-	-	-	595,484
<i>Others</i>										
General commerce	-	-	8,388	-	20,403	58,759	-	-	189,401	276,951
Government and government agencies	9,781,258	195,423	261,666	5,242,609	157,969	2,534,075	765,188	1,654,828	335,278	20,928,294
Others	37,197	1,506	431,209	19,744	26,513	1,167,329	-	-	42,007	1,725,505
	16,058,744	330,053	6,690,765	5,693,269	1,199,552	17,670,239	770,158	2,208,994	5,388,257	56,010,031

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Group 31 December 2011									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures
	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Agriculture	-	-	-	-	-	172,407	-	-	102,873	275,280
Manufacturing	9,890	-	304,178	-	-	145,652	-	-	59,440	519,160
Electricity, gas and water	46,059	-	210,087	-	9,218	1,876,239	-	-	27,337	2,168,940
Construction	-	-	278,563	-	-	898,239	-	-	268,664	1,445,466
Transport, storage and communications	-	-	118,615	-	-	2,247,739	-	-	1,671,992	4,038,346
Education and health	-	2,021	-	-	5,544	-	-	-	-	7,565
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	2,800,882	208	1,506,459	577,612	5,065	2,837,573	5,445	34,420	3,004,855	10,772,519
Real estate	-	-	55,462	-	-	326,181	-	-	123,068	504,711
<i>Others</i>										
General commerce	-	-	26,071	-	-	-	-	-	-	26,071
Government and government agencies	5,454,443	219,198	406,796	2,712,838	834,021	1,429,607	515,409	1,801,511	1,988,423	15,362,246
Consumption credit	-	-	-	-	-	81,986	-	-	-	81,986
Others	-	-	285,819	-	-	391,139	-	-	568,781	1,245,739
	8,311,274	221,427	3,192,050	3,290,450	853,848	10,406,762	520,854	1,835,931	7,815,433	36,448,029

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Group 1 January 2011									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Agriculture	-	-	-	-	-	154,034	-	-	104,970	
Manufacturing	88,826	205	185,516	-	-	250,323	-	-	64,036	588,906
Electricity, gas and water	115,394	-	95,710	-	-	1,094,253	-	-	346,642	1,651,999
Construction	-	-	136,430	-	-	1,059,613	-	-	240,273	1,436,316
Transport, storage and communications	-	-	220,163	-	-	1,741,819	-	-	1,800,023	3,762,005
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	2,609,090	348	1,189,886	437,562	-	2,254,473	4,891	211,356	4,203,467	10,911,073
Real estate	18,039	-	182,564	-	-	181,106	-	-	-	381,709
<i>Others</i>										
General commerce	-	-	23,855	-	-	56,919	-	-	4,639	85,413
Government and government agencies	7,603,261	8,252	464,151	2,078,405	569,024	940,704	149,978	943,124	2,065,776	14,822,675
Consumption credit	-	-	-	-	-	66,207	-	-	-	66,207
Others	-	-	299,598	-	-	282,808	-	-	72,252	654,658
	10,434,610	8,805	2,797,873	2,515,967	569,024	8,082,259	154,869	1,154,480	8,902,078	34,619,965

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Group 31 December 2012									
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	236,533	2,087,767	19,862	3,410	130,941	-	481,095	-	-	2,959,608
Mining and quarrying	30,861	1,836,001	18,485	36	4,572	-	151,011	-	-	2,040,966
Manufacturing	661,059	3,027,736	1,700,610	748,053	1,864,414	-	810,655	-	-	8,812,527
Electricity, gas and water	10,050	1,168,570	-	5,391	3,742	-	292,619	-	-	1,480,372
Construction	522,857	1,881,082	43,876	51,698	151,640	-	1,201,478	-	-	3,852,631
Transport, storage and communications	188,908	4,109,303	30,841	6,216	9,103	-	1,104,876	-	-	5,449,247
Education and health	136,689	2,570,772	-	337	45,589	-	207,792	-	-	2,961,179
Trade and hospitality	637,513	1,950,215	50,918	149,298	1,364,689	-	623,344	-	-	4,775,977
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	320,939	10,324,150	410,372	73,850	42,724	-	1,327,317	-	-	12,499,352
Real estate	200,334	5,754,208	779,138	238,707	692	-	966,990	-	-	7,940,069
<i>Others</i>										
Purchase of landed property										
- Residential	22,562	45,644,482	-	-	-	-	-	-	-	45,667,044
- Non-residential	114,836	11,152,356	-	-	-	-	-	-	-	11,267,192
General commerce	41,317	1,080,493	-	9,868	-	-	366,453	-	-	1,498,131
Government and government agencies	-	12,818,225	-	-	-	-	-	-	-	12,818,225
Purchase of securities	16,149	6,724,238	-	-	-	-	-	691,687	-	7,432,074
Purchase of transport vehicles	-	12,202,663	-	-	-	-	-	-	-	12,202,663
Consumption credit	1,781,431	1,545,580	1,788	-	-	4,479,508	194,621	-	-	8,002,928
Others	277,181	2,220,561	548,304	893,230	22,713	-	69,392	-	-	4,031,381
	5,199,219	128,098,402	3,604,194	2,180,094	3,640,819	4,479,508	7,797,643	691,687	-	155,691,566

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Group 31 December 2011								Share margin financing RM'000	Total credit exposures RM'000
	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claim on customers under acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000			
Agriculture	192,846	1,473,377	500	19,062	132,375	-	298,376	-	2,116,536	
Mining and quarrying	16,041	380,838	803	123	4,327	-	34,900	-	437,032	
Manufacturing	691,734	2,938,712	2,054,910	569,345	1,816,398	-	462,741	-	8,533,840	
Electricity, gas and water	4,527	1,014,483	-	1,911	-	-	290,909	-	1,311,830	
Construction	539,910	1,681,572	29,649	41,727	143,601	-	398,051	-	2,834,510	
Transport, storage and communications	179,640	7,062,975	44,761	8,609	9,011	-	388,799	-	7,693,795	
Education and health	210,969	2,278,356	8,312	1,700	54,321	-	116,473	-	2,670,131	
Trade and hospitality	805,501	1,912,468	37,563	153,800	1,008,314	-	750,994	-	4,668,640	
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	370,370	8,538,915	221,148	17,930	65,953	-	1,704,454	-	10,918,770	
Real estate	203,563	4,176,260	204,073	296	700	-	577,889	-	5,162,781	
<i>Others:</i>										
Purchase of landed property										
- Residential	20,396	40,895,728	-	-	-	-	-	-	40,916,124	
- Non-residential	144,160	7,580,603	-	-	-	-	-	-	7,724,763	
General commerce	47,326	733,085	314,725	159,097	-	-	79,483	-	1,333,716	
Government and government agencies	-	12,610,760	-	-	-	-	-	-	12,610,760	
Purchase of securities	19,306	4,518,653	-	-	-	-	95,534	549,982	5,183,475	
Purchase of transport vehicles	-	10,995,140	-	-	-	-	-	-	10,995,140	
Consumption credit	1,709,949	4,741,190	984	-	-	4,504,578	161,051	-	11,117,752	
Others	253,774	1,856,842	665,041	136,863	13,556	-	354,004	-	3,280,080	
	5,410,012	115,389,957	3,582,469	1,110,463	3,248,556	4,504,578	5,713,658	549,982	139,509,675	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Group 1 January 2011 Claim on customers under								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Trust acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	129,829	1,559,336	5,366	3,778	147,709	-	584,311	-	2,430,329
Mining and quarrying	26,120	181,804	3,002	2,779	8,389	-	75,285	-	297,379
Manufacturing	643,646	3,430,484	1,359,777	349,768	1,882,364	-	902,776	-	8,568,815
Electricity, gas and water	13,390	1,305,337	9,704	4,422	3,478	-	7,969	-	1,344,300
Construction	552,330	2,459,881	51,441	61,156	124,057	-	575,494	-	3,824,359
Transport, storage and communications	182,704	4,360,199	18,070	10,344	11,905	-	311,502	-	4,894,724
Education and health	180,904	1,560,022	23,207	2,313	74,714	-	85,764	-	1,926,924
Trade and hospitality	820,642	1,193,666	37,188	170,456	1,078,428	-	125,216	-	3,425,596
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	432,615	7,514,352	118,510	19,602	39,007	-	2,478,537	-	10,602,623
Real estate	203,280	3,071,475	32,628	359	682	-	463,798	-	3,772,222
<i>Others</i>									
Purchase of landed property									
- Residential	11,973	35,934,412	-	-	-	-	14,278	-	35,960,663
- Non-residential	151,065	6,282,648	-	-	-	-	4,365	-	6,438,078
General commerce	259,617	1,127,437	714,449	294,639	62,116	-	179,857	-	2,638,115
Government and government agencies		10,597,839							10,597,839
Purchase of securities	18,389	3,446,516	-	-	-	-	95,069	642,562	4,202,536
Purchase of transport vehicles	-	10,770,761	-	-	-	-	-	-	10,770,761
Consumption credit	1,802,320	2,986,965	5,279	76	-	4,175,531	131,652	-	9,101,823
Others	114,303	2,946,922	93,218	15,917	11,114	-	273,482	-	3,454,956
	5,543,127	100,730,056	2,471,839	935,609	3,443,963	4,175,531	6,309,355	642,562	124,252,042

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, based on the industry sectors of the counterparty are as follows:

	The Bank 31 December 2012										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for-sale (i) RM'000	Financial investments held-to-maturity (i) RM'000	Derivative financial instruments Trading derivatives RM'000	Hedging derivatives RM'000	Loans, advances and financing (ii) RM'000	Other financial assets* RM'000	Total credit exposures RM'000
Agriculture	-	-	-	50,616	211,590	102,858	818	-	2,086,718	-	2,452,600
Mining and quarrying	-	-	-	152,059	92,466	-	11,897	-	1,847,457	-	2,103,879
Manufacturing	-	-	-	371,504	440,800	10,942	11,690	-	4,943,870	-	5,778,806
Electricity, gas and water	-	-	-	449,515	2,182,940	25,368	12,116	-	919,764	4,385	3,594,088
Construction	-	-	-	125,545	892,181	154,425	21,185	-	2,365,170	-	3,558,506
Transport, storage and communications	-	-	-	392,397	2,237,277	1,202,575	268,103	-	4,299,930	3,307	8,403,589
Education and health	-	-	-	-	-	-	-	-	1,330,626	-	1,330,626
Trade and hospitality	-	-	-	-	-	-	-	-	4,140,302	-	4,140,302
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	8,578,774	339,639	10,708,711	8,507,805	6,467,200	2,659,801	2,980,560	482,096	8,935,679	2,356,235	52,016,500
Real estate	-	11,654	-	10,200	558,579	-	19	-	6,783,476	-	7,363,928
<i>Others:</i>											
Purchase of landed property	-	-	-	-	-	-	-	-	34,906,284	-	34,906,284
- Residential	-	-	-	-	-	-	-	-	7,843,583	-	7,843,583
- Non-residential	-	-	-	-	-	-	-	-	1,495,676	115,183	1,872,005
General commerce	-	-	-	8,388	58,759	189,401	4,598	-	6,059,337	103,524	30,146,582
Government and government agencies	6,001,843	4,544,057	-	6,111,383	6,224,950	1,100,466	1,022	-	7,397,017	-	7,565,041
Purchase of securities	-	168,024	-	-	-	-	-	-	4,737,706	-	4,737,706
Purchase of transport vehicles	-	-	-	-	-	-	-	-	7,099,083	-	7,099,083
Consumption credit	-	-	-	-	-	-	-	-	894,405	541,073	3,344,488
Others	-	116,352	-	438,190	1,161,013	42,007	151,448	-	-	-	-
	14,580,617	5,179,726	10,708,711	16,617,602	20,527,755	5,487,843	3,463,456	482,096	108,086,083	3,123,707	188,257,596

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, based on the industry sectors of the counterparty are as follows (Continued):

	The Bank 31 December 2011						Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets * RM'000	Total credit exposures RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Trading derivatives RM'000	Hedging derivatives RM'000			
Agriculture	-	-	-	-	157,291	102,873	1,964	-	1,282,064	14,330	1,558,522
Mining and quarrying	-	-	-	-	-	-	7,609	-	268,743	-	276,352
Manufacturing	-	-	-	314,068	137,132	59,440	43,928	-	5,016,622	-	5,571,190
Electricity, gas and water	-	-	-	256,146	1,761,516	27,281	20,785	-	818,893	3,763	2,888,384
Construction	-	-	-	196,864	743,047	259,380	14,496	-	2,450,929	-	3,664,716
Transport, storage and communications	-	3,445	-	111,563	2,108,511	1,267,747	216,740	-	6,547,767	3,748	10,259,521
Education and health	-	-	-	-	-	-	-	-	1,451,249	-	1,451,249
Trade and hospitality	-	-	-	-	-	-	-	-	4,214,933	-	4,214,933
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	8,014,053	137,371	10,848,583	3,542,457	3,213,165	2,744,258	3,192,970	486,763	8,669,597	2,693,354	43,542,571
Real estate	-	-	-	55,462	290,838	122,684	885	-	4,168,741	-	4,638,610
<i>Others:</i>											
Purchase of landed property	-	-	-	-	-	-	-	-	31,951,869	-	31,951,869
- Residential	-	-	-	-	-	-	-	-	7,724,392	-	7,724,392
- Non-residential	-	-	-	-	-	-	-	-	802,571	75,299	917,724
General commerce	-	-	-	26,071	-	-	13,783	-	6,059,863	131,198	30,698,212
Government and government agencies	10,957,759	3,766,995	-	3,851,052	3,473,955	2,454,734	2,656	-	5,130,763	-	5,148,943
Purchase of securities	-	18,180	-	-	-	-	-	-	4,906,517	-	4,906,517
Purchase of transport vehicles	-	-	-	-	-	-	-	-	6,904,772	-	7,013,740
Consumption credit	-	26,982	-	-	81,986	-	-	-	852,073	-	2,673,619
Others	-	4,086	-	275,679	368,043	568,781	78,345	-	-	526,612	2,673,619
	18,971,812	3,957,059	10,848,583	8,629,362	12,335,484	7,607,178	3,594,161	486,763	99,222,358	3,448,304	169,101,064

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, based on the industry sectors of the counterparty are as follows (Continued):

	The Bank 1 January 2011						Derivative financial instruments		Loans, advances and financing RM'000	Other financial assets [*] RM'000	Total credit exposures RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Trading derivatives RM'000	Hedging derivatives RM'000			
Agriculture	-	-	-	-	138,927	104,970	4,424	-	1,197,872	-	1,446,193
Mining and quarrying	-	-	-	-	-	-	11,239	-	241,787	-	253,026
Manufacturing	-	-	-	274,342	250,323	64,036	20,487	-	5,711,361	-	6,320,549
Electricity, gas and water	-	-	-	205,960	1,061,145	346,642	28,904	-	609,746	5,115	2,257,512
Construction	-	1,558	-	126,287	992,114	231,448	16,584	-	3,354,988	-	4,722,979
Transport, storage and communications	-	26,230	-	188,013	1,627,370	1,400,023	169,142	-	3,945,318	3,887	7,359,983
Education and health	-	-	-	-	-	-	-	-	1,281,813	-	1,281,813
Trade and hospitality	-	-	-	-	-	-	-	-	3,425,596	-	3,425,596
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	5,681,247	152,856	15,883,982	2,814,363	2,516,662	3,719,955	2,754,976	198,669	8,664,388	3,558,223	45,945,321
Real estate	-	-	-	200,603	170,977	-	-	-	3,292,889	-	3,664,469
<i>Others:</i>											
Purchase of landed property											
- Residential	-	-	-	-	-	-	-	-	28,868,751	-	28,868,751
- Non-residential	-	-	-	-	-	-	-	-	6,441,776	-	6,441,776
General commerce	-	-	-	23,855	25,778	4,639	5,270	-	668,929	-	728,471
Government and government agencies	5,339,871	2,231,110	200,000	6,469,557	2,741,769	2,139,098	1,663	-	6,059,537	170,961	25,353,566
Purchase of securities	-	-	-	-	-	-	40,915	-	4,183,721	-	4,224,636
Purchase of transport vehicles	-	-	-	-	-	-	-	-	4,959,799	-	4,959,799
Consumption credit	-	47,290	-	-	66,207	-	-	-	6,274,617	-	6,388,114
Others	-	16,547	-	299,599	260,217	70,340	10,261	-	1,633,661	192,775	2,483,400
	11,021,118	2,475,591	16,083,982	10,602,579	9,851,489	8,081,151	3,063,865	198,669	90,816,549	3,930,961	156,125,954

* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial assets

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Bank						
	31 December 2012						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	50,616	-	211,590	-	102,858	365,064
Mining and quarrying	-	152,059	-	92,466	-	-	244,525
Manufacturing	-	371,504	-	440,800	-	10,942	823,246
Electricity, gas and water	70,907	378,608	-	2,182,940	-	25,368	2,657,823
Construction	19,886	105,659	-	892,181	-	154,425	1,172,151
Transport, storage and communications	-	392,397	-	2,237,277	-	1,202,575	3,832,249
<i>Finance, insurance, real estate business:</i>							
Finance, insurance and business services	4,342,309	4,165,496	410,153	6,057,047	4,970	2,654,831	17,634,806
Real estate	-	10,200	-	558,579	-	-	568,779
<i>Others</i>							
General commerce	-	8,388	-	58,759	-	189,401	256,548
Government and government agencies	5,920,102	191,281	4,013,729	2,211,221	765,188	335,278	13,436,799
Others	37,197	400,993	19,744	1,141,269	-	42,007	1,641,210
	10,390,401	6,227,201	4,443,626	16,084,129	770,158	4,717,685	42,633,200

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Bank						
	31 December 2011						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	157,291	-	102,873	260,164
Manufacturing	9,891	304,177	-	137,132	-	59,440	510,640
Electricity, gas and water	46,059	210,087	-	1,761,516	-	27,281	2,044,943
Construction	-	196,864	-	743,047	-	259,380	1,199,291
Transport, storage and communications	-	111,563	-	2,108,511	-	1,267,747	3,487,821
<i>Finance, insurance, real estate business:</i>							
Finance, insurance and business services	2,149,831	1,392,626	541,754	2,671,410	5,445	2,738,814	9,499,880
Real estate	-	55,462	-	290,838	-	122,684	468,984
<i>Others</i>							
General commerce	-	26,071	-	-	-	-	26,071
Government and government agencies	3,522,905	328,147	2,230,701	1,243,255	511,600	1,943,133	9,779,741
Consumption credit	-	-	-	81,986	-	-	81,986
Others	-	275,679	-	368,043	-	568,781	1,212,503
	5,728,686	2,900,676	2,772,455	9,563,029	517,045	7,090,133	28,572,024

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Bank						
	1 January 2011						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	138,927	-	104,970	243,897
Manufacturing	88,826	185,516	-	250,323	-	64,036	588,701
Electricity, gas and water	115,395	90,565	-	1,061,145	-	346,642	1,613,747
Construction	-	126,287	-	992,114	-	231,448	1,349,849
Transport, storage and communications	-	188,013	-	1,627,370	-	1,400,023	3,215,406
<i>Finance, insurance, real estate business:</i>							
Finance, insurance and business services	1,872,724	941,639	402,139	2,114,523	4,891	3,715,064	9,050,980
Real estate	18,039	182,564	-	170,977	-	-	371,580
<i>Others</i>							
General commerce	-	23,855	-	25,778	-	4,639	54,272
Government and government agencies	6,125,212	344,345	1,912,764	829,005	149,978	1,989,120	11,350,424
Consumption credit	-	-	-	66,207	-	-	66,207
Others	-	299,599	-	260,217	-	70,340	630,156
	8,220,196	2,382,383	2,314,903	7,536,586	154,869	7,926,282	28,535,219

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Bank 31 December 2012								
	Claim on customers under								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	149,704	1,389,446	-	3,410	123,999	-	420,159	-	2,086,718
Mining and quarrying	15,412	1,658,438	17,988	36	4,572	-	151,011	-	1,847,457
Manufacturing	397,035	1,703,108	357,931	139,788	1,714,220	-	631,788	-	4,943,870
Electricity, gas and water	5,726	616,342	-	1,335	3,742	-	292,619	-	919,764
Construction	417,138	1,396,346	554	32,287	123,320	-	395,525	-	2,365,170
Transport, storage and communications	154,932	3,035,957	2,507	2,870	9,013	-	1,094,651	-	4,299,930
Education and health	94,462	1,036,532	-	337	44,663	-	154,632	-	1,330,626
Trade and hospitality	495,814	1,704,601	50,126	141,367	1,225,351	-	523,043	-	4,140,302
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	203,553	7,518,374	26,406	11,045	41,550	-	1,134,751	-	8,935,679
Real estate	151,977	4,844,727	593,458	225,632	692	-	966,990	-	6,783,476
<i>Others:</i>									
Purchase of landed property									
- Residential	18,783	34,887,501	-	-	-	-	-	-	34,906,284
- Non-residential	114,836	7,728,747	-	-	-	-	-	-	7,843,583
General commerce	41,317	1,080,493	-	9,868	-	-	363,998	-	1,495,676
Government and government agencies	-	6,059,337	-	-	-	-	-	-	6,059,337
Purchase of securities	16,149	6,724,237	-	-	-	-	-	656,631	7,397,017
Purchase of transport vehicles	-	4,737,706	-	-	-	-	-	-	4,737,706
Consumption credit	1,615,596	969,447	-	-	-	4,383,197	130,843	-	7,099,083
Others	56,449	745,386	246	219	22,708	-	69,397	-	894,405
	3,948,883	87,836,725	1,049,216	568,194	3,313,830	4,383,197	6,329,407	656,631	108,086,083

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Bank 31 December 2011 Claim on customers under								Total credit exposures RM'000
	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000	Share margin financing RM'000	
Agriculture	147,161	733,743	-	18,201	126,815	-	256,144	-	1,282,064
Mining and quarrying	6,213	223,180	-	123	4,327	-	34,900	-	268,743
Manufacturing	447,946	1,683,153	651,097	128,515	1,698,531	-	407,380	-	5,016,622
Electricity, gas and water	-	527,984	-	-	-	-	290,909	-	818,893
Construction	448,335	1,439,038	246	38,596	135,789	-	388,925	-	2,450,929
Transport, storage and communications	152,152	5,984,715	10,359	8,498	7,524	-	384,519	-	6,547,767
Education and health	167,759	1,146,761	8,312	1,700	53,437	-	73,280	-	1,451,249
Trade and hospitality	701,695	1,763,543	37,563	143,160	919,703	-	649,269	-	4,214,933
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	287,514	6,736,874	629	17,930	64,208	-	1,562,442	-	8,669,597
Real estate	169,143	3,420,714	-	295	700	-	577,889	-	4,168,741
<i>Others</i>									
Purchase of landed property									
- Residential	18,719	31,933,150	-	-	-	-	-	-	31,951,869
- Non-residential	144,160	7,580,232	-	-	-	-	-	-	7,724,392
General commerce	23,930	629,306	611	84,663	-	-	64,061	-	802,571
Government and government agencies	-	6,059,863	-	-	-	-	-	-	6,059,863
Purchase of securities	19,306	4,518,653	-	-	-	-	95,535	497,269	5,130,763
Purchase of transport vehicles	-	4,906,517	-	-	-	-	-	-	4,906,517
Consumption credit	1,560,261	830,127	-	-	-	4,407,952	106,432	-	6,904,772
Others	57,122	423,420	-	3,974	13,552	-	354,005	-	852,073
	4,351,416	80,540,973	708,817	445,655	3,024,586	4,407,952	5,245,690	497,269	99,222,358

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Bank								
	1 January 2011								
	Claim on customers under								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	106,490	725,691	1,824	3,778	143,110	-	216,979	-	1,197,872
Mining and quarrying	22,522	137,473	3,002	1,285	8,389	-	69,116	-	241,787
Manufacturing	442,589	2,151,690	361,661	126,123	1,778,934	-	850,364	-	5,711,361
Electricity, gas and water	6,897	587,093	-	4,309	3,478	-	7,969	-	609,746
Construction	471,521	2,128,982	12,599	56,077	115,379	-	570,430	-	3,354,988
Transport, storage and communications	156,268	3,566,738	966	9,620	10,549	-	201,177	-	3,945,318
Education and health	166,367	935,744	23,207	2,313	73,827	-	80,355	-	1,281,813
Trade and hospitality	820,642	1,193,666	37,188	170,456	1,078,428	-	125,216	-	3,425,596
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	335,706	5,888,196	7,805	19,602	38,093	-	2,374,986	-	8,664,388
Real estate	186,575	2,641,475	-	359	682	-	463,798	-	3,292,889
<i>Others</i>									
Purchase of landed property									
- Residential	11,973	28,842,500	-	-	-	-	14,278	-	28,868,751
- Non-residential	151,065	6,286,346	-	-	-	-	4,365	-	6,441,776
General commerce	19,291	551,228	21,368	19,054	-	-	57,988	-	668,929
Government and government agencies		6,059,537							6,059,537
Purchase of securities	18,389	3,446,516	-	-	-	-	95,069	623,747	4,183,721
Purchase of transport vehicles	-	4,959,799	-	-	-	-	-	-	4,959,799
Consumption credit	1,671,031	434,365	-	76	-	4,088,894	80,251	-	6,274,617
Others	31,379	1,562,585	4,165	5,532	10,958	-	19,042	-	1,633,661
	4,618,705	72,099,624	473,785	418,584	3,261,827	4,088,894	5,231,383	623,747	90,816,549

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	31 December 2012		The Group 31 December 2011		1 January 2011	
	Credit related commitments and		Credit related commitments and		Credit related commitments and	
	Financial guarantees RM'000	contingencies RM'000	Financial guarantees RM'000	contingencies RM'000	Financial guarantees RM'000	contingencies RM'000
Agriculture	9,789	701,722	10,296	659,412	8,408	1,101,966
Mining and quarrying	64,303	1,218,860	31,830	1,095,622	38,060	662,078
Manufacturing	316,393	5,186,179	269,135	5,256,288	340,381	4,700,460
Electricity, gas and water	57,464	563,390	68,415	396,135	27,396	1,089,122
Construction	390,142	4,680,657	78,569	2,624,860	233,139	3,363,214
Transport, storage and communications	95,588	1,257,410	88,103	1,119,063	57,558	1,067,646
Education and health	32,685	2,355,874	42,794	3,036,166	45,491	1,961,952
Trade and hospitality	96,469	3,942,664	103,909	6,523,880	115,126	4,677,732
<i>Finance, insurance, real estate business:</i>						
Finance, insurance and business services	385,746	6,329,748	192,842	3,434,931	117,982	4,194,827
Real estate	10,394	838,069	81	198,526	46,875	1,135,275
<i>Others</i>						
Purchase of landed property						
- Residential	-	5,423	-	17,640	-	298,291
General commerce	121,647	850,389	403,291	1,011,150	51,677	995,598
Consumption credit	4,211	3,523,242	229	855	-	669,766
Others	32,229	21,600,768	41,163	22,940,681	140,463	20,133,350
	1,617,060	53,054,395	1,330,657	48,315,209	1,222,556	46,051,277

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items not recognised in the statements of financial positions, based on the industry sectors of the counterparty are as follows (Continued):

	The Bank					
	31 December 2012		31 December 2011		1 January 2011	
	Financial guarantees RM'000	Credit related and contingencies RM'000	Financial guarantees RM'000	Credit related and contingencies RM'000	Financial guarantees RM'000	Credit related and contingencies RM'000
Agriculture	9,769	547,832	10,296	568,838	8,408	849,915
Mining and quarrying	64,303	1,217,543	31,830	1,091,787	31,129	654,213
Manufacturing	274,777	4,398,265	245,907	4,352,587	323,872	4,278,199
Electricity, gas and water	6,791	390,243	68,325	282,824	27,396	271,433
Construction	279,144	2,217,507	78,319	2,372,534	212,065	3,001,749
Transport, storage and communications	91,791	937,760	82,555	805,156	55,414	619,232
Education and health	30,829	2,249,226	38,484	2,890,381	45,196	1,904,882
Trade and hospitality	79,522	3,920,457	96,218	6,267,134	115,126	4,677,732
<i>Finance, insurance, real estate business:</i>						
Finance, insurance and business services	316,994	5,616,784	135,590	2,800,023	36,935	3,260,549
Real estate	-	645,923	-	7,480	-	964,929
<i>Others</i>						
Purchase of landed property						
- Residential	-	-	-	-	-	298,291
General commerce	110,406	483,734	401,500	447,910	39,716	524,897
Consumption credit	4,211	3,522,387	229	-	-	115,886
Others	29,440	20,700,135	32,211	22,658,834	3,146	19,963,119
	1,297,977	46,847,796	1,221,464	44,545,488	898,403	41,385,026

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets**

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

(a) Loan, advances and financing

Loans, advances and financing are summarised as follows:

	The Group 31 December 2012			
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	Total
	RM'000	RM'000	RM'000	RM'000
Overdrafts	4,723,576	643,963	390,762	5,758,301
Term loans/financing	115,375,992	11,774,191	3,551,932	130,702,115
Bills receivable	3,606,406	5,384	63,553	3,675,343
Trust receipts	2,167,228	4,874	123,391	2,295,493
Claim on customers under acceptance credit	3,573,327	4,937	341,144	3,919,408
Credit card receivables	4,221,839	294,606	19,443	4,535,888
Revolving credit	7,804,268	5,304	47,640	7,857,212
Share margin financing	676,574	11,991	3,451	692,016
Total	142,149,210	12,745,250	4,541,316	159,435,776
Less: Impairment allowances				(3,744,210) *
Total net amount				155,691,566

	The Group 31 December 2011			
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	Total
	RM'000	RM'000	RM'000	RM'000
Overdrafts	4,729,435	638,051	402,471	5,769,957
Term loans/financing	104,472,933	10,083,939	4,005,501	118,562,373
Bills receivable	3,537,140	63,019	44,935	3,645,094
Trust receipts	1,089,735	12,771	127,850	1,230,356
Claim on customers under acceptance credit	3,186,702	10,349	340,906	3,537,957
Credit card receivables	4,211,282	348,193	89,554	4,649,029
Revolving credit	5,714,137	9,087	92,204	5,815,428
Share margin financing	554,966	-	5,122	560,088
Total	127,496,330	11,165,409	5,108,543	143,770,282
Less: Impairment allowances				(4,260,607) *
Total net amount				139,509,675

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)**

Loans, advances and financing are summarised as follows (Continued):

	The Group 1 January 2011			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired (iii) RM'000	
	Overdrafts	4,822,121	675,180	
Term loans/financing	88,734,507	11,252,218	3,894,322	103,881,047
Bills receivable	2,447,898	35,994	39,615	2,523,507
Trust receipts	901,861	18,919	128,888	1,049,668
Claim on customers under acceptance credit	3,347,895	60,550	369,613	3,778,058
Credit card receivables	4,083,217	101,303	88,144	4,272,664
Revolving credit	6,313,630	9,023	97,515	6,420,168
Share margin financing	648,009	-	5,175	653,184
Total	111,299,138	12,153,187	5,058,292	128,510,617
Less: Impairment allowances				(4,258,575) *
Total net amount				124,252,042

	The Bank 2012			Total RM'000
	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired (iii) RM'000	
	Overdrafts	3,547,624	573,967	
Term loans/financing	77,537,664	9,374,553	2,842,370	89,754,587
Bills receivable	1,051,592	-	5,564	1,057,156
Trust receipts	556,461	63	105,467	661,991
Claim on customers under acceptance credit	3,250,690	-	326,439	3,577,129
Credit card receivables	4,128,252	290,730	19,024	4,438,006
Revolving credit	6,336,017	201	43,628	6,379,846
Share margin financing	641,358	11,991	3,441	656,790
Total	97,049,658	10,251,505	3,692,842	110,994,005
Less: Impairment allowances				(2,907,922) *
Total net amount				108,086,083

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)**

Loans, advances and financing are summarised as follows (Continued):

	The Bank			Total
	31 December 2011			
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	RM'000
Overdrafts	3,747,223	565,895	366,749	4,679,867
Term loans/financing	71,563,554	8,178,080	3,072,190	82,813,824
Bills receivable	710,871	1,004	6,221	718,096
Trust receipts	428,723	6,179	105,692	540,594
Claim on customers under acceptance credit	2,970,284	8,660	316,698	3,295,642
Credit card receivables	4,117,579	342,365	85,007	4,544,951
Revolving credit	5,248,521	3,568	86,639	5,338,728
Share margin financing	498,665	-	2,632	501,297
Total	89,285,420	9,105,751	4,041,828	102,432,999
Less: Impairment allowances				(3,210,641) *
Total net amount				99,222,358

	The Bank			Total
	1 January 2011			
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	RM'000
Overdrafts	3,997,443	582,667	403,029	4,983,139
Term loans/financing	61,830,084	9,714,392	2,943,982	74,488,458
Bills receivable	475,882	1,570	7,485	484,937
Trust receipts	385,392	15,946	117,886	519,224
Claim on customers under acceptance credit	3,179,013	51,170	349,604	3,579,787
Credit card receivables	3,995,169	101,303	85,720	4,182,192
Revolving credit	5,251,790	2,684	77,713	5,332,187
Share margin financing	625,148	-	2,729	627,877
Total	79,739,921	10,469,732	3,988,148	94,197,801
Less: Impairment allowances				(3,381,252) *
Total net amount				90,816,549

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired”**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank.

	31 December 2012				The Group 31 December 2011				1 January 2011			
	Good	Satisfactory	No rating	Total	Good	Satisfactory	No rating	Total	Good	Satisfactory	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,604,625	407,943	2,711,008	4,723,576	1,758,808	488,021	2,482,606	4,729,435	1,880,997	195,654	2,745,470	4,822,121
Term loans/financing	33,179,569	5,541,437	76,654,986	115,375,992	29,380,972	4,052,510	71,039,451	104,472,933	25,683,188	1,919,623	61,131,696	88,734,507
Bills receivable	2,301,733	851,650	453,023	3,606,406	1,814,388	1,039,181	683,571	3,537,140	2,093,534	112,989	241,375	2,447,898
Trust receipts	1,505,668	521,928	139,632	2,167,228	883,213	122,232	84,290	1,089,735	655,214	44,387	202,260	901,861
Claim on customers under acceptance credit	2,276,111	42,808	1,254,408	3,573,327	2,480,159	169,147	537,396	3,186,702	2,707,803	73,599	566,493	3,347,895
Credit card receivables	-	-	4,221,839	4,221,839	-	-	4,211,282	4,211,282	-	-	4,083,217	4,083,217
Revolving credit	5,676,363	192,318	1,935,587	7,804,268	4,959,136	54,102	700,899	5,714,137	5,844,393	111,252	357,985	6,313,630
Share margin financing	-	-	676,574	676,574	-	-	554,966	554,966	-	-	648,009	648,009
Total	46,544,069	7,558,084	88,047,057	142,149,210	41,276,676	5,925,193	80,294,461	127,496,330	38,865,129	2,457,504	69,976,505	111,299,138

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank (Continued).

	The Bank											
	31 December 2012				31 December 2011				1 January 2011			
	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000
Overdrafts	1,126,341	98,824	2,322,459	3,547,624	1,369,703	201,350	2,176,170	3,747,223	1,385,985	117,666	2,493,792	3,997,443
Term loans/financing	21,991,968	2,429,063	53,116,633	77,537,664	24,549,456	1,674,997	45,339,101	71,563,554	20,108,902	798,681	40,922,501	61,830,084
Bills receivable	909,236	560	141,796	1,051,592	294,773	1,619	414,479	710,871	413,703	1,094	61,085	475,882
Trust receipts	439,781	4,546	112,134	556,461	323,479	25,478	79,766	428,723	238,478	22,357	124,557	385,392
Claim on customers under acceptance credit	1,963,393	37,576	1,249,721	3,250,690	2,263,890	168,998	537,396	2,970,284	2,538,921	73,599	566,493	3,179,013
Credit card receivables	-	-	4,128,252	4,128,252	-	-	4,117,579	4,117,579	-	-	3,995,169	3,995,169
Revolving credit	4,198,648	191,817	1,945,552	6,336,017	4,508,778	54,102	685,641	5,248,521	4,890,895	80,573	280,322	5,251,790
Share margin financing	-	-	641,358	641,358	-	-	498,665	498,665	-	-	625,148	625,148
Total	30,629,367	2,762,386	63,657,905	97,049,658	33,310,079	2,126,544	53,848,797	89,285,420	29,576,884	1,093,970	49,069,067	79,739,921

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.3 Credit quality of financial assets (Continued)

(a) Loan, advances and financing (Continued)

(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)

Credit quality descriptions can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

No rating - Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

(ii) Loans, advances and financing that are “past due but not impaired”

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below:

	31 December 2012			The Group 31 December 2011			1 January 2011		
	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Overdrafts	559,437	84,526	643,963	551,116	86,935	638,051	568,430	106,750	675,180
Term loans/financing	8,321,225	3,452,966	11,774,191	7,331,672	2,752,267	10,083,939	7,786,735	3,465,483	11,252,218
Bills receivable	-	5,384	5,384	44,435	18,584	63,019	35,994	-	35,994
Trust receipts	63	4,811	4,874	10,140	2,631	12,771	12,762	6,157	18,919
Claim on customers under acceptance credit	2,619	2,318	4,937	5,276	5,073	10,349	43,898	16,652	60,550
Credit card receivables	267,292	27,314	294,606	229,237	118,956	348,193	61,860	39,443	101,303
Revolving credit	3,030	2,274	5,304	6,173	2,914	9,087	3,563	5,460	9,023
Share margin financing	11,176	815	11,991	-	-	-	-	-	-
Total	9,164,842	3,580,408	12,745,250	8,178,049	2,987,360	11,165,409	8,513,242	3,639,945	12,153,187

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below (Continued):

	31 December 2012			The Bank 31 December 2011			1 January 2011		
	Up to 1 month	>1 to 3 months	Total	Up to 1 month	>1 to 3 months	Total	Up to 1 month	>1 to 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	508,332	65,635	573,967	498,449	67,446	565,895	487,889	94,778	582,667
Term loans/financing	6,711,283	2,663,270	9,374,553	6,041,515	2,136,565	8,178,080	6,741,529	2,972,863	9,714,392
Bills receivable	-	-	-	967	37	1,004	1,570	-	1,570
Trust receipts	63	-	63	4,597	1,582	6,179	11,053	4,893	15,946
Claim on customers under acceptance credit	-	-	-	4,706	3,954	8,660	37,879	13,291	51,170
Credit card receivables	264,718	26,012	290,730	226,205	116,160	342,365	61,861	39,442	101,303
Revolving credit	201	-	201	3,568	-	3,568	2,280	404	2,684
Share margin financing	11,176	815	11,991	-	-	-	-	-	-
Total	7,495,773	2,755,732	10,251,505	6,780,007	2,325,744	9,105,751	7,344,061	3,125,671	10,469,732

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(iii) Impaired loans, advances and financing**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Total gross impaired loans	4,541,316	5,108,543	5,058,292	3,692,842	4,041,828	3,988,148
Less: Impairment allowances	(2,683,731)	(2,888,803)	(3,064,480)	(2,281,603)	(2,235,593)	(2,495,528)
Total net impaired loans	<u>1,857,585</u>	<u>2,219,740</u>	<u>1,993,812</u>	<u>1,411,239</u>	<u>1,806,235</u>	<u>1,492,620</u>

Refer to Note 7(vii) and 7(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

	31 December 2012			The Group 31 December 2011			1 January 2011		
	Neither past due nor impaired		Total	Neither past due nor impaired		Total	Neither past due nor impaired		Total
	(i)	Impaired		(i)	Impaired		(i)	Impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading									
- Money market instruments	16,058,744	-	16,058,744	8,311,274	-	8,311,274	10,434,610	-	10,434,610
- Quoted securities	330,053	-	330,053	221,427	-	221,427	8,805	-	8,805
- Unquoted securities	6,690,765	-	6,690,765	3,192,050	-	3,192,050	2,797,873	-	2,797,873
Financial investments available-for-sale									
- Money market instruments	5,693,269	-	5,693,269	3,290,450	-	3,290,450	2,515,966	-	2,515,966
- Quoted securities	1,199,552	-	1,199,552	853,848	-	853,848	569,024	-	569,024
- Unquoted securities	17,319,963	482,303	17,802,266	10,278,657	351,421	10,630,078	7,906,392	430,403	8,336,795
Financial investments held-to-maturity									
- Money market instruments	770,158	-	770,158	520,855	-	520,855	154,869	-	154,869
- Quoted securities	2,208,994	-	2,208,994	1,835,931	-	1,835,931	1,154,480	-	1,154,480
- Unquoted securities	5,361,974	60,633	5,422,607	7,770,143	81,695	7,851,838	8,823,511	114,806	8,938,317
Total	55,633,472	542,936	56,176,408	36,274,635	433,116	36,707,751	34,365,530	545,209	34,910,739
Less: Impairment allowance			(166,377) *			(259,722) *			(290,774) *
Total net amount			56,010,031			36,448,029			34,619,965

* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

	31 December 2012			The Bank 31 December 2011			1 January 2011		
	Neither past due nor impaired		Total	Neither past due nor impaired		Total	Neither past due nor impaired		Total
	(i)	Impaired		(i)	Impaired		(i)	Impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading									
- Money market instruments	10,390,401	-	10,390,401	5,728,686	-	5,728,686	8,220,196	-	8,220,196
- Unquoted securities	6,227,201	-	6,227,201	2,900,676	-	2,900,676	2,382,383	-	2,382,383
Financial investments available-for-sale									
- Money market instruments	4,443,626	-	4,443,626	2,772,456	-	2,772,456	2,314,902	-	2,314,902
- Unquoted securities	15,733,853	482,303	16,216,156	9,434,923	351,421	9,786,344	7,360,719	430,175	7,790,894
Financial investments held-to-maturity									
- Money market instruments	770,158	-	770,158	517,045	-	517,045	154,869	-	154,869
- Unquoted securities	4,717,685	-	4,717,685	7,090,133	-	7,090,133	7,926,282	-	7,926,282
Total	42,282,924	482,303	42,765,227	28,443,919	351,421	28,795,340	28,359,351	430,175	28,789,526
Less: Impairment allowance			(132,027) *			(223,316) *			(254,307) *
Total net amount			42,633,200			28,572,024			28,535,219

* Impairment allowance represents allowance made against financial assets that have been impaired.

There were no financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “past due but not impaired” as at 31 December 2012, 31 December 2011 and 1 January 2011 for the Group and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired”**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies:

	31 December 2012					The Group 31 December 2011					1 January 2011				
	Sovereign		Investment grade		Non investment grade	Sovereign		Investment grade		Non investment grade	Sovereign		Investment grade		Non investment grade
	(no rating)	(AAA to BBB-)	(BB+ and below)	No rating	Total	(no rating)	(AAA to BBB-)	(BB+ and below)	No rating	Total	(no rating)	(AAA to BBB-)	(BB+ and below)	No rating	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading															
- Money market instruments	12,105,269	3,904,897	48,550	28	16,058,744	5,398,743	2,866,472	-	46,059	8,311,274	8,046,419	2,265,032	-	123,159	10,434,610
- Quoted securities	294,207	35,846	-	-	330,053	216,609	4,818	-	-	221,427	8,247	553	-	5	8,805
- Unquoted securities	852,726	3,580,775	114,553	2,142,711	6,690,765	250,201	2,828,660	3,533	109,656	3,192,050	305,280	1,990,632	48,086	453,875	2,797,873
Financial investments available-for-sale															
- Money market instruments	4,681,492	897,679	104,099	9,999	5,693,269	2,646,949	643,501	-	-	3,290,450	2,113,828	402,138	-	-	2,515,966
- Quoted securities	1,107,829	91,723	-	-	1,199,552	834,022	19,826	-	-	853,848	569,024	-	-	-	569,024
- Unquoted securities	813,510	13,765,874	166,320	2,574,259	17,319,963	1,536,998	7,945,875	123,518	672,266	10,278,657	1,269,748	5,999,180	150,574	486,890	7,906,392
Financial investments held-to-maturity															
- Money market instruments	285,325	484,833	-	-	770,158	455,501	65,354	-	-	520,855	149,979	4,890	-	-	154,869
- Quoted securities	2,176,847	32,147	-	-	2,208,994	1,805,624	30,307	-	-	1,835,931	999,621	154,859	-	-	1,154,480
- Unquoted securities	428,425	2,863,941	154,425	1,915,183	5,361,974	1,449,775	4,193,239	1,794	2,125,335	7,770,143	2,454,026	4,411,519	-	1,957,966	8,823,511
Total	22,745,630	25,657,715	587,947	6,642,180	55,633,472	14,594,422	18,598,052	128,845	2,953,316	36,274,635	15,916,172	15,228,803	198,660	3,021,895	34,365,530

The securities with no ratings mainly consist of government securities, credit-linked notes and private debt securities.

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired” (Continued)**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies (Continued):

	31 December 2012					The Bank 31 December 2011					1 January 2011				
	Sovereign		Non investment grade			Sovereign		Investment grade Non investment grade (BB+ and below)			Sovereign		Non investment grade		
	(no rating) RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	No rating RM'000	Total RM'000	(no rating) RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	No rating RM'000	Total RM'000	(no rating) RM'000	(AAA to BBB-) RM'000	(BB+ and below) RM'000	No rating RM'000	Total RM'000
Financial assets held for trading															
- Money market instruments	8,244,110	2,097,710	48,553	28	10,390,401	3,467,202	2,215,425	-	46,059	5,728,686	6,129,789	1,967,248	-	123,159	8,220,196
- Unquoted securities	782,340	3,195,746	114,553	2,134,562	6,227,201	92,151	2,695,336	3,533	109,656	2,900,676	231,610	1,883,033	6,791	260,949	2,382,383
Financial investments available-for-sale															
- Money market instruments	3,541,114	788,414	104,099	9,999	4,443,626	2,198,509	573,947	-	-	2,772,456	1,912,763	402,139	-	-	2,314,902
- Unquoted securities	458,984	12,669,814	166,320	2,438,735	15,733,853	1,342,125	7,439,104	123,518	530,176	9,434,923	1,248,397	5,657,479	150,574	304,269	7,360,719
Financial investments held-to-maturity															
- Money market instruments	285,325	484,833	-	-	770,158	511,600	5,445	-	-	517,045	149,979	4,890	-	-	154,869
- Unquoted securities	174,974	2,838,837	154,425	1,549,449	4,717,685	1,456,021	4,155,762	1,794	1,476,556	7,090,133	1,989,119	5,065,096	-	872,067	7,926,282
Total	13,486,847	22,075,354	587,950	6,132,773	42,282,924	9,067,608	17,085,019	128,845	2,162,447	28,443,919	11,661,657	14,979,885	157,365	1,560,444	28,359,351

The securities with no ratings mainly consist of government securities, credit-linked notes and private debt securities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below:

	31 December 2012					The Group 31 December 2011					1 January 2011				
	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	11,600,327	8,583,901	1,071	66,991	20,252,290	17,871,574	7,843,837	830	398,851	26,115,092	12,305,353	5,882,384	944	487,304	18,675,985
Reverse repurchase agreements	4,719,379	660,407	-	-	5,379,786	2,775,351	1,181,708	-	-	3,957,059	2,931,503	573,411	-	-	3,504,914
Deposits and placements with banks and other financial institutions	197,098	3,514,905	-	25,017	3,737,020	55,104	3,975,982	-	14,779	4,045,865	907,443	8,723,423	-	10,525	9,641,391
Other assets	103,824	446,064	-	1,254,850	1,804,738	232,888	344,742	-	1,154,394	1,732,024	252,742	135,142	405	1,301,819	1,690,108
Derivative financial instruments	62,389	3,287,163	379,269	227,489	3,956,310	83,049	3,602,524	227,636	222,168	4,135,377	20,780	3,099,615	83,894	296,602	3,500,891
Amount due from holding company and ultimate holding company	-	-	-	28,853	28,853	-	-	-	29,138	29,138	-	-	-	29,193	29,193
Amount due from related companies	56	11,039	-	1,406,654	1,417,749	-	16,311	-	1,657,437	1,673,748	-	21,144	-	2,238,219	2,259,363
Total	16,683,073	16,503,479	380,340	3,009,854	36,576,746	21,017,966	16,965,104	228,466	3,476,767	41,688,303	16,417,821	18,435,119	85,243	4,363,662	39,301,845

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets (Continued)**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below (Continued):

	31 December 2012					The Bank 31 December 2011					1 January 2011				
	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade		Total	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade		Total	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade		Total
			(BB+ and below)	No rating				(BB+ and below)	No rating				(BB+ and below)	No rating	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	6,001,843	8,515,278	1,071	62,425	14,580,617	10,960,179	7,627,923	830	382,880	18,971,812	5,339,849	5,194,419	944	485,906	11,021,118
Reverse repurchase agreements	4,519,320	660,406	-	-	5,179,726	2,775,352	1,181,707	-	-	3,957,059	2,225,292	250,299	-	-	2,475,591
Deposits and placements with banks and other financial institutions	-	10,683,694	-	25,017	10,708,711	-	10,833,804	-	14,779	10,848,583	200,000	15,873,456	-	10,526	16,083,982
Other assets	103,523	407,000	-	881,757	1,392,280	131,204	311,147	-	877,974	1,320,325	226,882	135,142	405	1,244,100	1,606,529
Derivative financial instruments	3,908	3,417,392	378,116	146,136	3,945,552	8,654	3,690,170	227,636	154,464	4,080,924	20,171	2,861,681	83,077	297,605	3,262,534
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	-	-	285	285	-	-	-	340	340
Amount due from subsidiaries	-	314,445	-	1,641	316,086	-	444,027	-	12,046	456,073	-	44,180	-	40,137	84,317
Amount due from related companies	-	10,982	-	1,404,359	1,415,341	-	15,956	-	1,655,665	1,671,621	-	21,144	-	2,218,631	2,239,775
Total	10,628,594	24,009,197	379,187	2,521,335	37,538,313	13,875,389	24,104,734	228,466	3,098,093	41,306,682	8,012,194	24,380,321	84,426	4,297,245	36,774,186

There were no financial assets that are "past due but not impaired" or "impaired" as at 31 December 2012, 31 December 2011 and 1 January 2011 for the Group and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Repossessed collateral**

The Group and the Bank obtained assets by taking possession of collateral held as security as follows:

	The Group Carrying amount			The Bank Carrying amount		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Nature of assets	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Industrial and residential properties and development land	120,549	116,848	180,510	-	8,557	11,181

Reposessed collaterals are sold as soon as practicable. The Group and the Bank do not utilise the reposessed collaterals for its business use.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.2 Market risk

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/benchmark rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

Market Risk Management (MRM)

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC ensures that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC, supported by the MRM function in GRM is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

CIMB Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/benchmark rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.2 Market risk (Continued)

Market Risk Management (MRM) (Continued)

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to GRC and BRC for its perusal. The usage of market VaR by risk type based on 1-day holding period of the Group's trading exposures as at 31 December 2012 is shown in Note 52.2.1.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.2 Market risk (Continued)

Market Risk Management (MRM) (Continued)

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, MRM undertakes the monitoring and oversight process at Group Treasury and Equity Derivatives Group trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

MRM also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

Treasury products approval processes will be led by MRM to ensure operational readiness before launching. All new products are assessed by components and in totality to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions. Back-testing of newly approved or revised models may be conducted to assess the appropriateness of the model and input data used.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on RWCAF (Basel II – Risk Weighted Assets Computation) and CAFIB.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
VaR						
Foreign exchange risk	3,951	6,153	5,961	3,204	5,546	5,422
Interest rate risk	13,961	9,074	10,257	12,337	8,647	7,848
Equity risk	6,757	1,919	2,063	6,757	1,919	2,063
Commodity risk	-	136	-	-	136	-
Total	24,669	17,282	18,281	22,298	16,248	15,333
Total shareholders fund	20,443,774	18,782,476	17,455,914	18,017,920	16,906,837	15,627,045
Percentage over shareholders funds	0.12%	0.09%	0.10%	0.12%	0.10%	0.10%

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Group 31 December 2012							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←		Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
Financial assets										
Cash and short-term funds	19,947,356	-	-	-	-	-	3,031,520	-	22,978,876	
Reverse repurchase agreements	2,396,418	1,649,896	564,668	752,915	-	-	15,889	-	5,379,786	
Deposits and placements with banks and other financial institutions	-	2,740,614	295,441	561,436	-	-	139,529	-	3,737,020	
Financial assets held for trading	-	-	-	-	-	-	-	24,148,212	24,148,212	
Financial investments available-for-sale	(i) 762,319	250,176	419,147	977,805	7,755,134	13,933,599	1,539,810	-	25,637,990	
Financial investments held-to-maturity	(i) 1,826,848	578,195	599,251	649,934	2,880,850	1,772,939	59,392	-	8,367,409	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,727,796	3,727,796	
- Hedging derivatives	-	4,599	1,269	897	210,491	11,258	-	-	228,514	
Loans, advances and financing	(i) 112,604,428	12,436,409	3,219,863	1,061,714	11,393,180	14,975,972	-	-	155,691,566	
Other assets	-	-	80,493	55,000	110,152	-	1,559,093	-	1,804,738	
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	28,853	-	28,853	
Amount due from related companies	-	-	-	-	-	-	1,417,749	-	1,417,749	
Total financial assets	137,537,369	17,659,889	5,180,132	4,059,701	22,349,807	30,693,768	7,791,835	27,876,008	253,148,509	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Group 31 December 2012						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	117,260,136	22,256,321	11,173,004	9,414,488	4,960,774	1,414,870	30,433,907	-	196,913,500
Deposits and placements of banks and other financial institutions	11,986,871	4,597,674	1,473,631	335,297	1,873,186	1,306,797	57,916	-	21,631,372
Repurchase agreements	1,065,987	999,326	254,866	752,915	-	-	10,405	-	3,083,499
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,615,022	3,615,022
- Hedging derivatives	-	-	-	11	109,815	261,458	-	-	371,284
Bills and acceptances payable	1,795,871	561,591	44,041	34	61,219	49,968	782,357	-	3,295,081
Amount due to related companies	-	-	-	-	-	-	25,352	-	25,352
Other liabilities	-	-	-	-	-	-	2,639,009	-	2,639,009
Other borrowings	-	-	-	-	182,042	-	161	-	182,203
Subordinated obligations	-	1,491,366	-	-	2,643,953	5,840,911	143,642	-	10,119,872
Bonds and debentures	294,500	219,850	326,268	-	1,189,420	-	15,371	-	2,045,409
Redeemable preference shares	-	-	-	-	697,086	-	6,638	-	703,724
Total financial liabilities	132,403,365	30,126,128	13,271,810	10,502,745	11,717,495	8,874,004	34,114,758	3,615,022	244,625,327
Net interest sensitivity gap	5,134,004	(12,466,239)	(8,091,678)	(6,443,044)	10,632,312	21,819,764		24,260,986	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	1,617,060	-	1,617,060
Credit related commitments and contingencies	-	-	-	-	-	-	53,054,395	-	53,054,395
Treasury related commitments and contingencies (hedging)	-	-	-	787,602	17,638,880	447,411	-	-	18,873,893
Net interest sensitivity gap	-	-	-	787,602	17,638,880	447,411	54,671,455	-	73,545,348

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**Notes to the Financial Statements
for the financial year ended 31 December 2012(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

Note	The Group 31 December 2011							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000		
	←		Non-trading book								→	
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000						
Financial assets												
Cash and short-term funds	25,529,052	-	-	-	-	-	2,712,571	-	28,241,623			
Reverse repurchase agreements	2,110,639	1,259,057	-	580,483	-	-	6,880	-	3,957,059			
Deposits and placements with banks and other financial institutions	-	2,604,823	678,791	20,077	-	635,400	106,774	-	4,045,865			
Financial assets held for trading	-	-	-	-	-	-	-	12,627,696	12,627,696			
Financial investments available-for-sale	(i) 154,113	507,618	1,195,396	989,855	5,493,837	5,927,068	1,467,607	-	15,735,494			
Financial investments held-to-maturity	(i) 375,918	836,021	114,389	661,614	6,109,938	1,995,174	79,164	-	10,172,218			
Derivative financial instruments												
- Trading derivatives	-	-	-	-	-	-	-	3,911,041	3,911,041			
- Hedging derivatives	-	-	-	-	200,407	23,929	-	-	224,336			
Loans, advances and financing	(i) 91,312,415	9,664,440	7,416,658	1,138,924	13,584,574	16,392,664	-	-	139,509,675			
Other assets	-	-	81,135	55,000	-	110,153	1,452,340	33,396	1,732,024			
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,138	-	29,138			
Amount due from related companies	-	-	-	-	-	-	1,673,748	-	1,673,748			
Total financial assets	119,482,137	14,871,959	9,486,369	3,445,953	25,388,756	25,084,388	7,528,222	16,572,133	221,859,917			

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**Notes to the Financial Statements
for the financial year ended 31 December 2012(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Group 31 December 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	108,569,571	21,618,759	10,529,119	10,624,089	3,345,366	1,016,126	20,774,986	-	176,478,016
Deposits and placements of banks and other financial institutions	6,851,947	3,022,712	678,576	217,729	1,754,675	1,146,826	200,948	-	13,873,413
Repurchase agreements	-	-	502,010	580,483	-	-	546	-	1,083,039
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,644,646	3,644,646
- Hedging derivatives	5,580	22,699	9,585	-	13,250	392,029	-	-	443,143
Bills and acceptances payable	2,436,883	2,698,084	1,008,951	836	-	-	626,748	-	6,771,502
Amount due to related companies	-	-	-	-	-	-	6,444	-	6,444
Other liabilities	-	-	-	-	-	-	2,692,047	-	2,692,047
Other borrowings	-	-	-	-	462,243	-	477	-	462,720
Subordinated obligations	-	131,848	-	-	4,164,602	3,806,615	140,890	-	8,243,955
Redeemable preference shares	-	-	-	-	734,535	-	6,894	-	741,429
Total financial liabilities	117,863,981	27,494,102	12,728,241	11,423,137	10,474,671	6,361,596	24,449,980	3,644,646	214,440,354
Net interest sensitivity gap	1,618,156	(12,622,143)	(3,241,872)	(7,977,184)	14,914,085	18,722,792		12,927,487	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	1,330,657	-	1,330,657
Credit related commitments and contingencies	-	-	-	-	-	-	48,315,209	-	48,315,209
Treasury related commitments and contingencies (hedging)	126,594	631,896	207,459	-	4,059,639	8,541,389	-	-	13,566,977
Net interest sensitivity gap	126,594	631,896	207,459	-	4,059,639	8,541,389	49,645,866	-	63,212,843

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**Notes to the Financial Statements
for the financial year ended 31 December 2012(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

Note	The Group 1 January 2011							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book									
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
Financial assets										
Cash and short-term funds	17,161,269	-	-	-	-	-	3,686,720	-	20,847,989	
Reverse repurchase agreements	2,591,567	851,901	405	-	-	-	61,041	-	3,504,914	
Deposits and placements with banks and other financial institutions	-	5,816,762	2,670,056	822,423	-	138,758	193,392	-	9,641,391	
Financial assets held for trading	-	-	-	-	-	-	-	14,458,911	14,458,911	
Financial investments available-for-sale	(i) 217,492	426,928	170,975	555,717	5,469,294	4,232,994	1,303,354	-	12,376,754	
Financial investments held-to-maturity	(i) 192,304	536,841	402,283	1,348,940	5,032,307	2,696,791	1,961	-	10,211,427	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,362,364	3,362,364	
- Hedging derivatives	2,991	-	1,343	5,384	117,673	11,136	-	-	138,527	
Loans, advances and financing	(i) 82,531,691	7,252,058	4,940,690	1,449,206	10,378,272	17,700,125	-	-	124,252,042	
Other assets	-	-	81,756	-	256,219	111,018	1,241,115	-	1,690,108	
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,193	-	29,193	
Amount due from related companies	-	-	-	-	-	-	2,259,363	-	2,259,363	
Total financial assets	102,697,314	14,884,490	8,267,508	4,181,670	21,253,765	24,890,822	8,776,139	17,821,275	202,772,983	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Group 1 January 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	92,937,174	20,769,564	7,814,166	10,102,015	5,077,466	924,176	22,016,136	-	159,640,697
Deposits and placements of banks and other financial institutions	6,385,763	3,169,590	2,194,444	1,444,094	1,216,014	185,010	57,520	-	14,652,435
Repurchase agreements	-	33,087	-	-	-	-	-	-	33,087
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,461,082	3,461,082
- Hedging derivatives	-	-	-	-	55,306	194,752	-	-	250,058
Bills and acceptances payable	1,674,226	1,349,914	406,086	158,657	-	-	488,728	-	4,077,611
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	-	107,523
Amount due to related companies	-	-	-	-	-	-	6,751	-	6,751
Other liabilities	-	-	-	-	-	-	3,041,366	-	3,041,366
Other borrowings	925,050	-	-	-	-	-	-	-	925,050
Subordinated obligations	-	-	-	-	2,516,063	3,526,274	55,932	-	6,098,269
Bonds and debentures	-	-	382,527	-	-	-	41,455	-	423,982
Redeemable preference shares	-	-	-	-	706,879	-	-	-	706,879
Total financial liabilities	101,922,213	25,367,571	10,859,330	11,704,766	9,571,728	4,830,212	25,707,888	3,461,082	193,424,790
Net interest sensitivity gap	775,101	(10,483,081)	(2,591,822)	(7,523,096)	11,682,037	20,060,610		14,360,193	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	1,222,556	-	1,222,556
Credit related commitments and contingencies	-	-	-	-	-	-	46,051,277	-	46,051,277
Treasury related commitments and contingencies (hedging)	600,000	-	300,000	65,611	3,665,765	8,000,000	-	-	12,631,376
Net interest sensitivity gap	600,000	-	300,000	65,611	3,665,765	8,000,000	47,273,833	-	59,905,209

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

	The Group 31 December 2012						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	310,000	-	246,784	525,840	1,232,746	3,335,167	42,732	5,693,269
- Quoted securities	290	10,002	63,464	166,023	906,531	40,990	303,498	1,490,798
- Unquoted securities	452,029	240,174	108,899	285,942	5,615,857	10,557,442	1,193,580	18,453,923
Financial investments held-to-maturity								
- Money market instruments	744,545	-	-	-	4,953	20,379	281	770,158
- Quoted securities	-	440,852	71,385	374,014	1,183,489	116,015	23,239	2,208,994
- Unquoted securities	1,082,303	137,343	527,866	275,920	1,692,408	1,636,545	35,872	5,388,257
Loans, advances and financing								
- Overdrafts	5,199,219	-	-	-	-	-	-	5,199,219
- Term loans/financing	91,804,958	7,478,947	1,420,601	1,026,472	11,391,452	14,975,972	-	128,098,402
- Bills receivable	2,262,332	931,102	399,018	11,742	-	-	-	3,604,194
- Trust receipts	759,509	919,957	488,684	10,216	1,728	-	-	2,180,094
- Claim on customers under acceptance credit	1,352,958	1,549,787	736,253	1,821	-	-	-	3,640,819
- Credit card receivables	4,479,508	-	-	-	-	-	-	4,479,508
- Revolving credit	6,054,257	1,556,616	175,307	11,463	-	-	-	7,797,643
- Share margin financing	691,687	-	-	-	-	-	-	691,687
Total	115,193,595	13,264,780	4,238,261	2,689,453	22,029,164	30,682,510	1,599,202	189,696,965

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows (Continued):

	The Group 31 December 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	122,206	-	115,007	200,900	2,184,526	658,593	9,218	3,290,450
- Quoted securities	-	5,040	-	151,753	508,251	183,440	298,354	1,146,838
- Unquoted securities	31,907	502,578	1,080,389	637,202	2,801,060	5,085,035	1,160,035	11,298,206
Financial investments held-to-maturity								
- Money market instruments	-	-	-	-	495,062	-	25,792	520,854
- Quoted securities	221,223	50,345	25,180	120,366	1,353,625	50,186	15,006	1,835,931
- Unquoted securities	154,695	785,676	89,209	541,248	4,261,251	1,944,988	38,366	7,815,433
Loans, advances and financing								
- Overdrafts	5,410,012	-	-	-	-	-	-	5,410,012
- Term loans/financing	72,773,906	6,269,701	5,611,235	777,139	13,576,505	16,381,471	-	115,389,957
- Bills receivable	2,002,865	1,049,666	447,968	76,699	-	5,271	-	3,582,469
- Trust receipts	496,910	265,941	333,379	6,164	8,069	-	-	1,110,463
- Claim on customers under acceptance credit	1,133,743	1,521,947	591,051	1,815	-	-	-	3,248,556
- Credit card receivables	4,504,578	-	-	-	-	-	-	4,504,578
- Revolving credit	4,440,419	557,185	433,025	277,107	-	5,922	-	5,713,658
- Share margin financing	549,982	-	-	-	-	-	-	549,982
Total	91,842,446	11,008,079	8,726,443	2,790,393	25,188,349	24,314,906	1,546,771	165,417,387

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows (Continued):

	The Group 1 January 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	-	-	27,427	2,129,922	358,618	-	2,515,967
- Quoted securities	48,277	102,565	30,657	87,455	300,071	-	291,501	860,526
- Unquoted securities	169,215	324,363	140,318	440,835	3,039,301	3,874,376	1,011,853	9,000,261
Financial investments held-to-maturity								
- Money market instruments	-	-	-	149,979	4,890	-	-	154,869
- Quoted securities	-	-	102,703	520,738	515,233	15,806	-	1,154,480
- Unquoted securities	192,304	536,841	299,580	678,223	4,512,184	2,680,985	1,961	8,902,078
Loans, advances and financing								
- Overdrafts	5,543,127	-	-	-	-	-	-	5,543,127
- Term loans/financing	63,523,405	4,295,341	3,949,464	884,977	10,376,744	17,700,125	-	100,730,056
- Bills receivable	1,163,443	685,448	245,352	377,596	-	-	-	2,471,839
- Trust receipts	441,054	162,050	149,644	181,333	1,528	-	-	935,609
- Claim on customers under acceptance credit	1,304,709	1,549,351	586,984	2,919	-	-	-	3,443,963
- Credit card receivables	4,161,242	7,870	6,419	-	-	-	-	4,175,531
- Revolving credit	5,752,149	551,998	2,827	2,381	-	-	-	6,309,355
- Share margin financing	642,562	-	-	-	-	-	-	642,562
Total	82,941,487	8,215,827	5,513,948	3,353,863	20,879,873	24,629,910	1,305,315	146,840,223

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Bank 31 December 2012							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book									
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
Financial assets										
Cash and short-term funds	14,522,146	-	-	-	-	-	2,417,759	-	16,939,905	
Reverse repurchase agreements	2,196,418	1,649,896	564,668	752,915	-	-	15,829	-	5,179,726	
Deposits and placements with banks and other financial institutions	-	4,574,505	165,940	474,378	5,287,238	-	206,650	-	10,708,711	
Financial assets held for trading	-	-	-	-	-	-	-	17,626,483	17,626,483	
Financial investments available-for-sale (i)	762,319	240,174	355,683	698,348	5,967,480	12,117,110	1,138,333	-	21,279,447	
Financial investments held-to-maturity (i)	1,826,848	-	485,020	275,920	1,712,839	1,156,926	30,290	-	5,487,843	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,463,456	3,463,456	
- Hedging derivatives	-	4,599	1,269	897	204,501	270,830	-	-	482,096	
Loans, advances and financing (i)	80,808,324	9,587,827	2,168,479	697,424	8,122,304	6,701,725	-	-	108,086,083	
Other assets	-	-	80,493	55,000	110,153	-	1,146,634	-	1,392,280	
Amount due from subsidiaries	-	-	-	-	-	-	316,086	-	316,086	
Amount due from related companies	-	-	-	-	-	-	1,415,341	-	1,415,341	
Total financial assets	100,116,055	16,057,001	3,821,552	2,954,882	21,404,515	20,246,591	6,686,922	21,089,939	192,377,457	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Bank 31 December 2012						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	77,621,882	14,433,202	6,708,375	7,620,693	4,205,135	1,177,709	30,003,863	-	141,770,859
Deposits and placements of banks and other financial institutions	12,599,012	3,982,569	2,597,755	2,458,407	1,873,186	1,306,797	50,837	-	24,868,563
Repurchase agreements	765,987	999,326	254,866	752,915	-	-	10,314	-	2,783,408
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,401,607	3,401,607
- Hedging derivatives	-	-	-	11	107,102	274,203	-	-	381,316
Bills and acceptances payable	755,447	310,591	34,041	34	-	-	744,276	-	1,844,389
Bonds and debentures	-	-	185,468	-	1,068,320	-	13,979	-	1,267,767
Amount due to subsidiaries	-	-	-	-	-	-	70,522	-	70,522
Amount due to related company	-	-	-	-	-	-	22	-	22
Other liabilities	-	-	-	-	-	-	2,302,409	-	2,302,409
Other borrowing	-	-	-	-	182,042	-	161	-	182,203
Subordinated obligations	-	1,491,366	-	-	3,091,039	4,709,591	75,236	-	9,367,232
Total financial liabilities	91,742,328	21,217,054	9,780,505	10,832,060	10,526,824	7,468,300	33,271,619	3,401,607	188,240,297
Net interest sensitivity gap	8,373,727	(5,160,053)	(5,958,953)	(7,877,178)	10,877,691	12,778,291		17,688,332	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	1,297,977	-	1,297,977
Credit related commitments and contingencies	-	-	-	-	-	-	46,847,796	-	46,847,796
Treasury related commitments and contingencies (hedging)	-	-	-	720,000	24,785,033	447,411	-	-	25,952,444
Net interest sensitivity gap	-	-	-	720,000	24,785,033	447,411	48,145,773	-	74,098,217

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

Note	The Bank 31 December 2011							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←		Non-trading book			→				
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
Financial assets										
Cash and short-term funds	18,877,007	-	-	-	-	-	1,906,506	-	20,783,513	
Reverse repurchase agreements	2,110,638	1,259,057	-	580,483	-	-	6,881	-	3,957,059	
Deposits and placements with banks and other financial institutions	-	4,229,368	535,732	20,000	5,287,238	635,400	140,845	-	10,848,583	
Financial assets held for trading	-	-	-	-	-	-	-	9,471,491	9,471,491	
Financial investments available-for-sale (i)	154,113	502,578	1,065,359	822,981	4,341,489	5,292,536	1,020,530	-	13,199,586	
Financial investments held-to-maturity (i)	112,925	526,270	89,209	541,247	4,274,981	1,996,787	65,759	-	7,607,178	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,594,161	3,594,161	
- Hedging derivatives	-	-	-	-	192,212	294,551	-	-	486,763	
Loans, advances and financing (i)	70,962,303	6,517,005	1,573,651	955,514	10,921,490	8,292,395	-	-	99,222,358	
Other assets	-	-	81,135	55,000	-	110,153	1,074,037	-	1,320,325	
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	285	-	285	
Amount due from subsidiaries	-	-	-	-	-	-	456,073	-	456,073	
Amount due from related companies	-	-	-	-	-	-	1,671,621	-	1,671,621	
Total financial assets	92,216,986	13,034,278	3,345,086	2,975,225	25,017,410	16,621,822	6,342,537	13,065,652	172,618,996	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Bank 31 December 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	80,103,681	12,222,865	7,115,947	8,604,764	2,677,948	425,382	20,419,158	-	131,569,745
Deposits and placements of banks and other financial institutions	10,196,033	4,267,908	916,192	217,423	1,754,474	1,146,826	20,421	-	18,519,277
Repurchase agreements	-	-	502,010	580,485	-	-	544	-	1,083,039
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,328,646	3,328,646
- Hedging derivatives	5,580	22,699	9,585	-	11,285	400,381	-	-	449,530
Bills and acceptances payable	893,147	1,322,399	483,401	232	-	-	592,446	-	3,291,625
Amount due to subsidiaries	-	-	-	-	-	-	50,013	-	50,013
Other liabilities	-	-	-	-	-	-	2,336,637	-	2,336,637
Other borrowings	-	-	-	-	462,243	-	477	-	462,720
Subordinated obligations	-	-	-	-	4,648,529	3,212,009	70,270	-	7,930,808
Total financial liabilities	91,198,441	17,835,871	9,027,135	9,402,904	9,554,479	5,184,598	23,489,966	3,328,646	169,022,040
Net interest sensitivity gap	1,018,545	(4,801,593)	(5,682,049)	(6,427,679)	15,462,931	11,437,224		9,737,006	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	1,221,464	-	1,221,464
Credit related commitments and contingencies	-	-	-	-	-	-	44,545,488	-	44,545,488
Treasury related commitments and contingencies (hedging)	126,594	631,896	207,459	-	4,299,145	12,906,051	-	-	18,171,145
Net interest sensitivity gap	126,594	631,896	207,459	-	4,299,145	12,906,051	45,766,952	-	63,938,097

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

Note	The Bank 1 January 2011							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←		Non-trading book			→				
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
Financial assets										
Cash and short-term funds	10,636,001	-	-	-	-	-	2,275,192	-	12,911,193	
Reverse repurchase agreements	1,577,192	851,901	405	-	-	-	46,093	-	2,475,591	
Deposits and placements with banks and other financial institutions	-	8,934,436	1,526,721	5,360,967	-	138,758	123,100	-	16,083,982	
Financial assets held for trading	-	-	-	-	-	-	-	11,814,976	11,814,976	
Financial investments available-for-sale (i)	169,215	319,330	130,460	458,194	4,892,861	3,875,353	788,532	-	10,633,945	
Financial investments held-to-maturity (i)	192,304	299,014	299,580	313,920	4,493,397	2,480,985	1,951	-	8,081,151	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,063,865	3,063,865	
- Hedging derivatives	2,992	-	1,343	5,384	117,673	71,277	-	-	198,669	
Loans, advances and financing (i)	66,423,966	3,748,096	1,281,299	379,763	8,119,079	10,864,346	-	-	90,816,549	
Other assets	-	-	81,756	-	256,219	111,018	1,157,536	-	1,606,529	
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	340	-	340	
Amount due from subsidiaries	-	-	-	-	-	-	84,317	-	84,317	
Amount due from related companies	-	-	-	-	-	-	2,239,775	-	2,239,775	
Total financial assets	79,001,670	14,152,777	3,321,564	6,518,228	17,879,229	17,541,737	6,716,836	14,878,841	160,010,882	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Bank 1 January 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	70,811,728	12,147,209	5,697,324	7,636,253	3,401,307	395,910	21,463,338	-	121,553,069
Deposits and placements of banks and other financial institutions	8,883,802	5,210,410	1,696,456	1,443,925	1,049,051	185,010	-	-	18,468,654
Repurchase agreements	-	33,087	-	-	-	-	-	-	33,087
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,208,589	3,208,589
- Hedging derivatives	-	-	-	-	11,963	203,263	-	-	215,226
Bills and acceptances payable	613,886	902,580	273,847	-	-	-	462,409	-	2,252,722
Amount due to Caemas Berhad	-	45,416	62,107	-	-	-	-	-	107,523
Amount due to subsidiaries	-	-	-	-	-	-	310,381	-	310,381
Amount due to related company	-	-	-	-	-	-	841	-	841
Other liabilities	-	-	-	-	-	-	2,530,544	-	2,530,544
Subordinated obligations	-	-	-	-	3,212,634	2,946,447	-	-	6,159,081
Total financial liabilities	80,309,416	18,338,702	7,729,734	9,080,178	7,674,955	3,730,630	24,767,513	3,208,589	154,839,717
Net interest sensitivity gap	(1,307,746)	(4,185,925)	(4,408,170)	(2,561,950)	10,204,274	13,811,107		11,670,252	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	898,403	-	898,403
Credit related commitments and contingencies	-	-	-	-	-	-	41,385,026	-	41,385,026
Treasury related commitments and contingencies (hedging)	600,000	-	300,000	65,611	3,387,200	12,400,000	-	-	16,752,811
Net interest sensitivity gap	600,000	-	300,000	65,611	3,387,200	12,400,000	42,283,429	-	59,036,240

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows:

	The Bank 31 December 2012							Total RM'000
	←	Non-trading book					→	
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
Financial investments available-for-sale								
- Money market instruments	310,000	-	246,784	425,727	663,029	2,766,886	31,200	4,443,626
- Quoted securities	289	-	-	-	-	-	-	289
- Unquoted securities	452,030	240,174	108,899	272,621	5,304,451	9,350,224	1,107,133	16,835,532
Financial investments held-to-maturity								
- Money market instruments	744,545	-	-	-	4,952	20,380	281	770,158
- Unquoted securities	1,082,303	-	485,020	275,920	1,707,887	1,136,546	30,009	4,717,685
Loans, advances and financing								
- Overdrafts	3,948,883	-	-	-	-	-	-	3,948,883
- Term loans/financing	63,994,554	7,144,937	1,190,388	682,817	8,122,304	6,701,725	-	87,836,725
- Bills receivable	696,355	244,421	107,118	1,322	-	-	-	1,049,216
- Trust receipts	226,999	232,575	108,620	-	-	-	-	568,194
- Claim on customers under acceptance credit	1,239,062	1,375,849	697,097	1,822	-	-	-	3,313,830
- Credit card receivables	4,383,197	-	-	-	-	-	-	4,383,197
- Revolving credit	5,662,643	590,045	65,256	11,463	-	-	-	6,329,407
- Share margin financing	656,631	-	-	-	-	-	-	656,631
Total	83,397,491	9,828,001	3,009,182	1,671,692	15,802,623	19,975,761	1,168,623	134,853,373

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows (Continued):

	The Bank 31 December 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	122,206	-	-	200,901	1,856,652	585,309	7,387	2,772,455
- Quoted securities	-	-	-	-	-	-	189	189
- Unquoted securities	31,907	502,578	1,065,359	622,080	2,484,837	4,707,227	1,012,954	10,426,942
Financial investments held-to-maturity								
- Money market instruments	-	-	-	-	495,062	-	21,983	517,045
- Unquoted securities	112,925	526,270	89,209	541,247	3,779,919	1,996,787	43,776	7,090,133
Loans, advances and financing								
- Overdrafts	4,351,416	-	-	-	-	-	-	4,351,416
- Term loans/financing	55,746,885	4,454,522	420,531	711,073	10,921,490	8,286,472	-	80,540,973
- Bills receivable	340,272	236,674	131,442	429	-	-	-	708,817
- Trust receipts	373,056	39,681	32,918	-	-	-	-	445,655
- Claim on customers under acceptance credit	1,052,491	1,399,972	570,307	1,816	-	-	-	3,024,586
- Credit card receivables	4,407,952	-	-	-	-	-	-	4,407,952
- Revolving credit	4,192,962	386,156	418,453	242,196	-	5,923	-	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	497,269
Total	71,229,341	7,545,853	2,728,219	2,319,742	19,537,960	15,581,718	1,086,289	120,029,122

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows (Continued):

	The Bank 1 January 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	-	-	22,383	1,984,081	308,439	-	2,314,903
- Quoted securities	-	-	-	-	-	-	463	463
- Unquoted securities	169,215	319,330	130,460	435,811	2,908,780	3,566,914	788,069	8,318,579
Financial investments held-to-maturity								
- Money market instruments	-	-	-	149,979	4,890	-	-	154,869
- Unquoted securities	192,304	299,014	299,580	163,941	4,488,507	2,480,985	1,951	7,926,282
Loans, advances and financing								
- Overdrafts	4,618,705	-	-	-	-	-	-	4,618,705
- Term loans/financing	50,103,236	2,147,261	510,521	355,181	8,119,079	10,864,346	-	72,099,624
- Bills receivable	190,737	98,416	167,362	17,270	-	-	-	473,785
- Trust receipts	367,082	18,593	28,516	4,393	-	-	-	418,584
- Claim on customers under acceptance credit	1,244,308	1,446,119	568,481	2,919	-	-	-	3,261,827
- Credit card receivables	4,074,605	7,870	6,419	-	-	-	-	4,088,894
- Revolving credit	5,201,546	29,837	-	-	-	-	-	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	623,747
Total	66,785,485	4,366,440	1,711,339	1,151,877	17,505,337	17,220,684	790,483	109,531,645

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group and the Bank's banking book to movement in interest rates:

	The Group			
	31 December 2012		31 December 2011	
	+ 100 basis point	-100 basis point	+ 100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	(97,443)	97,443	(106,503)	106,503

	The Bank			
	31 December 2012		31 December 2011	
	+ 100 basis point	-100 basis point	+ 100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	(15,784)	15,784	(72,556)	72,556

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group and the Bank's banking book to movement in interest rates:

	The Group			
	31 December 2012		31 December 2011	
	+ 100 basis point RM'000	-100 basis point RM'000	+ 100 basis point RM'000	-100 basis point RM'000
Impact to revaluation reserve-financial investments available-for-sale	(1,362,118)	1,362,118	(652,119)	652,119

	The Bank			
	31 December 2012		31 December 2011	
	+ 100 basis point RM'000	-100 basis point RM'000	+ 100 basis point RM'000	-100 basis point RM'000
Impact to revaluation reserve-financial investments available-for-sale	(1,161,900)	1,161,900	(573,258)	573,258

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manage its exposure to foreign exchange currencies at each entity level.

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank:

	The Group 31 December 2012									Total non- MYR	Grand total
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	MYR RM'000	RM'000
Financial assets											
Cash and short-term funds	15,894,881	24,664	291,235	560,477	3,789,770	168,218	889,143	508,957	851,531	7,083,995	22,978,876
Reverse repurchase agreements	4,237,895	-	200,060	533,845	407,986	-	-	-	-	1,141,891	5,379,786
Deposits and placements with banks and other financial institutions	638,044	-	54,710	476,738	2,302,155	50,405	99,298	-	115,670	3,098,976	3,737,020
Financial assets held for trading											
- Money market instruments	12,420,810	-	9,981	3,525,742	102,211	-	-	-	-	3,637,934	16,058,744
- Quoted securities	567,207	-	330,052	21,193	394,388	7,088	-	-	12,462	765,183	1,332,390
- Unquoted securities	4,543,246	338	-	582,251	1,569,075	16,660	-	-	45,508	2,213,832	6,757,078
Financial investments available-for-sale											
- Money market instruments	5,382,129	104,099	-	-	157,644	-	49,397	-	-	311,140	5,693,269
- Quoted securities	-	-	1,490,509	289	-	-	-	-	-	1,490,798	1,490,798
- Unquoted securities	13,810,180	51,841	80,671	548,141	3,591,245	59,950	-	-	311,895	4,643,743	18,453,923
Financial investments held-to-maturity											
- Money market instruments	25,613	-	-	491,634	252,911	-	-	-	-	744,545	770,158
- Quoted securities	-	-	2,208,994	-	-	-	-	-	-	2,208,994	2,208,994
- Unquoted securities	4,305,264	-	690	1,082,303	-	-	-	-	-	1,082,993	5,388,257
Derivative financial instruments											
- Trading derivatives	2,248,072	16,482	87,436	52,686	1,230,193	24,180	108	7,569	61,070	1,479,724	3,727,796
- Hedging derivatives	73,189	-	-	3,070	142,515	-	637	-	9,103	155,325	228,514
Loans, advances and financing											
- Overdrafts	4,292,519	-	706,817	99,071	100,772	-	-	-	40	906,700	5,199,219
- Term loans/financing	101,848,658	-	8,928,373	8,174,575	6,435,967	392,526	1,657,128	156,514	504,661	26,249,744	128,098,402
- Bills receivable	27,997	-	2,502,400	81,905	875,615	-	-	9,955	106,322	3,576,197	3,604,194
- Trust receipts	321,381	-	1,288,497	59,563	478,087	-	2,926	3,592	26,048	1,858,713	2,180,094
- Claim on customers under acceptance credit	3,640,506	-	313	-	-	-	-	-	-	313	3,640,819
- Credit card receivables	3,848,908	-	-	630,600	-	-	-	-	-	630,600	4,479,508
- Revolving credit	4,950,672	-	63,779	951,582	1,337,240	17,862	450,070	-	26,438	2,846,971	7,797,643
- Share margin financing	691,687	-	-	-	-	-	-	-	-	-	691,687
Other assets	1,119,677	-	247,958	116,505	314,214	-	3,938	259	2,187	685,061	1,804,738
Amount due from holding company and ultimate holding company	28,853	-	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,417,581	17	91	1	17	-	-	-	42	168	1,417,749
	186,334,969	197,441	18,492,566	17,992,171	23,482,005	736,889	3,152,645	686,846	2,072,977	66,813,540	253,148,509

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Group 31 December 2012											
MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000	
Financial liabilities											
Deposits from customers	149,363,323	18	13,175,534	11,938,848	19,304,913	606,924	854,156	182,961	1,486,823	47,550,177	196,913,500
Deposits and placements of banks and other financial institutions	6,577,225	-	447,367	4,760,936	7,820,216	418,945	632,640	154,141	819,902	15,054,147	21,631,372
Repurchase agreements	2,017,421	-	300,091	765,987	-	-	-	-	-	1,066,078	3,083,499
Derivatives financial instruments											
- Trading derivatives	2,084,979	17,140	101,001	102,921	1,207,820	22,034	39	3,155	75,933	1,530,043	3,615,022
- Hedging derivatives	253,637	-	1,356	2,334	103,768	-	3,043	-	7,146	117,647	371,284
Bills and acceptances payable	1,797,735	-	1,450,604	45,313	1,413	-	16	-	-	1,497,346	3,295,081
Amount due to related companies	21,659	-	2,372	-	1,321	-	-	-	-	3,693	25,352
Other liabilities	2,063,659	59	178,513	297,770	92,181	1,043	1,585	1,099	3,100	575,350	2,639,009
Other borrowings	182,203	-	-	-	-	-	-	-	-	-	182,203
Bonds and debentures	-	-	777,642	-	1,079,268	-	-	-	188,499	2,045,409	2,045,409
Subordinated obligations	9,525,260	-	594,612	-	-	-	-	-	-	594,612	10,119,872
Redeemable preference shares	703,724	-	-	-	-	-	-	-	-	-	703,724
	174,590,825	17,217	17,029,092	17,914,109	29,610,900	1,048,946	1,491,479	341,356	2,581,403	70,034,502	244,625,327
Financial guarantees											
	807,775	-	85,994	167,252	229,153	-	138,279	5,359	183,248	809,285	1,617,060
Credit related commitments and contingencies	42,476,159	164,148	906,641	5,773,859	2,995,397	1,362	282,614	98,114	356,101	10,578,236	53,054,395
	43,283,934	164,148	992,635	5,941,111	3,224,550	1,362	420,893	103,473	539,349	11,387,521	54,671,455

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

	The Group 31 December 2011									Total non-	Grand total
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	MYR RM'000	RM'000
Financial assets											
Cash and short-term funds	22,415,541	17,564	340,760	589,248	3,420,837	39,370	371,105	133,899	913,299	5,826,082	28,241,623
Reverse repurchase agreements	3,426,951	-	-	120,704	409,404	-	-	-	-	530,108	3,957,059
Deposits and placements with banks and other financial institutions	2,174,607	-	59,649	293	1,770,164	-	-	-	41,152	1,871,258	4,045,865
Financial assets held for trading											
- Money market instruments	5,283,429	34,806	-	2,933,501	59,538	-	-	-	-	3,027,845	8,311,274
- Quoted securities	511,074	-	224,004	5,875	312,379	1,303	-	421	4,916	548,898	1,059,972
- Unquoted securities	1,794,170	49,605	-	456,639	956,036	-	-	-	-	1,462,280	3,256,450
Financial investments available-for-sale											
- Money market instruments	3,106,918	-	-	-	183,532	-	-	-	-	183,532	3,290,450
- Quoted securities	-	-	1,146,649	189	-	-	-	-	-	1,146,838	1,146,838
- Unquoted securities	9,495,693	180,493	82,802	8,129	1,205,957	28,863	-	-	296,269	1,802,513	11,298,206
Financial investments held-to-maturity											
- Money market instruments	30,712	-	-	235,834	254,308	-	-	-	-	490,142	520,854
- Quoted securities	-	-	1,835,931	-	-	-	-	-	-	1,835,931	1,835,931
- Unquoted securities	6,413,299	-	21,552	1,085,214	295,368	-	-	-	-	1,402,134	7,815,433
Derivative financial instruments											
- Trading derivatives	2,706,168	-	167,050	35,175	873,327	10,071	3,430	696	115,124	1,204,873	3,911,041
- Hedging derivatives	116,243	-	-	-	108,093	-	-	-	-	108,093	224,336
Loans, advances and financing											
- Overdrafts	4,617,408	-	659,887	92,541	40,176	-	-	-	-	792,604	5,410,012
- Term loans/financing	95,771,984	-	7,336,937	6,887,768	3,788,808	414,390	510,634	187,514	491,922	19,617,973	115,389,957
- Bills receivable	692,274	-	2,725,984	8,443	141,830	-	2,253	79	11,606	2,890,195	3,582,469
- Trust receipts	366,039	-	364,320	35,671	329,897	-	132	2,257	12,147	744,424	1,110,463
- Claim on customers under acceptance credit	3,242,956	-	4,972	-	628	-	-	-	-	5,600	3,248,556
- Credit card receivables	4,068,576	-	-	436,002	-	-	-	-	-	436,002	4,504,578
- Revolving credit	4,082,527	-	54,618	449,992	744,120	-	367,137	-	15,264	1,631,131	5,713,658
- Share margin financing	497,270	-	52,712	-	-	-	-	-	-	52,712	549,982
Other assets	1,177,385	-	148,789	64,401	323,179	2,415	466	248	15,141	554,639	1,732,024
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	-	-	-	29,138
Amount due from related companies	1,672,067	17	180	970	380	4	83	-	47	1,681	1,673,748
	173,692,429	282,485	15,226,796	13,446,589	15,217,961	496,416	1,255,240	325,114	1,916,887	48,167,488	221,859,917

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

		The Group 31 December 2011								Total non-	Grand total
		IDR	THB	SGD	USD	AUD	GBP	JPY	Others	MYR	RM'000
MYR	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities											
Deposits from customers	142,239,249	20	10,232,198	9,330,377	11,512,876	450,581	280,888	138,116	2,293,711	34,238,767	176,478,016
Deposits and placements of banks and other financial institutions	4,121,920	-	150,413	3,802,271	4,047,821	374,023	776,488	2,877	597,600	9,751,493	13,873,413
Repurchase agreements	581,028	-	-	502,011	-	-	-	-	-	502,011	1,083,039
Derivatives financial instruments											
- Trading derivatives	2,439,479	-	151,880	39,204	878,179	11,902	3,339	813	119,850	1,205,167	3,644,646
- Hedging derivatives	398,343	-	1,806	-	41,492	-	-	-	1,502	44,800	443,143
Bills and acceptances payable	3,219,430	-	3,479,785	72,196	75	-	16	-	-	3,552,072	6,771,502
Amount due to related companies	3,962	-	2,472	-	10	-	-	-	-	2,482	6,444
Other liabilities	1,847,382	649	208,266	388,883	220,049	576	1,928	86	24,228	844,665	2,692,047
Other borrowings	462,720	-	-	-	-	-	-	-	-	-	462,720
Subordinated obligations	7,734,969	-	375,252	-	133,734	-	-	-	-	508,986	8,243,955
Redeemable preference shares	741,429	-	-	-	-	-	-	-	-	-	741,429
	163,789,911	669	14,602,072	14,134,942	16,834,236	837,082	1,062,659	141,892	3,036,891	50,650,443	214,440,354
Financial guarantees	808,853	1,013	54,100	96,956	121,531	-	66,155	6,004	176,045	521,804	1,330,657
Credit related commitments and contingencies	38,964,509	45,306	775,680	2,963,983	4,486,880	210,789	192,184	57,248	618,630	9,350,700	48,315,209
	39,773,362	46,319	829,780	3,060,939	4,608,411	210,789	258,339	63,252	794,675	9,872,504	49,645,866

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

	The Group 1 January 2011									Total non-MYR	Grand total
MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000		RM'000	RM'000
Financial assets											
Cash and short-term funds	14,886,946	13,744	305,406	64,120	4,496,843	237,292	40,420	136,274	666,944	5,961,043	20,847,989
Reverse repurchase agreements	2,380,468	-	1,014,376	10,901	99,169	-	-	-	-	1,124,446	3,504,914
Deposits and placements with banks and other financial institutions	4,520,651	-	60,687	-	3,974,689	125,661	383,508	-	576,195	5,120,740	9,641,391
Financial assets held for trading											
- Money market instruments	8,250,199	-	-	2,061,253	123,158	-	-	-	-	2,184,411	10,434,610
- Quoted securities	856,015	-	13,904	66,202	258,821	3,126	-	195	22,217	364,465	1,220,480
- Unquoted securities	1,411,214	44,531	-	551,839	796,237	-	-	-	-	1,392,607	2,803,821
Financial investments available-for-sale											
- Money market instruments	2,515,967	-	-	-	-	-	-	-	-	-	2,515,967
- Quoted securities	-	-	860,063	463	-	-	-	-	-	860,526	860,526
- Unquoted securities	8,299,326	90,186	27,424	775	435,907	-	-	-	146,643	700,935	9,000,261
Financial investments held-to-maturity											
- Money market instruments	154,869	-	-	-	-	-	-	-	-	-	154,869
- Quoted securities	-	-	999,621	-	154,859	-	-	-	-	1,154,480	1,154,480
- Unquoted securities	7,594,718	-	76,641	759,550	471,169	-	-	-	-	1,307,360	8,902,078
Derivative financial instruments											
- Trading derivatives	2,374,122	-	182,447	17,852	749,445	8	297	1,515	36,678	988,242	3,362,364
- Hedging derivatives	47,023	-	-	-	91,504	-	-	-	-	91,504	138,527
Loans, advances and financing											
- Overdrafts	4,840,937	-	612,490	89,700	-	-	-	-	-	702,190	5,543,127
- Term loans/financing	85,130,509	-	6,198,864	4,444,400	4,197,952	172,917	72,489	179,643	333,282	15,599,547	100,730,056
- Bills receivable	412,951	-	1,860,582	64,260	128,985	-	563	883	3,615	2,058,888	2,471,839
- Trust receipts	405,709	-	189,779	12,230	311,408	-	1,939	5,496	9,048	529,900	935,609
- Claim on customers under acceptance credit	3,438,535	-	5,142	286	-	-	-	-	-	5,428	3,443,963
- Credit card receivables	3,885,531	-	-	290,000	-	-	-	-	-	290,000	4,175,531
- Revolving credit	4,726,893	-	51,401	463,757	886,307	-	175,114	-	5,883	1,582,462	6,309,355
- Share margin financing	623,747	-	18,815	-	-	-	-	-	-	18,815	642,562
Other assets	1,189,165	2,573	58,624	63,942	360,458	1,307	4,655	253	9,131	500,943	1,690,108
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	-	-	-	29,193
Amount due from related companies	2,244,646	11,942	-	453	2,322	-	-	-	-	14,717	2,259,363
	160,219,334	162,976	12,536,266	8,961,983	17,539,233	540,311	678,985	324,259	1,809,636	42,553,649	202,772,983

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Group 1 January 2011											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Financial liabilities											
Deposits from customers	127,137,684	20	9,653,079	7,669,357	12,972,435	350,830	365,064	159,852	1,332,376	32,503,013	159,640,697
Deposits and placements of banks and other financial institutions	7,487,361	-	210,436	1,922,053	4,442,748	138,861	354,879	1,712	94,385	7,165,074	14,652,435
Repurchase agreements	-	-	-	-	33,087	-	-	-	-	33,087	33,087
Derivatives financial instruments											
- Trading derivatives	2,502,906	-	131,617	53,796	713,721	1,545	70	200	57,227	958,176	3,461,082
- Hedging derivatives	204,090	-	2,626	-	43,342	-	-	-	-	45,968	250,058
Bills and acceptances payable	2,231,859	-	1,824,890	20,053	809	-	-	-	-	1,845,752	4,077,611
Amount due to Cagamas Berhad	107,523	-	-	-	-	-	-	-	-	-	107,523
Amount due to related companies	449	-	-	-	6,302	-	-	-	-	6,302	6,751
Other liabilities	2,553,815	6	197,794	113,902	163,837	2,449	3,563	717	5,283	487,551	3,041,366
Other borrowings	-	-	-	-	925,050	-	-	-	-	925,050	925,050
Bonds	-	-	-	-	423,982	-	-	-	-	423,982	423,982
Subordinated obligations	5,747,405	-	66,240	-	284,624	-	-	-	-	350,864	6,098,269
Redeemable preference shares	706,879	-	-	-	-	-	-	-	-	-	706,879
	148,679,971	26	12,086,682	9,779,161	20,009,937	493,685	723,576	162,481	1,489,271	44,744,819	193,424,790
Financial guarantees	840,971	1,405	92,367	25	68,161	563	49,340	-	169,724	381,585	1,222,556
Credit related commitments and contingencies	36,855,638	44,539	775,643	2,142,432	5,107,624	159,235	228,348	140,995	596,823	9,195,639	46,051,277
	37,696,609	45,944	868,010	2,142,457	5,175,785	159,798	277,688	140,995	766,547	9,577,224	47,273,833

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Bank 31 December 2012											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Financial assets											
Cash and short-term funds	10,938,799	24,050	12,879	557,015	3,039,546	165,458	886,505	504,343	811,310	6,001,106	16,939,905
Reverse repurchase agreements	4,237,895	-	-	533,845	407,986	-	-	-	-	941,831	5,179,726
Deposits and placements with banks and other financial institutions	7,870,528	-	-	476,436	2,096,374	50,405	99,298	-	115,670	2,838,183	10,708,711
Financial assets held for trading											
- Money market instruments	6,752,467	-	9,981	3,525,742	102,211	-	-	-	-	3,637,934	10,390,401
- Quoted securities	567,206	-	-	21,193	394,388	7,088	-	-	12,462	435,131	1,002,337
- Unquoted securities	4,088,198	338	-	582,251	1,500,790	16,660	-	-	45,508	2,145,547	6,233,745
Financial investments available-for-sale											
- Money market instruments	4,166,749	104,099	-	-	123,381	-	49,397	-	-	276,877	4,443,626
- Quoted securities	-	-	-	289	-	-	-	-	-	289	289
- Unquoted securities	12,266,709	51,841	76,514	547,289	3,521,394	59,950	-	-	311,835	4,568,823	16,835,532
Financial investments held-to-maturity											
- Money market instruments	25,613	-	-	491,634	252,911	-	-	-	-	744,545	770,158
- Unquoted securities	3,635,382	-	-	1,082,303	-	-	-	-	-	1,082,303	4,717,685
Derivative financial instruments											
- Trading derivatives	2,164,283	1,858	25,221	52,679	1,176,628	15,307	108	6,261	21,111	1,299,173	3,463,456
- Hedging derivatives	326,771	-	-	3,070	142,515	-	637	-	9,103	155,325	482,096
Loans, advances and financing											
- Overdrafts	3,845,483	-	-	99,071	4,289	-	-	-	40	103,400	3,948,883
- Term loans/financing	70,929,429	-	-	8,174,575	6,021,892	392,526	1,657,128	156,514	504,661	16,907,296	87,836,725
- Bills receivable	24,233	-	-	81,905	830,484	-	-	9,955	102,639	1,024,983	1,049,216
- Trust receipts	288,360	-	-	59,128	203,278	-	2,548	338	14,542	279,834	568,194
- Claim on customers under acceptance credit	3,313,830	-	-	-	-	-	-	-	-	-	3,313,830
- Credit card receivables	3,752,597	-	-	630,600	-	-	-	-	-	630,600	4,383,197
- Revolving credit	3,575,902	-	-	951,582	1,307,553	17,862	450,070	-	26,438	2,753,505	6,329,407
- Share margin financing	656,631	-	-	-	-	-	-	-	-	-	656,631
Other assets	994,766	-	206	116,491	274,534	-	3,936	163	2,184	397,514	1,392,280
Amount due from subsidiaries	310,496	-	-	-	5,524	-	66	-	-	5,590	316,086
Amount due from related companies	1,415,281	17	-	1	-	-	-	-	42	60	1,415,341
	146,147,608	182,203	124,801	17,987,099	21,405,678	725,256	3,149,693	677,574	1,977,545	46,229,849	192,377,457
Financial liabilities											
Deposits from customers	114,995,935	-	10,836	11,673,704	12,040,704	606,692	791,071	181,288	1,470,629	26,774,924	141,770,859
Deposits and placements of banks and other financial institutions	5,042,194	-	-	5,025,262	12,732,678	418,945	692,312	152,788	804,384	19,826,369	24,868,563
Repurchase agreements	2,017,421	-	-	765,987	-	-	-	-	-	765,987	2,783,408
Derivatives financial instruments											
- Trading derivatives	2,033,123	17,140	30,438	102,726	1,156,763	13,159	35	2,325	45,898	1,368,484	3,401,607
- Hedging derivatives	266,301	-	-	2,334	102,492	-	3,043	-	7,146	115,316	381,316
Bills and acceptances payable	1,797,735	-	-	45,313	1,341	-	-	-	-	46,654	1,844,389
Amount due to subsidiaries	70,522	-	-	-	-	-	-	-	-	-	70,522
Amount due to related companies	22	-	-	-	-	-	-	-	-	-	22
Other liabilities	1,980,495	59	1,187	297,446	16,634	895	1,585	1,098	3,010	321,914	2,302,409
Other borrowings	182,203	-	-	-	-	-	-	-	-	-	182,203
Bonds and debentures	-	-	-	-	1,079,268	-	-	-	188,499	1,267,767	1,267,767
Subordinated notes	8,663,508	-	-	-	703,724	-	-	-	-	703,724	9,367,232
	137,049,459	17,199	42,461	17,912,772	27,833,604	1,039,691	1,488,046	337,499	2,519,566	51,190,838	188,240,297
Financial guarantees	612,715	-	-	167,252	191,286	-	138,117	5,359	183,248	685,262	1,297,977
Credit related commitments and contingencies	37,710,739	164,148	46	5,773,845	2,520,006	1,362	282,614	90,483	304,553	9,137,057	46,847,796
	38,323,454	164,148	46	5,941,097	2,711,292	1,362	420,731	95,842	487,801	9,822,319	48,145,773

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Bank 31 December 2011											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Financial assets											
Cash and short-term funds	16,133,649	17,315	5,533	581,222	2,627,113	34,863	366,113	129,309	888,396	4,649,864	20,783,513
Reverse repurchase agreements	3,426,951	-	-	120,704	409,404	-	-	-	-	530,108	3,957,059
Deposits and placements with banks and other financial institutions	9,484,883	-	-	-	1,322,564	-	-	-	41,136	1,363,700	10,848,583
Financial assets held for trading											
- Money market instruments	2,700,841	34,806	-	2,933,501	59,538	-	-	-	-	3,027,845	5,728,686
- Quoted securities	511,073	-	-	5,875	312,376	1,303	-	421	4,838	324,813	835,886
- Unquoted securities	1,634,629	49,605	-	456,639	766,046	-	-	-	-	1,272,290	2,906,919
Financial investments available-for-sale											
- Money market instruments	2,622,620	-	-	-	149,835	-	-	-	-	149,835	2,772,455
- Quoted securities	-	-	-	189	-	-	-	-	-	189	189
- Unquoted securities	8,760,107	180,493	77,332	7,571	1,076,367	28,863	-	-	296,209	1,666,835	10,426,942
Financial investments held-to-maturity											
- Money market instruments	26,903	-	-	235,834	254,308	-	-	-	-	490,142	517,045
- Unquoted securities	5,709,551	-	-	1,085,214	295,368	-	-	-	-	1,380,582	7,090,133
Derivative financial instruments											
- Trading derivatives	2,569,263	-	26,138	35,144	859,495	10,071	3,430	536	90,084	1,024,898	3,594,161
- Hedging derivatives	378,670	-	-	-	108,093	-	-	-	-	108,093	486,763
Loans, advances and financing											
- Overdrafts	4,258,554	-	-	92,541	321	-	-	-	-	92,862	4,351,416
- Term loans/financing	68,643,930	-	-	6,887,768	3,404,815	414,390	510,634	187,514	491,922	11,897,043	80,540,973
- Bills receivable	689,693	-	-	611	9,728	-	2,025	-	6,760	19,124	708,817
- Trust receipts	332,267	-	-	35,623	68,397	-	-	120	9,248	113,388	445,655
- Claim on customers under acceptance credit	3,024,586	-	-	-	-	-	-	-	-	3,024,586	3,024,586
- Credit card receivables	3,971,950	-	-	436,002	-	-	-	-	-	436,002	4,407,952
- Revolving credit	3,699,943	-	-	449,992	713,354	-	367,137	-	15,264	1,545,747	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	-	-	-	497,269
Other assets	948,446	-	10	64,387	289,328	2,413	461	189	15,091	371,879	1,320,325
Amount due from holding company and ultimate holding company	285	-	-	-	-	-	-	-	-	-	285
Amount due from subsidiaries	405,087	-	-	4	50,917	-	65	-	-	50,986	456,073
Amount due from related companies	1,670,380	17	120	970	-	4	83	-	47	1,241	1,671,621
	142,101,530	282,236	109,133	13,429,791	12,777,367	491,907	1,249,948	318,089	1,858,995	30,517,466	172,618,996
Financial liabilities											
Deposits from customers	113,586,185	-	5,323	8,797,130	6,041,282	450,220	270,659	138,096	2,280,850	17,983,560	131,569,745
Deposits and placements of banks and other financial institutions	3,942,355	-	-	4,329,647	8,500,161	374,023	784,559	-	588,532	14,576,922	18,519,277
Repurchase agreements	581,028	-	-	502,011	-	-	-	-	-	502,011	1,083,039
Derivatives financial instruments											
- Trading derivatives	2,308,560	-	24,321	39,147	844,250	11,902	3,339	567	96,560	1,020,086	3,328,646
- Hedging derivatives	406,956	-	-	-	41,072	-	-	-	1,502	42,574	449,530
Bills and acceptances payable	3,219,429	-	-	72,196	-	-	-	-	-	72,196	3,291,625
Amount due to subsidiaries	50,013	-	-	-	-	-	-	-	-	-	50,013
Other liabilities	1,740,357	649	4,602	388,665	175,692	550	1,928	86	24,108	596,280	2,336,637
Other borrowings	462,720	-	-	-	-	-	-	-	-	-	462,720
Subordinated notes	7,189,379	-	-	-	741,429	-	-	-	-	741,429	7,930,808
	133,486,982	649	34,246	14,128,796	16,343,886	836,695	1,060,485	138,749	2,991,552	35,535,058	169,022,040
Financial guarantees	780,366	1,013	-	96,956	95,621	-	65,995	6,004	175,509	441,098	1,221,464
Credit related commitments and contingencies	36,626,168	45,306	928	2,963,844	3,934,187	210,713	192,184	37,581	534,577	7,919,320	44,545,488
	37,406,534	46,319	928	3,060,800	4,029,808	210,713	258,179	43,585	710,086	8,360,418	45,766,952

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Bank 1 January 2011											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Financial assets											
Cash and short-term funds	9,453,889	13,620	3,674	57,093	2,327,399	233,174	38,559	132,525	651,260	3,457,304	12,911,193
Reverse repurchase agreements	2,380,469	-	-	10,901	84,221	-	-	-	-	95,122	2,475,591
Deposits and placements with banks and other financial institutions	11,479,429	-	-	-	3,520,552	125,661	383,508	-	574,832	4,604,553	16,083,982
Financial assets held for trading											
- Money market instruments	6,035,785	-	-	2,061,253	123,158	-	-	-	-	2,184,411	8,220,196
- Quoted securities	855,984	-	-	66,202	258,819	3,126	-	195	22,123	350,465	1,206,449
- Unquoted securities	1,282,532	44,531	-	551,839	509,429	-	-	-	-	1,105,799	2,388,331
Financial investments available-for-sale											
- Money market instruments	2,314,903	-	-	-	-	-	-	-	-	-	2,314,903
- Quoted securities	-	-	-	463	-	-	-	-	-	463	463
- Unquoted securities	7,829,730	90,186	-	230	251,850	-	-	-	146,583	488,849	8,318,579
Financial investments held-to-maturity											
- Money market instruments	154,869	-	-	-	-	-	-	-	-	-	154,869
- Unquoted securities	6,676,627	-	-	759,550	490,105	-	-	-	-	1,249,655	7,926,282
Derivative financial instruments											
- Trading derivatives	2,234,571	-	26,391	17,741	764,679	8	297	891	19,287	829,294	3,063,865
- Hedging derivatives	107,163	-	-	-	91,506	-	-	-	-	91,506	198,669
Loans, advances and financing											
- Overdrafts	4,529,005	-	-	89,700	-	-	-	-	-	89,700	4,618,705
- Term loans/financing	63,549,823	-	-	4,444,400	3,357,617	172,917	72,489	179,643	322,735	8,549,801	72,099,624
- Bills receivable	410,715	-	-	63,070	-	-	-	-	-	63,070	473,785
- Trust receipts	350,738	-	-	12,230	49,964	-	-	2,751	2,901	67,846	418,584
- Claim on customers under acceptance credit	3,261,541	-	-	286	-	-	-	-	-	286	3,261,827
- Credit card receivables	3,798,894	-	-	290,000	-	-	-	-	-	290,000	4,088,894
- Revolving credit	4,400,805	-	-	463,757	185,824	-	175,114	-	5,883	830,578	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	-	-	-	623,747
Other assets	1,145,453	2,573	-	63,875	379,323	1,300	4,648	228	9,129	461,076	1,606,529
Amount due from holding company and ultimate holding company	340	-	-	-	-	-	-	-	-	-	340
Amount due from subsidiaries	83,169	-	-	-	1,148	-	-	-	-	1,148	84,317
Amount due from related companies	2,237,369	-	-	453	1,953	-	-	-	-	2,406	2,239,775
	135,197,550	150,910	30,065	8,953,043	12,397,547	536,186	674,615	316,233	1,754,733	24,813,332	160,010,882
Financial liabilities											
Deposits from customers	104,656,114	-	2,285	7,204,811	7,520,904	350,375	342,210	159,372	1,316,998	16,896,955	121,553,069
Deposits and placements of banks and other financial institutions	7,212,208	-	-	1,922,053	8,772,343	138,547	353,049	-	70,454	11,256,446	18,468,654
Repurchase agreements	-	-	-	-	33,087	-	-	-	-	33,087	33,087
Derivatives financial instruments											
- Trading derivatives	2,366,432	-	29,075	53,739	724,021	1,545	70	179	33,528	842,157	3,208,589
- Hedging derivatives	215,226	-	-	-	-	-	-	-	-	-	215,226
Bills and acceptances payable	2,231,860	-	-	20,053	809	-	-	-	-	20,862	2,252,722
Amount due to Cagamas Berhad	107,523	-	-	-	-	-	-	-	-	-	107,523
Amount due to subsidiaries	310,381	-	-	-	-	-	-	-	-	-	310,381
Amount due to related companies	833	-	8	-	-	-	-	-	-	8	841
Other liabilities	2,330,870	6	866	113,861	72,986	2,421	3,561	717	5,256	199,674	2,530,544
Subordinated obligations	5,452,202	-	-	-	706,879	-	-	-	-	706,879	6,159,081
	124,883,649	6	32,234	9,314,517	17,831,029	492,888	698,890	160,268	1,426,236	29,956,068	154,839,717
Financial guarantees	669,804	1,405	-	25	7,869	563	49,340	-	169,397	228,599	898,403
Credit related commitments and contingencies	33,653,227	44,539	454	2,141,901	4,452,323	159,156	228,348	131,912	573,166	7,731,799	41,385,026
	34,323,031	45,944	454	2,141,926	4,460,192	159,719	277,688	131,912	742,563	7,960,398	42,283,429

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group and the Bank's profit and reserves to movement in foreign exchange rates:

	The Group			
	31 December 2012		31 December 2011	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit (after tax)	2,183	(2,183)	2,135	(2,135)
Impact to reserves	(22,069)	22,069	(17,283)	17,283

	The Bank			
	31 December 2012		31 December 2011	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit (after tax)	1,013	(1,013)	1,691	(1,691)
Impact to reserves	(22,069)	22,069	(17,283)	17,283

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Bank's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk primarily arises from mismatches in the timing of cash flows.

The objective of the Bank's liquidity risk management is to ensure that the Bank can meet its cash obligations in a timely and cost-effective manner. To this end, the Bank's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large delivery network and marketing focus, the Bank is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Bank a stable large funding base.

Liquidity risk management at CIMB is managed on Group basis. The day-to-day responsibility for liquidity risk management and control is delegated to the RLRC. RLRC meets at least once a month to discuss the liquidity risk and funding profile of the Group and each individual entity under the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Group Treasury in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by the Group is governed by a set of established risk tolerance levels. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Policy is subject to annual review while the assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.3 Liquidity risk (Continued)

Liquidity positions are monitored on a daily basis for compliance with internal risk thresholds. The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group.

The Group performs liquidity risk stress testing on a monthly basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. The stress tests are modeled based on three scenarios namely bank specific crisis, market wide crisis and combined crisis. The assumptions used includes run-off rates on deposits, draw down rates on undrawn commitments, and hair cuts for marketable securities are documented and the test results are submitted to the RLRC, the GRC and BRC of the Group. The test results to date have indicated that the Group does possess sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions. In addition, the Group computes Basel III liquidity ratios namely liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) at least on quarterly basis, in line with BNM observation period for Basel III liquidity ratios which started in June 2012.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8:

	The Group							Total RM'000
	31 December 2012							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	22,978,876	-	-	-	-	-	-	22,978,876
Reverse repurchase agreements	2,412,307	1,649,896	564,668	752,915	-	-	-	5,379,786
Deposits and placements with banks and other financial institutions	139,503	3,153,827	297,731	145,959	-	-	-	3,737,020
Financial assets held for trading	4,446,749	6,974,750	3,855,176	1,032,217	4,871,184	1,892,344	1,075,792	24,148,212
Financial investments available-for-sale	583,559	250,290	419,355	1,255,115	7,957,977	14,075,303	1,096,391	25,637,990
Financial investments held-to-maturity	52,703	564,770	603,008	652,684	4,521,520	1,972,724	-	8,367,409
Derivative financial instruments	451,928	279,829	165,731	337,116	1,509,211	1,212,495	-	3,956,310
Loans, advances and financing	17,886,166	6,049,394	3,836,834	3,794,974	31,189,045	92,935,153	-	155,691,566
Other assets	2,074,917	119	85,816	55,033	118,991	272	-	2,335,148
Deferred taxation	-	-	-	-	-	-	25,702	25,702
Tax recoverable	2,055	-	-	-	-	-	-	2,055
Statutory deposits with central banks	-	-	-	-	-	-	5,263,859	5,263,859
Investment in jointly controlled entity	-	-	-	-	-	-	153,557	153,557
Investment in associate	-	-	-	-	-	-	625,039	625,039
Amount due from holding company and ultimate holding company	28,853	-	-	-	-	-	-	28,853
Amount due from related companies	1,417,749	-	-	-	-	-	-	1,417,749
Goodwill	-	-	-	-	-	-	4,891,433	4,891,433
Intangible assets	-	-	-	-	-	-	845,097	845,097
Prepaid lease payments	-	-	-	-	-	-	1,648	1,648
Property, plant and equipment	-	-	-	-	-	-	893,952	893,952
Investment properties	-	-	-	-	-	-	17,451	17,451
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	7,920	7,920
Total assets	52,475,365	18,922,875	9,828,319	8,026,013	50,167,928	112,088,291	14,897,841	266,406,632

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Group							Total
	31 December 2012							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Liabilities								
Deposits from customers	147,641,112	22,277,772	11,191,077	9,424,200	4,963,997	1,415,342	-	196,913,500
Deposits and placements of banks and other financial institutions	11,837,817	4,605,706	1,473,784	336,085	2,071,183	1,306,797	-	21,631,372
Repurchase agreements	310,407	1,014,786	254,866	752,915	750,525	-	-	3,083,499
Derivative financial instruments	851,083	296,112	190,321	290,409	1,605,690	752,691	-	3,986,306
Bills and acceptances payable	2,577,414	561,706	44,124	34	61,222	50,581	-	3,295,081
Amount due to related companies	25,352	-	-	-	-	-	-	25,352
Other liabilities	3,225,313	-	-	-	-	-	-	3,225,313
Deferred taxation	-	-	-	-	-	-	22,034	22,034
Provision for taxation and Zakat	181,804	-	-	-	-	-	-	181,804
Bonds and debentures	308,765	220,253	326,971	-	1,189,420	-	-	2,045,409
Other borrowings	161	-	-	-	182,042	-	-	182,203
Subordinated obligations	141,551	1,491,366	2,091	-	4,143,953	4,340,911	-	10,119,872
Redeemable preference shares	6,638	-	-	-	697,086	-	-	703,724
Total liabilities	167,107,417	30,467,701	13,483,234	10,803,643	15,665,118	7,866,322	22,034	245,415,469
Net liquidity gap	(114,632,052)	(11,544,826)	(3,654,915)	(2,777,630)	34,502,810	104,221,969	14,875,807	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Group 31 December 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	28,241,623	-	-	-	-	-	-	28,241,623
Reverse repurchase agreements	2,117,519	1,259,057	-	580,483	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	205,171	2,254,991	678,885	20,078	251,340	635,400	-	4,045,865
Financial assets held for trading	2,044,987	3,996,359	1,487,348	1,185,522	2,159,637	850,898	902,945	12,627,696
Financial investments available-for-sale	182,723	55,254	431,852	996,493	6,908,702	6,235,643	924,827	15,735,494
Financial investments held-to-maturity	317,579	412,186	95,865	676,260	6,388,686	2,281,642	-	10,172,218
Derivative financial instruments	380,466	213,007	111,558	198,322	2,103,936	1,128,088	-	4,135,377
Loans, advances and financing	11,769,394	7,366,399	3,557,994	6,344,310	24,830,014	85,641,564	-	139,509,675
Other assets	1,703,130	1,508	214,327	55,249	8,052	110,153	-	2,092,419
Deferred taxation	-	-	-	-	-	-	23,487	23,487
Tax recoverable	2,464	-	-	-	-	-	-	2,464
Statutory deposits with central banks	-	-	-	-	-	-	5,082,585	5,082,585
Investment in jointly controlled entity	-	-	-	-	-	-	149,208	149,208
Investment in associate	-	-	-	-	-	-	589,816	589,816
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	29,138
Amount due from related companies	1,673,748	-	-	-	-	-	-	1,673,748
Goodwill	-	-	-	-	-	-	4,899,904	4,899,904
Intangible assets	-	-	-	-	-	-	721,647	721,647
Prepaid lease payments	-	-	-	-	-	-	1,964	1,964
Property, plant and equipment	-	-	-	-	-	-	906,185	906,185
Investment properties	-	-	-	-	-	-	8,653	8,653
Non-current assets/disposal groups held for sale	5,043	-	-	-	-	-	12,205	17,248
Total assets	48,672,985	15,558,761	6,577,829	10,056,717	42,650,367	96,883,388	14,223,426	234,623,473

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Group							Total
	31 December 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Liabilities								
Deposits from customers	129,292,049	21,645,023	10,541,630	10,633,672	3,307,286	1,058,356	-	176,478,016
Deposits and placements of banks and other financial institutions	6,908,317	2,785,544	678,790	217,732	2,136,204	1,146,826	-	13,873,413
Repurchase agreements	545	-	-	580,483	-	502,011	-	1,083,039
Derivative financial instruments	684,661	190,286	84,935	240,130	1,715,311	1,172,466	-	4,087,789
Bills and acceptances payable	3,053,897	2,703,664	1,013,103	838	-	-	-	6,771,502
Amount due to related companies	6,444	-	-	-	-	-	-	6,444
Other liabilities	3,196,860	-	-	-	-	-	-	3,196,860
Deferred taxation	-	-	-	-	-	-	85,287	85,287
Provision for taxation and Zakat	301,868	-	-	-	-	-	-	301,868
Other borrowings	477	-	-	-	462,243	-	-	462,720
Subordinated obligations	125,793	1,886	-	-	4,173,135	3,943,141	-	8,243,955
Redeemable preference shares	-	-	-	-	741,429	-	-	741,429
Total liabilities	143,570,911	27,326,403	12,318,458	11,672,855	12,535,608	7,822,800	85,287	215,332,322
Net liquidity gap	(94,897,926)	(11,767,642)	(5,740,629)	(1,616,138)	30,114,759	89,060,588	14,138,139	

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Group							Total
	1 January 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Assets								
Cash and short-term funds	20,847,989	-	-	-	-	-	-	20,847,989
Reverse repurchase agreements	2,652,608	851,901	405	-	-	-	-	3,504,914
Deposits and placements with banks and other financial institutions	3,903,914	1,850,711	2,681,942	822,123	243,943	138,758	-	9,641,391
Financial assets held for trading	5,968,163	4,056,707	319,612	576,079	1,629,804	690,918	1,217,628	14,458,911
Financial investments available-for-sale	212,919	426,929	170,975	545,508	5,487,738	4,323,181	1,209,504	12,376,754
Financial investments held-to-maturity	13,538	84,996	172,794	1,420,757	5,704,087	2,815,255	-	10,211,427
Derivative financial instruments	430,537	202,148	253,038	231,265	1,602,520	781,383	-	3,500,891
Loans, advances and financing	19,598,564	5,087,392	3,870,339	4,312,674	26,016,409	65,366,664	-	124,252,042
Other assets	2,032,115	-	81,771	-	256,219	111,018	-	2,481,123
Tax recoverable	2,084	-	-	-	-	-	-	2,084
Deferred taxation	-	-	-	-	-	-	21,636	21,636
Statutory deposits with central banks	-	-	-	-	-	-	1,410,155	1,410,155
Investment in jointly controlled entity	-	-	-	-	-	-	139,849	139,849
Investment in associate	-	-	-	-	-	-	382,248	382,248
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	29,193
Amount due from related companies	2,259,363	-	-	-	-	-	-	2,259,363
Goodwill	-	-	-	-	-	-	4,923,428	4,923,428
Intangible assets	-	-	-	-	-	-	574,064	574,064
Prepaid lease payments	-	-	-	-	-	-	2,341	2,341
Property, plant and equipment	-	-	-	-	-	-	947,155	947,155
Investment properties	-	-	-	-	-	-	61,217	61,217
Non-current assets/disposal groups held for sale	100	46,904	-	-	-	-	12,046	59,050
Total assets	57,951,087	12,607,688	7,550,876	7,908,406	40,940,720	74,227,177	10,901,271	212,087,225

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Group 1 January 2011						No-specific maturity RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Liabilities								
Deposits from customers	114,953,444	20,769,429	7,814,167	10,102,016	5,077,465	924,176	-	159,640,697
Deposits and placements of banks and other financial institutions	6,199,405	3,169,590	2,194,443	1,444,031	1,459,956	185,010	-	14,652,435
Repurchase agreements	-	33,087	-	-	-	-	-	33,087
Derivative financial instruments	831,009	207,462	314,458	262,568	1,497,669	597,974	-	3,711,140
Bills and acceptances payable	2,162,954	1,349,914	406,086	158,657	-	-	-	4,077,611
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	107,523
Amount due to related companies	6,751	-	-	-	-	-	-	6,751
Other liabilities	3,637,462	-	-	-	-	-	-	3,637,462
Deferred taxation	-	-	-	-	-	-	60,121	60,121
Provision for taxation and Zakat	39,071	-	-	-	-	-	-	39,071
Bonds	-	-	423,982	-	-	-	-	423,982
Other borrowings	-	-	925,050	-	-	-	-	925,050
Subordinated obligations	55,932	-	-	-	2,516,062	3,526,275	-	6,098,269
Redeemable preference shares	-	-	-	-	706,879	-	-	706,879
Total liabilities	127,886,028	25,574,898	12,140,293	11,967,272	11,258,031	5,233,435	60,121	194,120,078
Net liquidity gap	(69,934,941)	(12,967,210)	(4,589,417)	(4,058,866)	29,682,689	68,993,742	10,841,150	

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank 31 December 2012							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	16,939,905	-	-	-	-	-	-	16,939,905
Reverse repurchase agreements	2,212,247	1,649,896	564,668	752,915	-	-	-	5,179,726
Deposits and placements with banks and other financial institutions	206,629	4,898,663	229,406	86,775	5,287,238	-	-	10,708,711
Financial assets held for trading	2,620,554	4,954,904	2,537,110	554,987	4,339,942	1,602,964	1,016,022	17,626,483
Financial investments available-for-sale	553,530	240,174	355,683	705,952	6,218,471	12,240,898	964,739	21,279,447
Financial investments held-to-maturity	30,290	-	485,020	275,920	3,350,697	1,345,916	-	5,487,843
Derivative financial instruments	242,162	247,549	160,881	333,601	1,828,697	1,132,662	-	3,945,552
Loans, advances and financing	14,364,903	2,930,200	2,658,970	2,954,729	24,256,442	60,920,839	-	108,086,083
Other assets	1,464,740	-	80,493	55,000	110,153	-	-	1,710,386
Statutory deposits with central banks	-	-	-	-	-	-	3,886,421	3,886,421
Investment in subsidiaries	-	-	-	-	-	-	4,847,672	4,847,672
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	368,971	368,971
Amount due from subsidiaries	316,086	-	-	-	-	-	-	316,086
Amount due from related companies	1,415,341	-	-	-	-	-	-	1,415,341
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	805,837	805,837
Property, plant and equipment	-	-	-	-	-	-	507,265	507,265
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	3,520	3,520
Total assets	40,366,387	14,921,386	7,072,231	5,719,879	45,391,640	77,243,279	16,080,522	206,795,324

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank							Total
	31 December 2012							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	107,625,745	14,433,202	6,708,375	7,620,693	4,205,135	1,177,709	-	141,770,859
Deposits and placements of banks and other financial institutions	12,649,844	3,982,574	2,597,755	2,458,407	1,873,186	1,306,797	-	24,868,563
Repurchase agreements	10,316	1,014,786	254,866	752,915	750,525	-	-	2,783,408
Derivative financial instruments	664,233	278,642	188,459	287,740	1,513,127	850,722	-	3,782,923
Bills and acceptances payable	1,499,723	310,591	34,041	34	-	-	-	1,844,389
Amount due to subsidiaries	70,522	-	-	-	-	-	-	70,522
Amount due to related companies	22	-	-	-	-	-	-	22
Other liabilities	2,413,524	-	-	-	-	-	-	2,413,524
Provision for taxation and Zakat	190,404	-	-	-	-	-	-	190,404
Deferred taxation	-	-	-	-	-	-	5,848	5,848
Bonds and debentures	13,979	-	185,468	-	1,068,320	-	-	1,267,767
Other borrowings	161	-	-	-	182,042	-	-	182,203
Subordinated obligations	75,236	1,491,366	-	-	4,591,039	3,209,591	-	9,367,232
Total liabilities	125,213,709	21,511,161	9,968,964	11,119,789	14,183,374	6,544,819	5,848	188,547,664
Net liquidity gap	(84,847,322)	(6,589,775)	(2,896,733)	(5,399,910)	31,208,266	70,698,460	16,074,674	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank 31 December 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	20,783,513	-	-	-	-	-	-	20,783,513
Reverse repurchase agreements	2,117,519	1,259,057	-	580,483	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	244,694	4,125,519	535,732	20,000	5,287,238	635,400	-	10,848,583
Financial assets held for trading	1,181,255	3,092,245	644,881	1,014,432	1,885,443	811,106	842,129	9,471,491
Financial investments available-for-sale	76,715	50,143	293,158	829,249	5,490,591	5,595,628	864,102	13,199,586
Financial investments held-to-maturity	85,005	359,707	69,081	541,247	4,522,331	2,029,807	-	7,607,178
Derivative financial instruments	163,729	193,209	110,794	194,776	2,067,898	1,350,518	-	4,080,924
Loans, advances and financing	9,825,924	5,113,879	2,545,363	5,254,947	19,128,998	57,353,247	-	99,222,358
Other assets	1,253,959	-	212,338	55,000	-	110,153	-	1,631,450
Statutory deposits with central banks	-	-	-	-	-	-	3,812,297	3,812,297
Investment in subsidiaries	-	-	-	-	-	-	4,737,731	4,737,731
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	392,802	392,802
Amount due from holding company and ultimate holding	285	-	-	-	-	-	-	285
Amount due from subsidiaries	456,073	-	-	-	-	-	-	456,073
Amount due from related companies	1,671,621	-	-	-	-	-	-	1,671,621
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	676,428	676,428
Property, plant and equipment	-	-	-	-	-	-	487,730	487,730
Non-current assets/disposal groups held for sale	5,043	-	-	-	-	-	-	5,043
Total assets	37,865,335	14,193,759	4,411,347	8,490,134	38,382,499	67,885,859	15,493,294	186,722,227

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank							Total
	31 December 2011							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	100,522,839	12,222,865	7,115,947	8,604,764	2,637,948	465,382	-	131,569,745
Deposits and placements of banks and other financial institutions	10,216,452	4,016,569	916,193	217,423	2,005,814	1,146,826	-	18,519,277
Repurchase agreements	545	-	-	580,483	-	502,011	-	1,083,039
Derivative financial instruments	475,859	181,096	84,355	234,804	1,717,196	1,084,866	-	3,778,176
Bills and acceptances payable	1,485,593	1,322,399	483,401	232	-	-	-	3,291,625
Amount due to subsidiaries	50,013	-	-	-	-	-	-	50,013
Other liabilities	2,559,744	-	-	-	-	-	-	2,559,744
Provision for taxation and Zakat	301,254	-	-	-	-	-	-	301,254
Deferred taxation	-	-	-	-	-	-	39,249	39,249
Other borrowings	477	-	-	-	462,243	-	-	462,720
Subordinated obligations	70,270	-	-	-	4,648,529	3,212,009	-	7,930,808
Total liabilities	115,683,046	17,742,929	8,599,896	9,637,706	11,471,730	6,411,094	39,249	169,585,650
Net liquidity gap	(77,817,711)	(3,549,170)	(4,188,549)	(1,147,572)	26,910,769	61,474,765	15,454,045	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank 1 January 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	12,911,193	-	-	-	-	-	-	12,911,193
Reverse repurchase agreements	1,623,285	851,901	405	-	-	-	-	2,475,591
Deposits and placements with banks and other financial institutions	3,658,448	5,399,088	1,526,721	5,360,967	-	138,758	-	16,083,982
Financial assets held for trading	5,241,183	2,917,207	103,255	367,275	1,319,635	654,024	1,212,397	11,814,976
Financial investments available-for-sale	85,105	319,330	130,460	447,985	4,903,069	3,965,540	782,456	10,633,945
Financial investments held-to-maturity	13,539	84,996	70,091	385,737	4,927,350	2,599,438	-	8,081,151
Derivative financial instruments	420,424	176,902	210,063	184,266	1,441,667	829,212	-	3,262,534
Loans, advances and financing	18,019,723	3,427,897	2,152,220	2,118,275	21,389,343	43,709,091	-	90,816,549
Other assets	1,456,835	-	81,771	-	256,219	111,018	-	1,905,843
Statutory deposits with central banks	-	-	-	-	-	-	954,023	954,023
Investment in subsidiaries	-	-	-	-	-	-	4,526,972	4,526,972
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	298,116	298,116
Amount due from holding company and ultimate holding	340	-	-	-	-	-	-	340
Amount due from subsidiaries	84,317	-	-	-	-	-	-	84,317
Amount due from related companies	2,239,775	-	-	-	-	-	-	2,239,775
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	530,362	530,362
Property, plant and equipment	-	-	-	-	-	-	541,555	541,555
Investment properties	-	-	-	-	-	-	52,858	52,858
Non-current assets/disposal groups held for sale	100	46,904	-	-	-	-	11,610	58,614
Total assets	45,754,267	13,224,225	4,274,986	8,864,505	34,237,283	52,007,081	12,590,424	170,952,771

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8 (Continued):

	The Bank							Total
	1 January 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Liabilities								
Deposits from customers	92,275,066	12,147,209	5,697,324	7,636,253	3,401,307	395,910	-	121,553,069
Deposits and placements of banks and other financial institutions	8,883,801	4,966,467	1,696,456	1,443,925	1,292,994	185,011	-	18,468,654
Repurchase agreements	-	33,087	-	-	-	-	-	33,087
Derivative financial instruments	824,225	170,900	287,993	212,651	1,324,639	603,407	-	3,423,815
Bills and acceptances payable	1,076,295	902,580	273,847	-	-	-	-	2,252,722
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	107,523
Amount due to subsidiaries	310,381	-	-	-	-	-	-	310,381
Amount due to related companies	841	-	-	-	-	-	-	841
Other liabilities	2,731,046	-	-	-	-	-	-	2,731,046
Provision for taxation and Zakat	41,679	-	-	-	-	-	-	41,679
Deferred taxation	-	-	-	-	-	-	14,088	14,088
Subordinated obligations	-	-	-	-	3,212,633	2,946,448	-	6,159,081
Total liabilities	106,143,334	18,265,659	8,017,727	9,292,829	9,231,573	4,130,776	14,088	155,095,986
Net liquidity gap	(60,389,067)	(5,041,434)	(3,742,741)	(428,324)	25,005,710	47,876,305	12,576,336	

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group							Total
	31 December 2012							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	147,738,622	22,392,922	11,251,829	9,604,307	5,125,152	1,417,861	-	197,530,693
Deposits and placements of banks and other financial institutions	12,668,992	4,629,005	1,572,137	498,560	2,859,615	1,370,890	-	23,599,199
Repurchase agreements	1,079,459	1,004,248	257,882	769,466	-	-	-	3,111,055
Bills and acceptances payable	2,579,265	568,293	50,847	68	61,222	50,613	-	3,310,308
Amount due to related companies	25,352	-	-	-	-	-	-	25,352
Other liabilities	2,639,009	-	-	-	-	-	-	2,639,009
Bonds and debentures	321,868	221,429	328,447	12,637	1,282,013	-	-	2,166,394
Other borrowings	1,550	3,683	3,683	7,365	1,447,594	-	-	1,463,875
Subordinated obligations	142,903	1,574,428	158,555	211,108	5,975,441	4,694,415	-	12,756,850
Redeemable preference shares	6,638	-	20,027	20,027	697,086	-	-	743,778
Financial guarantees	1,056,622	59,859	26,732	52,813	420,382	652	-	1,617,060
Credit related commitments and contingencies	40,812,317	3,035,753	354,358	2,531,187	2,506,122	3,814,658	-	53,054,395
	209,072,597	33,489,620	14,024,497	13,707,538	20,374,627	11,349,089	-	302,017,968

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Group 31 December 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	129,352,361	21,750,283	10,658,240	10,851,732	2,518,548	2,219,333	-	177,350,497
Deposits and placements of banks and other financial institutions	6,915,899	2,794,714	686,036	224,507	2,180,708	1,239,219	-	14,041,083
Repurchase agreements	545	-	-	594,150	-	502,011	-	1,096,706
Bills and acceptances payable	3,055,610	2,710,654	1,020,379	938	-	-	-	6,787,581
Amount due to related companies	6,444	-	-	-	-	-	-	6,444
Other liabilities	2,675,927	9,470	5,223	-	1,427	-	-	2,692,047
Other borrowings	1,705	2,455	3,683	7,365	518,708	-	-	533,916
Subordinated obligations	126,413	78,611	120,250	208,017	5,539,081	4,700,888	-	10,773,260
Redeemable preference shares	6,894	-	20,800	20,800	900,933	-	-	949,427
Financial guarantees	658,481	123,659	248,226	56,338	243,609	344	-	1,330,657
Credit related commitments and contingencies	37,742,336	1,781,337	431,433	937,909	1,185,898	6,236,296	-	48,315,209
	180,542,615	29,251,183	13,194,270	12,901,756	13,088,912	14,898,091	-	263,876,827

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Group 1 January 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	115,028,803	20,872,249	7,932,660	10,252,827	7,826,843	982,472	-	162,895,854
Deposits and placements of banks and other financial institutions	6,227,522	3,199,267	2,218,062	1,470,775	2,491,729	201,850	-	15,809,205
Repurchase agreements	-	33,325	-	-	-	-	-	33,325
Bills and acceptances payable	2,167,144	1,357,032	410,720	158,657	-	-	-	4,093,553
Amount due to Cagamas Berhad	452	46,137	62,647	-	-	-	-	109,236
Amount due to related companies	6,751	-	-	-	-	-	-	6,751
Other liabilities	3,041,365	-	-	-	-	-	-	3,041,365
Bonds	-	-	437,112	-	-	-	-	437,112
Other borrowings	359	718	926,127	-	-	-	-	927,204
Subordinated obligations	55,932	45,525	115,000	174,428	3,702,902	4,345,344	-	8,439,131
Redeemable preference shares	-	-	20,187	20,187	869,170	-	-	909,544
Financial guarantees	288,927	133,433	199,316	286,273	221,452	93,155	-	1,222,556
Credit related commitments and contingencies	36,451,085	1,687,556	517,371	742,860	1,743,005	4,909,400	-	46,051,277
	163,268,340	27,375,242	12,839,202	13,106,007	16,855,101	10,532,221	-	243,976,113

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							Total
	31 December 2012							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	107,689,982	14,507,750	6,735,909	7,761,612	4,346,704	1,177,709	-	142,219,666
Deposits and placements of banks and other financial institutions	13,479,045	3,992,519	2,694,736	2,619,564	1,906,562	1,370,890	-	26,063,316
Repurchase agreements	779,275	1,004,248	257,882	769,466	-	-	-	2,810,871
Bills and acceptances payable	1,500,360	316,982	40,670	68	-	-	-	1,858,080
Bonds and debentures	26,616	-	185,468	12,637	1,160,524	-	-	1,385,245
Other borrowings	1,550	3,683	3,683	7,365	1,447,594	-	-	1,463,875
Amount due to subsidiaries	70,522	-	-	-	-	-	-	70,522
Amount due to related companies	22	-	-	-	-	-	-	22
Other liabilities	2,302,409	-	-	-	-	-	-	2,302,409
Subordinated obligations	75,236	1,559,653	166,152	197,690	5,950,422	3,520,790	-	11,469,943
Financial guarantees	743,091	56,398	24,641	52,813	420,382	652	-	1,297,977
Credit related commitments and contingencies	35,596,563	2,976,526	331,338	2,530,255	2,447,073	2,966,041	-	46,847,796
	162,264,671	24,417,759	10,440,479	13,951,470	17,679,261	9,036,082	-	237,789,722

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							Total
	31 December 2011							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-derivative financial liabilities								
Deposits from customers	100,552,358	12,276,616	7,196,952	8,789,119	1,817,480	1,533,256	-	132,165,781
Deposits and placements of banks and other financial institutions	10,222,873	4,024,438	923,315	224,192	2,050,311	1,239,219	-	18,684,348
Repurchase agreements	545	-	-	594,150	-	502,011	-	1,096,706
Bills and acceptances payable	1,485,693	1,322,833	484,402	313	-	-	-	3,293,241
Other borrowings	1,705	2,455	3,683	7,365	518,708	-	-	533,916
Amount due to subsidiaries	50,013	-	-	-	-	-	-	50,013
Other liabilities	2,336,637	-	-	-	-	-	-	2,336,637
Subordinated obligations	70,270	68,288	135,800	204,087	5,980,976	3,717,258	-	10,176,679
Subordinated obligations								
Financial guarantees	602,893	75,674	244,939	54,005	243,609	344	-	1,221,464
Credit related commitments and contingencies	35,566,315	1,420,102	353,405	843,879	979,244	5,382,543	-	44,545,488
	150,889,302	19,190,406	9,342,496	10,717,110	11,590,328	12,374,631	-	214,104,273

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							Total
	1 January 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Non-derivative financial liabilities								
Deposits from customers	92,305,766	12,199,185	5,764,126	7,794,099	5,909,666	400,533	-	124,373,375
Deposits and placements of banks and other financial institutions	8,908,825	4,981,984	1,715,909	1,470,668	1,341,844	201,850	-	18,621,080
Repurchase agreements	-	33,325	-	-	-	-	-	33,325
Bills and acceptances payable	1,077,214	906,742	276,083	-	-	-	-	2,260,039
Amount due to Cagamas Berhad	452	46,137	62,647	-	-	-	-	109,236
Amount due to subsidiaries	310,381	-	-	-	-	-	-	310,381
Amount due to related companies	841	-	-	-	-	-	-	841
Other liabilities	2,530,543	-	-	-	-	-	-	2,530,543
Subordinated obligations	-	36,750	135,187	171,937	4,440,175	3,603,447	-	8,387,496
Financial guarantees	68,592	75,590	163,546	280,966	216,554	93,155	-	898,403
Credit related commitments and contingencies	33,849,810	1,538,775	376,292	391,269	1,166,407	4,062,473	-	41,385,026
	139,052,424	19,818,488	8,493,790	10,108,939	13,074,646	8,361,458	-	198,909,745

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.3 Liquidity risk (Continued)

52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

	The Group 31 December 2012							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	29,898	-	-	-	-	-	-	29,898
- Interest rate derivatives	1,645,083	-	-	-	-	-	-	1,645,083
- Equity related derivatives	1,000,083	-	-	-	-	-	-	1,000,083
- Commodity related derivatives	161,622	-	-	-	-	-	-	161,622
- Credit related contracts	110,883	-	-	-	-	-	-	110,883
Hedging derivatives								
- Interest rate derivatives	6,146	(46,406)	127,132	90,538	653,910	335,389	-	1,166,709
	2,953,715	(46,406)	127,132	90,538	653,910	335,389	-	4,114,278

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis (Continued):

	The Group 31 December 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	16,835	-	-	-	-	-	-	16,835
- Interest rate derivatives	2,286,264	-	-	-	-	-	-	2,286,264
- Equity related derivatives	324,269	-	-	-	-	-	-	324,269
- Commodity related derivatives	54,409	-	-	-	-	-	-	54,409
- Credit related contracts	72,394	-	-	-	-	-	-	72,394
Hedging derivatives								
- Interest rate derivatives	3,434	(26,746)	78,228	56,013	423,189	281,505	-	815,623
	<u>2,757,605</u>	<u>(26,746)</u>	<u>78,228</u>	<u>56,013</u>	<u>423,189</u>	<u>281,505</u>	<u>-</u>	<u>3,569,794</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis (Continued):

	The Group 1 January 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	21,901	-	-	-	-	-	-	21,901
- Interest rate derivatives	1,342,685	-	-	-	-	-	-	1,342,685
- Equity related derivatives	657,835	-	-	-	-	-	-	657,835
- Commodity related derivatives	18,681	-	-	-	-	-	-	18,681
- Credit related contracts	56,883	-	-	-	-	-	-	56,883
Hedging derivatives								
- Interest rate derivatives	23,653	(9,188)	27,300	41,217	353,056	281,163	-	717,201
	2,121,638	(9,188)	27,300	41,217	353,056	281,163	-	2,815,186

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis (Continued):

	The Bank							Total
	31 December 2012							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	29,898	-	-	-	-	-	-	29,898
- Interest rate derivatives	1,529,268	-	-	-	-	-	-	1,529,268
- Equity related derivatives	984,226	-	-	-	-	-	-	984,226
- Commodity related derivatives	161,622	-	-	-	-	-	-	161,622
- Credit related contracts	110,883	-	-	-	-	-	-	110,883
Hedging derivatives								
- Interest rate derivatives	5,432	(17,424)	66,155	55,785	383,131	180,799	-	673,878
	2,821,329	(17,424)	66,155	55,785	383,131	180,799	-	3,489,775

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis (Continued):

	The Bank							Total
	31 December 2011							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	16,835	-	-	-	-	-	-	16,835
- Interest rate derivatives	2,066,097	-	-	-	-	-	-	2,066,097
- Equity related derivatives	313,714	-	-	-	-	-	-	313,714
- Commodity related derivatives	54,409	-	-	-	-	-	-	54,409
- Credit related contracts	72,394	-	-	-	-	-	-	72,394
Hedging derivatives								
- Interest rate derivatives	3,434	(26,869)	78,052	55,642	422,016	281,505	-	813,780
	<u>2,526,883</u>	<u>(26,869)</u>	<u>78,052</u>	<u>55,642</u>	<u>422,016</u>	<u>281,505</u>	<u>-</u>	<u>3,337,229</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis (Continued):

	The Bank							Total
	1 January 2011							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	21,901	-	-	-	-	-	-	21,901
- Interest rate derivatives	1,187,450	-	-	-	-	-	-	1,187,450
- Equity related derivatives	651,493	-	-	-	-	-	-	651,493
- Commodity related derivatives	18,681	-	-	-	-	-	-	18,681
- Credit related contracts	56,883	-	-	-	-	-	-	56,883
Hedging derivatives								
- Interest rate derivatives	11,759	1,958	4,579	17,796	142,004	109,461	-	287,557
	<u>1,948,167</u>	<u>1,958</u>	<u>4,579</u>	<u>17,796</u>	<u>142,004</u>	<u>109,461</u>	<u>-</u>	<u>2,223,965</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group 31 December 2012							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	667,453	-	-	-	-	-	-	667,453
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(3,692)	(5,979)	(4,204)	(10,719)	(533,211)	(467)	(247,789)	(806,061)
- Inflow	2,702	5,038	5,188	9,753	518,707	431	233,887	775,706
	666,463	(941)	984	(966)	(14,504)	(36)	(13,902)	637,098

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Group							Total RM'000
	31 December 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	890,475	-	-	-	-	-	-	890,475
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(1,674)	-	-	(1,638)	(81,366)	-	-	(84,678)
- Inflow	384	-	391	787	77,064	-	-	78,626
	<u>889,185</u>	<u>-</u>	<u>391</u>	<u>(851)</u>	<u>(4,302)</u>	<u>-</u>	<u>-</u>	<u>884,423</u>

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Group							Total RM'000
	1 January 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	1,363,097	-	-	-	-	-	-	1,363,097
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	-	(1,488)	-	(1,782)	(8,882)	-	-	(12,152)
- Inflow	-	511	-	507	2,526	-	-	3,544
	1,363,097	(977)	-	(1,275)	(6,356)	-	-	1,354,489

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							Total
	31 December 2012							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	585,710	-	-	-	-	-	-	585,710
Derivative financial liabilities								
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(2,981)	(5,034)	(3,841)	(10,607)	(533,107)	-	(247,789)	(803,359)
- Inflow	2,001	4,111	4,828	9,644	518,611	-	233,887	773,082
	584,730	(923)	987	(963)	(14,496)	-	(13,902)	555,433

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for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank 31 December 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	805,197	-	-	-	-	-	-	805,197
Derivative financial liabilities								
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(1,674)	-	-	(1,638)	(81,366)	-	-	(84,678)
- Inflow	384	-	391	787	77,064	-	-	78,626
	803,907	-	391	(851)	(4,302)	-	-	799,145

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							
	1 January 2011							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	1,272,181	-	-	-	-	-	-	1,272,181
Derivative financial liabilities								
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(9,830)	(3,839)	(4,503)	(2,653)	(5,352)	(1,549)	-	(27,726)
- Inflow	9,643	3,631	4,203	2,421	4,772	1,432	-	26,102
	<u>1,271,994</u>	<u>(208)</u>	<u>(300)</u>	<u>(232)</u>	<u>(580)</u>	<u>(117)</u>	<u>-</u>	<u>1,270,557</u>

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments

Financial instruments comprise financial assets, financial liabilities and items not recognised in the statements of financial position. 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.

52.4.1 Determination of fair value and fair value hierarchy

With effective from 1 January 2011, the Group adopted the Amendments to MFRS 7 which requires disclosures of fair value measurements by level of the following fair value measurement 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; and
- 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)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy:

	Fair Value 31 December 2012					The Group Fair Value 31 December 2011					Fair Value 1 January 2011				
	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	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	16,058,744	-	16,058,744	-	16,058,744	8,311,274	-	8,311,274	-	8,311,274	10,434,610	-	10,434,610	-	10,434,610
-Quoted securities	1,332,390	1,002,338	330,052	-	1,332,390	1,059,972	838,546	221,426	-	1,059,972	1,220,480	1,211,650	8,830	-	1,220,480
-Unquoted securities	6,757,078	-	6,690,765	66,313	6,757,078	3,256,450	-	3,049,068	207,382	3,256,450	2,803,821	-	2,663,740	140,081	2,803,821
Financial investments available-for-sale															
-Money market instruments	5,693,269	-	5,693,269	-	5,693,269	3,290,450	-	3,290,450	-	3,290,450	2,515,967	-	2,515,967	-	2,515,967
-Quoted securities	1,490,798	291,247	1,199,551	-	1,490,798	1,146,838	268,317	878,521	-	1,146,838	860,526	2,733	857,793	-	860,526
-Unquoted securities	18,453,923	-	17,348,337	1,105,586	18,453,923	11,298,206	-	10,291,657	1,006,549	11,298,206	9,000,261	-	7,964,987	1,035,274	9,000,261
Derivative financial instruments															
-Trading derivatives	3,727,796	20,587	3,707,209	-	3,727,796	3,911,041	32,645	3,878,396	-	3,911,041	3,362,364	18,186	3,344,178	-	3,362,364
-Hedging derivatives	228,514	-	228,514	-	228,514	224,336	-	224,336	-	224,336	138,527	-	138,527	-	138,527
Total	53,742,512	1,314,172	51,256,441	1,171,899	53,742,512	32,498,567	1,139,508	30,145,128	1,213,931	32,498,567	30,336,556	1,232,569	27,928,632	1,175,355	30,336,556
Financial liabilities															
Derivative financial instruments															
Trading derivatives	3,615,022	618	3,614,404	-	3,615,022	3,644,646	3,273	3,641,373	-	3,644,646	3,461,082	19,218	3,441,864	-	3,461,082
Hedging derivatives	371,284	-	371,284	-	371,284	443,143	-	443,143	-	443,143	250,058	-	250,058	-	250,058
Total	3,986,306	618	3,985,688	-	3,986,306	4,087,789	3,273	4,084,516	-	4,087,789	3,711,140	19,218	3,691,922	-	3,711,140

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy (Continued):

	Carrying amount RM'000	Fair Value 31 December 2012				Carrying amount RM'000	The Bank Fair Value 31 December 2011					Carrying amount RM'000	Fair Value 1 January 2011				
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total 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	10,390,401	-	10,390,401	-	10,390,401	5,728,686	-	5,728,686	-	5,728,686	8,220,196	-	8,220,196	-	8,220,196		
-Quoted securities	1,002,337	1,002,337	-	-	1,002,337	835,886	835,886	-	-	835,886	1,206,449	1,206,449	-	-	1,206,449		
-Unquoted securities	6,233,745	-	6,227,201	6,544	6,233,745	2,906,919	-	2,836,334	70,585	2,906,919	2,388,331	-	2,321,920	66,411	2,388,331		
Financial investments available-for-sale																	
-Money market instruments	4,443,626	-	4,443,626	-	4,443,626	2,772,455	-	2,772,455	-	2,772,455	2,314,903	-	2,314,903	-	2,314,903		
-Quoted securities	289	289	-	-	289	189	189	-	-	189	463	463	-	-	463		
-Unquoted securities	16,835,532	-	15,867,135	968,397	16,835,532	10,426,942	-	9,563,029	863,913	10,426,942	8,318,579	-	7,504,117	814,462	8,318,579		
Derivative financial instruments																	
-Trading derivatives	3,463,456	20,511	3,442,945	-	3,463,456	3,594,161	32,647	3,561,514	-	3,594,161	3,063,865	18,186	3,045,679	-	3,063,865		
-Hedging derivatives	482,096	-	482,096	-	482,096	486,763	-	486,763	-	486,763	198,669	-	198,669	-	198,669		
Total	42,851,482	1,023,137	40,853,404	974,941	42,851,482	26,752,001	868,722	24,948,781	934,498	26,752,001	25,711,455	1,225,098	23,605,484	880,873	25,711,455		
Financial liabilities																	
Derivative financial instruments																	
Trading derivatives	3,401,607	618	3,400,989	-	3,401,607	3,328,646	3,273	3,325,373	-	3,328,646	3,208,589	19,218	3,189,371	-	3,208,589		
Hedging derivatives	381,316	-	381,316	-	381,316	449,530	-	449,530	-	449,530	215,226	-	215,226	-	215,226		
Total	3,782,923	618	3,782,305	-	3,782,923	3,778,176	3,273	3,774,903	-	3,778,176	3,423,815	19,218	3,404,597	-	3,423,815		

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.1 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 over the counter ("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.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2012 and 31 December 2011 for the Group and the Bank:

	Financial Assets		Total
	Financial assets held- for-trading	Financial investments available-for-sale	
	Unquoted securities RM'000	Unquoted securities 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	<u>66,313</u>	<u>1,105,586</u>	<u>1,171,899</u>
Total gains recognised in statement of income relating to assets held on 31 December 2012	<u>4,299</u>	<u>10,980</u>	<u>15,279</u>
Total gains recognised in other comprehensive income relating to assets held on 31 December 2012	<u>-</u>	<u>25,400</u>	<u>25,400</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2012 and 31 December 2011 for the Group and the Bank (Continued):

	Financial Assets		Total
	Financial assets held- for-trading	Financial investments available-for-sale	
	Unquoted securities RM'000	Unquoted securities RM'000	
The Group			
2011			
At 1 January	140,081	1,035,274	1,175,355
Total gains recognised in statement of income	9,144	42,696	51,840
Total losses recognised in other comprehensive income	(553)	(38,479)	(39,032)
Purchases	58,710	98,890	157,600
Sales	-	(69,966)	(69,966)
Settlements	-	(61,866)	(61,866)
At 31 December	<u>207,382</u>	<u>1,006,549</u>	<u>1,213,931</u>
Total gains recognised in statement of income relating to assets held on 31 December 2011	<u>5,196</u>	<u>39,995</u>	<u>45,191</u>
Total gains recognised in other comprehensive income relating to assets held on 31 December 2011	<u>(553)</u>	<u>(38,479)</u>	<u>(39,032)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2012 and 31 December 2011 for the Group and the Bank (Continued):

	Financial Assets		Total
	Financial assets held-for-trading	Financial investments available-for-sale	
	Unquoted securities	Unquoted securities	
	RM'000	RM'000	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>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2012 and 31 December 2011 for the Group and the Bank (Continued):

	Financial Assets		Total
	Financial assets held-for-trading	Financial investments available-for-sale	
	Unquoted securities	Unquoted securities	
	RM'000	RM'000	RM'000
The Bank			
2011			
At 1 January	66,411	814,462	880,873
Total gains/(losses) recognised in statement of income	4,174	(1,313)	2,861
Total losses recognised in other comprehensive income	-	(17,004)	(17,004)
Purchases	-	76,272	76,272
Sales	-	(102)	(102)
Settlements	-	(8,402)	(8,402)
At 31 December	<u>70,585</u>	<u>863,913</u>	<u>934,498</u>
Total gains recognised in statement of income relating to assets held on 31 December 2011	<u>226</u>	<u>14,537</u>	<u>14,763</u>
Total gains recognised in other comprehensive income relating to assets held on 31 December 2011	<u>-</u>	<u>(17,004)</u>	<u>(17,004)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.2 Financial instruments not measured at fair value**

The total fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Bank approximates the total carrying value as at the reporting date, except for the following:

	The Group					
	31 December 2012		31 December 2011		1 January 2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets						
Deposits and placements with banks and other financial institutions	3,737,020	3,930,351	4,045,865	4,270,096	9,641,391	9,740,053
Financial investments held-to-maturity	8,367,409	8,649,018	10,172,218	10,326,532	10,211,427	10,179,811
Loans, advances and financing	155,691,566	156,235,011	139,509,675	139,737,217	124,252,042	122,725,755
Other assets	2,335,148	2,318,356	2,092,419	2,072,614	2,481,123	2,412,220
Financial liabilities						
Deposits from customers	196,913,500	196,550,839	176,478,016	176,415,275	159,640,697	159,428,493
Deposits and placements of banks and other financial institutions	21,631,372	21,739,591	13,873,413	13,951,313	14,652,435	14,678,718
Bonds and debentures	2,045,409	2,000,651	-	-	423,982	424,962
Other borrowings	182,203	176,585	462,720	392,360	925,050	925,050
Subordinated obligations	10,119,872	9,954,764	8,243,955	8,646,990	6,098,269	6,057,116
The Bank						
	31 December 2012		31 December 2011		1 January 2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
	Financial assets					
Deposits and placements with banks and other financial institutions	10,708,711	10,870,418	10,848,583	11,072,812	16,083,982	16,176,197
Financial investments held-to-maturity	5,487,843	5,724,586	7,607,178	7,730,558	8,081,151	8,020,560
Loans, advances and financing	108,086,083	106,170,998	99,222,358	97,955,439	90,816,549	88,312,062
Other assets	1,710,386	1,693,594	1,631,450	1,611,645	1,905,842	1,836,940
Financial liabilities						
Deposits from customers	141,770,859	141,434,208	131,569,745	131,538,393	121,553,069	121,477,702
Deposits and placements of banks and other financial institutions	24,868,563	24,820,938	18,519,277	18,380,314	18,468,654	18,468,654
Bonds and debentures	1,267,767	1,236,109	-	-	-	-
Other borrowings	182,203	176,585	462,720	392,360	-	-
Subordinated obligations	9,367,232	9,134,598	7,930,808	7,535,389	6,159,081	6,029,149

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

The fair values are based on the following methodologies and assumptions:

Short term funds and placements with financial institutions

For short term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establish fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

Amounts due (to)/from subsidiaries and related companies

The estimated fair values of the amount due from subsidiaries and related companies approximate the carrying values as the balances are either callable on demand or are based on the current rates for such similar loans.

Amount due (to)/from holding company and ultimate holding company

The estimated fair values of the amount due from holding company approximates the carrying value as the balances are callable on demand.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair values. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptances payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Amount due to Cagamas Berhad

The estimated fair values of the amount due to Cagamas Berhad with maturities of less than six months approximate the carrying values. For amount due to Cagamas Berhad with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing interest rates for loans sold to Cagamas Berhad with similar remaining period to maturity.

Bonds, subordinated obligations and other borrowings

The fair values for the quoted bonds and subordinated obligations are obtained from quoted market prices while the fair values for unquoted bonds and subordinated obligations are estimated based on discounted cash flow models.

The estimated fair values of other borrowings with maturities of less than six months or with floating interest rates approximates the carrying values. For other borrowings with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Redeemable preference shares

The estimated fair value of redeemable cumulative preference shares (“RCPS”) approximates the carrying value based on Directors’ estimate as the effective interest rate of the RCPS is a fair reflection of the current rate for such similar instrument.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****53 Business combinations****(a) Disposal during the financial year**

- (i) On 2 July 2012, CIMB Thai, a 93.71% owned subsidiary of CIMB Bank, which in turn is a 99.99% owned subsidiary of CIMBG, disposed its entire 99.99% equity interest in CIMB Securities (Thailand) Co. Ltd to CIMB Securities International Pte Ltd., a 100% owned subsidiary of CIMBG, for a cash consideration of THB1,117,600,000 (equivalent to approximately RM110,936,000).

The effects of the disposal on the financial position of the Group as at 31 December 2012 are as follows:

	2012
	RM'000
Cash and short-term funds	(83,084)
Deposits and placements with banks and other financial institutions	(4,486)
Financial assets held for trading	(3,398)
Financial investments available-for-sale	(2,567)
Loans and advances	(57,913)
Other assets	(98,784)
Tax recoverable	(206)
Property, plant and equipment	(8,749)
Intangible assets	(2,416)
Deposits from customers	51,458
Other liabilities	106,162
Identifiable net assets disposed	<u>(103,983)</u>
Reclassification of revaluation reserve of financial investment available-for-sale to statement of income	1,505
Net disposal proceeds	<u>110,936</u>
Gain on disposal before and after tax	<u>8,458</u>

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	110,936
Cash and cash equivalents fo subsidiary disposed	<u>(83,084)</u>
	<u>27,852</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****54 Non-current assets/disposal groups held for sale**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Non-current assets held for sale:						
- foreclosed properties	-	-	8,835	-	-	8,756
- prepaid lease payments	-	691	-	-	-	-
- property plant and equipment	7,720	14,286	3,411	3,520	5,043	3,054
- investment properties	200	2,271	46,804	-	-	46,804
Total non-current assets held for sale	7,920	17,248	59,050	3,520	5,043	58,614

Foreclosed properties, property, plant and equipment and investment properties of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2013.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

55 Change in comparatives

(A) Adoption of the MFRS 1 exemption options

MFRS 1 exemption options

(a) Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 'Business combinations' prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 January 2011. Business combinations that occurred prior to 1 January 2011 have not been restated. In addition, the Group has also applied MFRS 127 'Consolidated and Separate Financial Statements' from the same date.

(b) Exemption for cumulative translation differences

MFRS 1 permits cumulative translation gains and losses and net investment hedge to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 'The Effects of Changes in Foreign Exchange Rates' from the date a foreign operation was acquired. The Group and the Bank have elected to reset all cumulative translation differences and net investment hedge to zero in opening retained earnings at its transition date. As at the transition date, the cumulative translation differences accumulated to RM213.7 million and RM46.5 million for the Group and the Bank respectively.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

55 Change in comparatives (Continued)

(A) Adoption of the MFRS 1 exemption options (Continued)

MFRS 1 exemption options (Continued)

(c) Designation of previously recognised financial instruments

MFRS 1 “First time adoption of MFRS” allows an entity to designate a previously recognised financial instrument as available-for-sale or fair value through profit or loss on the transition date, provided the criteria in MFRS 139 “Financial Investment: Recognition and Measurement” are met. Consequently, the Group and the Bank has designated previously recognised financial investments held-to-maturity with carrying amount of RM3,299.8 million and RM3,104.8 million respectively and fair value of RM3,456.7 million and RM3,256.7 million respectively as available-for-sale at transition date.

(B) Other reclassifications

Certain comparatives were restated to conform to the current year’s presentation. There were no significant impact to the financial performance and ratios in relation to the financial year ended 31 December 2011 and as at the date of transition.

(C) Segment Reporting

As a result of an internal reorganisation, there is a change in business segment reporting, and the comparatives for segment reporting have been restated to reflect this new group structure. Refer to Note 51.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

55 Change in comparatives (Continued)

The changes in comparatives due to items (A) and (B) highlighted above affected the following items:

- (i) Impact on the Group's and the Bank's statement of financial position as at 31 December 2011 and 1 January 2011:

The Group

	Balances as at 31 December 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Assets				
Financial investments available-for-sale	11,087,595	4,647,899	-	15,735,494
Financial investments held-to-maturity	14,630,170	(4,457,952)	-	10,172,218
Deferred taxation	-	-	23,487	23,487
Total assets	234,410,039	189,947	23,487	234,623,473
Liabilities				
Other liabilities				
- Post employment benefit obligations	135,831	-	9,595	145,426
- Sundry creditors	914,693	-	(99,293)	815,400
- Expenditure payable	864,164	-	(4,321)	859,843
- Call deposit borrowing	402,705	-	33,537	436,242
- Others	519,423	-	60,482	579,905
Deferred taxation	14,610	47,190	23,487	85,287
Total liabilities	215,261,645	47,190	23,487	215,332,322
Equity				
Reserves	14,875,250	142,757	-	15,018,007
Total equity	19,148,394	142,757	-	19,291,151
Balances as at 1 January 2011				
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Assets				
Financial investments available-for-sale	8,920,018	3,456,736	-	12,376,754
Financial investments held-to-maturity	13,511,190	(3,299,763)	-	10,211,427
Deferred taxation	-	-	21,636	21,636
Total assets	211,908,616	156,973	21,636	212,087,225
Liabilities				
Other liabilities				
- Post employment benefit obligations	153,537	-	14,746	168,283
- Sundry creditors	589,489	-	(123,082)	466,407
- Expenditure payable	1,041,543	-	(71,353)	970,190
- Call deposit borrowing	281,833	-	121,441	403,274
- Others	1,075,423	-	58,248	1,133,671
Deferred taxation	1,019	37,466	21,636	60,121
Total liabilities	194,060,976	37,466	21,636	194,120,078
Equity				
Reserves	13,571,938	119,507	-	13,691,445
Total equity	17,847,640	119,507	-	17,967,147

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(i) Impact on the Group's and the Bank's statement of financial position as at 31 December 2011 and 1 January 2011 (continued):

The Bank

	Balances as at 31 December 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Assets				
Financial investments available-for-sale	9,045,681	4,153,905	-	13,199,586
Financial investments held-to-maturity	11,577,838	(3,970,660)	-	7,607,178
Deferred taxation	6,266	(6,266)	-	-
Total assets	186,545,248	176,979	-	186,722,227
Liabilities				
Other liabilities				
- Post employment benefit obligations	29,184	-	9,595	38,779
- Expenditure payable	762,328	-	(38,779)	723,549
- Others	340,392	-	29,184	369,576
Deferred taxation	-	39,249	-	39,249
Total liabilities	169,546,401	39,249	-	169,585,650
Equity				
Reserves	13,004,638	137,730	-	13,142,368
Total equity	16,998,847	137,730	-	17,136,577

	Balances as at 1 January 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Assets				
Financial investments available-for-sale	7,377,258	3,256,687	-	10,633,945
Financial investments held-to-maturity	11,185,993	(3,104,842)	-	8,081,151
Deferred taxation	22,096	(22,096)	-	-
Total assets	170,823,022	129,749	-	170,952,771
Liabilities				
Other liabilities				
- Post employment benefit obligations	56,607	-	14,746	71,353
- Expenditure payable	930,818	-	(71,353)	859,465
- Others	649,706	-	56,607	706,313
Deferred taxation	-	14,088	-	14,088
Total liabilities	155,081,898	14,088	-	155,095,986
Equity				
Reserves	11,746,915	115,661	-	11,862,576
Total equity	15,741,124	115,661	-	15,856,785

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(ii) Impact on the Group's and the Bank's statements of changes in equity as at 31 December 2011 and 1 January 2011:

The Group

	Balances as at 31 December 2011		
	As previously reported	Effect of adopting	As restated
	RM'000	MFRS1	RM'000
		RM'000	
Exchange fluctuation reserve	(163,485)	213,699	50,214
Hedging reserve	76,699	(135,877)	(59,178)
Retained profits	4,778,576	(77,822)	4,700,754
Revaluation reserve-financial investments available-for-sale	451,876	142,757	594,633
	Balances as at 1 January 2011		
	As previously reported	Effect of adopting	As restated
	RM'000	MFRS1	RM'000
		RM'000	
Exchange fluctuation reserve	(213,699)	213,699	-
Hedging reserve	135,877	(135,877)	-
Retained profits	4,094,495	(77,822)	4,016,673
Revaluation reserve-financial investments available-for-sale	389,033	119,507	508,540

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(ii) Impact on the Group's and the Bank's statements of changes in equity as at 31 December 2011 and 1 January 2011 (continued):

The Bank

	Balances as at 31 December 2011		
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Exchange fluctuation reserve	7,384	46,533	53,917
Hedging reserve	76,699	(25,254)	51,445
Retained profits	3,163,001	(21,279)	3,141,722
Revaluation reserve-financial investments available-for-sale	383,677	137,730	521,407
	Balances as at 1 January 2011		
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Exchange fluctuation reserve	(46,533)	46,533	-
Hedging reserve	135,877	(25,254)	110,623
Retained profits	2,310,697	(21,279)	2,289,418
Revaluation reserve-financial investments available-for-sale	324,543	115,661	440,204

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(iii) Impact on the Group's and the Bank's notes to the Statements of income for the financial period ended 31 December 2011:

The Group

	Amount for the financial year ended 31 December 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Interest income				
- Financial investments available-for-sale	333,400	183,602	-	517,002
- Financial investments held-to-maturity	560,831	(183,602)	-	377,229
Fees on loans and advances	320,173	-	37,463	357,636
Service charges and fees	190,368	-	127,283	317,651
Other fee income	328,527	-	(149,734)	178,793
Other income	61,874	-	(15,012)	46,862

The Bank

	Amount for the financial year ended 31 December 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	Reclassification RM'000	As restated RM'000
Interest income				
- Financial investments available-for-sale	315,032	170,129	-	485,161
- Financial investments held-to-maturity	519,583	(170,129)	-	349,454
Fees on loans and advances	319,187	-	37,463	356,650
Service charges and fees	162,700	-	127,283	289,983
Other fee income	311,628	-	(149,734)	161,894
Other income	31,499	-	(15,012)	16,487

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(iv) Impact on the Group's and the Bank's Statements of comprehensive income for the financial period ended 31 December 2011:

The Group**Group**

	Amount for the financial year ended 31 December 2011		
	As previously reported	Effect of adopting	As restated
	RM'000	MFRS1 RM'000	RM'000
Revaluation reserve of financial investments available-for-sale			
- Net gain from change in fair value	218,366	32,974	251,340
- Income tax effects	(20,192)	(9,724)	(29,916)

The Bank

	Amount for the financial year ended 31 December 2011		
	As previously reported	Effect of adopting	As restated
	RM'000	MFRS1 RM'000	RM'000
Revaluation reserve of financial investments available-for-sale			
- Net gain from change in fair value	195,895	31,400	227,295
- Income tax effects	(19,130)	(9,331)	(28,461)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(v) Impact on the Group's and the Bank's capital adequacy as at 31 December 2011 and 1 January 2011:

The Group

	Balances as at 31 December 2011		
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Other reserves	13,816,665	(76,141)	13,740,524
Total Tier 1 capital	15,693,514	(76,141)	15,617,373
Total capital base	22,126,787	(76,141)	22,050,646
Before deducting proposed dividends			
Core capital ratio	11.97%	(0.06%)	11.91%
Risk-weighted capital ratio	16.87%	(0.06%)	16.81%
After deducting proposed dividends			
Core capital ratio	11.33%	(11.33%)	0.00%
Risk-weighted capital ratio	16.24%	(16.24%)	0.00%
	Balances as at 1 January 2011		
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Other reserves	13,085,117	(76,141)	13,008,976
Total Tier 1 capital	14,920,925	(76,141)	14,844,784
Total capital base	19,302,811	(76,141)	19,226,670
Before deducting proposed dividends			
Core capital ratio	11.83%	(0.06%)	11.77%
Risk-weighted capital ratio	15.30%	(0.06%)	15.24%
After deducting proposed dividends			
Core capital ratio	11.35%	(11.35%)	0.00%
Risk-weighted capital ratio	14.82%	(14.82%)	0.00%

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(v) Impact on the Group's and the Bank's capital adequacy as at 31 December 2011 and 1 January 2011 (Continued):

The Bank*

	Balances as at 31 December 2011		
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Other reserves	12,676,039	(194,209)	12,481,830
Total Tier 1 capital	15,602,327	(194,209)	15,408,118
Total capital base	17,985,160	(194,209)	17,790,951
Before deducting proposed dividends			
Core capital ratio	15.26%	(0.19%)	15.07%
Risk-weighted capital ratio	17.59%	(0.19%)	17.40%
After deducting proposed dividends			
Core capital ratio	14.45%	(14.45%)	0.00%
Risk-weighted capital ratio	16.78%	(16.78%)	0.00%
Balances as at 1 January 2011			
	As previously reported RM'000	Effect of adopting MFRS1 RM'000	As restated RM'000
Other reserves	12,385,045	(194,209)	12,190,836
Total Tier 1 capital	15,295,933	(194,209)	15,101,724
Total capital base	16,246,650	(194,209)	16,052,441
Before deducting proposed dividends			
Core capital ratio	14.38%	(0.18%)	14.20%
Risk-weighted capital ratio	15.27%	(0.18%)	15.09%
After deducting proposed dividends			
Core capital ratio	13.81%	(13.81%)	0.00%
Risk-weighted capital ratio	14.71%	(14.71%)	0.00%

* Includes the operations of CIMB Bank (L) Limited

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(D) Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows

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

(i) Reconciliation of total equity

The Group

	1 Jan 2011 (Date of transition) RM'000	31 Dec 2011 RM'000
Total equity as reported under FRS	17,847,640	19,148,394
<u>Add/(Less): Transitioning adjustments:</u>		
Designation of previously recognised financial instruments		
- Revaluation reserve-financial investments available-for-sale	156,973	189,947
- Income tax effects	(37,466)	(47,190)
Total equity on transition to MFRS	17,967,147	19,291,151

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

55 Change in comparatives (Continued)

(D) Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows (Continued)

(i) Reconciliation of total equity (Continued)

The Bank

	1 Jan 2011 (Date of transition) RM'000	31 Dec 2011 RM'000
Total equity as reported under FRS	15,741,124	16,998,847
<u>Add/(Less): Transitioning adjustments:</u>		
Designation of previously recognised financial instruments		
- Revaluation reserve-financial investments available-for-sale	151,845	183,245
- Income tax effects	(36,184)	(45,515)
Total equity on transition to MFRS	15,856,785	17,136,577

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****55 Change in comparatives (Continued)**

(D) Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows (Continued)

(ii) Reconciliation of other total comprehensive income

The Group

	31 Dec 2011
	RM'000
Total comprehensive income as reported under FRS	2,781,838
<i>Add/(Less): Transitioning adjustments:</i>	
Designation of previously recognised financial instruments	
- Revaluation reserve-financial investments available-	32,974
- Income tax effects	(9,724)
Total comprehensive income upon transition to MFRS	<u>2,805,088</u>

The Bank

	31 Dec 2011
	RM'000
Total comprehensive income as reported under FRS	2,728,505
<i>Add/(Less): Transitioning adjustments:</i>	
Designation of previously recognised financial instruments	
- Revaluation reserve-financial investments available-	31,400
- Income tax effects	(9,331)
Total comprehensive income upon transition to MFRS	<u>2,750,574</u>

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

55 Change in comparatives (Continued)

(D)Reconciliation of MFRS 1 adjustments to total equity, total comprehensive income and statements of cash flows (Continued)

(iii)Reconciliation of statements of cash flows

The transition from FRS to MFRS had no significant effect on the reported cash flows generated by the Group and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2012**

	Note	The Group			The Bank		
		31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Assets							
Cash and short-term funds	(a)	7,188,508	7,579,270	7,840,258	756,358	94,841	153,473
Deposits and placements with banks and other financial institutions	(b)	561,546	1,447,311	1,053,053	77,207	532,817	550,177
Financial assets held for trading	(c)	6,252,944	2,911,603	2,549,533	135,896	158,534	201,640
Financial investments available-for-sale	(d)	3,216,815	1,436,120	656,011	405,782	184,696	-
Financial investments held-to-maturity	(e)	967,899	1,053,822	1,133,825	315,509	363,756	235,111
Islamic derivative financial instruments	(f)	170,324	147,915	157,901	1,965	307	7,213
Financing, advances and other financing/loans	(g)	33,603,028	28,360,944	22,764,498	529,746	286,840	339,921
Other assets	(h)	270,388	300,808	334,828	15,504	1,866	737
Deferred taxation	(i)	10,731	6,359	4,307	-	-	-
Amount due from holding company		818,724	560,222	505,031	-	-	-
Amount due from related company		1,095,084	44,572	48,767	1,094,654	42,812	47,940
Statutory deposits with Bank Negara Malaysia	(j)	1,104,097	1,097,797	143,406	-	-	-
Goodwill	(k)	136,000	136,000	136,000	-	-	-
Intangible assets	(l)	7,328	4,170	4,287	-	-	-
Property, plant and equipment	(m)	5,492	3,900	1,862	-	-	-
Total assets		55,408,908	45,090,813	37,333,567	3,332,621	1,666,469	1,536,212
Liabilities							
Deposits from customers	(n)	36,295,393	29,758,280	23,479,669	984,556	435,978	637,441
Deposits and placements of banks and other financial institutions	(o)	11,757,079	10,600,618	10,769,939	749,674	748,783	566,899
Islamic derivative financial instruments	(f)	380,530	400,611	199,199	-	4,757	-
Other liabilities	(q)	1,930,016	724,399	643,911	1,539,787	422,393	266,550
Amount due to holding company		864,717	402,487	184,519	-	-	-
Amount due to related company		3,554	139	-	-	-	-
Provision for taxation and zakat	(r)	8,109	14,853	11,228	-	-	-
Subordinated Sukuk	(p)	863,557	564,679	300,000	-	-	-
Total liabilities		52,102,955	42,466,066	35,588,465	3,274,017	1,611,911	1,471,090
Equity							
Ordinary share capital	(s)	1,000,000	1,000,000	750,000	-	-	-
Perpetual preference shares	(t)	70,000	70,000	70,000	-	-	-
Reserves	(u)	2,235,953	1,554,747	925,102	58,604	54,558	65,122
Total equity		3,305,953	2,624,747	1,745,102	58,604	54,558	65,122
Total equity and liabilities		55,408,908	45,090,813	37,333,567	3,332,621	1,666,469	1,536,212
Commitment and contingencies	(f)	27,139,468	17,446,799	18,266,504	175,330	522,425	389,122

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2012**

	Note	The Group		The Bank	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income derived from investment of depositors' funds and others	(v)	1,940,930	1,643,715	23,471	19,345
Net income derived from investment of shareholders' funds	(w)	258,761	272,922	4,026	5,026
Allowances for impairment losses on financing, advances and other financing/loans	(x)	(51,892)	(141,435)	(19,846)	(27,604)
Allowance for other receivables		(93)	(21)	-	-
Total distributable income/(loss)		2,147,706	1,775,181	7,651	(3,233)
Income attributable to depositors	(y)	(792,729)	(611,647)	(8,027)	(5,232)
Total net income/(loss)		1,354,977	1,163,534	(376)	(8,465)
Personnel expenses	(z)	(84,445)	(68,082)	(1,421)	-
Other overheads and expenditures	(aa)	(390,310)	(254,561)	(739)	-
Profit/(loss) before taxation		880,222	840,891	(2,536)	(8,465)
Taxation	(ac)	(220,589)	(211,459)	-	-
Profit/(loss) after taxation		659,633	629,432	(2,536)	(8,465)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2012**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial year	659,633	629,432	(2,536)	(8,465)
Other comprehensive income:				
Revaluation reserve of financial investments available-for-sale	18,649	707	6,971	(3,178)
- Net gain/(loss) from change in fair value	28,358	9,401	7,620	(2,622)
- Realised gain transferred to statement of income on disposal and impairment	(6,815)	(7,238)	(649)	-
- Income tax effects	(2,894)	(1,456)	-	(556)
Exchange fluctuation reserves	2,809	(1,459)	(389)	1,079
Other comprehensive income/(loss) for the year, net of tax	21,458	(752)	6,582	(2,099)
Total comprehensive income/(loss) for the year	681,091	628,680	4,046	(10,564)
Total net income/(loss)	1,354,977	1,163,534	(376)	(8,465)
Add: Allowances for impairment losses on financing, advances and other financing/loans	51,892	141,435	19,846	27,604
Add: Allowances for other receivables	93	21	-	-
	1,406,962	1,304,990	19,470	19,139

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2012**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2012									
- As previously stated	1,000,000	70,000	456,469	7,710	3,947	59,113	16,499	1,005,982	2,619,720
- Effect of adopting MFRS 1	-	-	-	(9,169)	5,027	-	-	9,169	5,027
As restated	1,000,000	70,000	456,469	(1,459)	8,974	59,113	16,499	1,015,151	2,624,747
Profit for the financial year	-	-	-	-	-	-	-	659,633	659,633
Other comprehensive income, net of tax	-	-	-	2,809	18,649	-	-	-	21,458
- financial investments available-for-sale	-	-	-	-	18,649	-	-	-	18,649
- currency translation difference	-	-	-	2,809	-	-	-	-	2,809
Total comprehensive income for the year	-	-	-	2,809	18,649	-	-	659,633	681,091
Share-based payment expense	-	-	-	-	-	-	571	-	571
Shares released under Equity Ownership plan	-	-	-	-	-	-	(456)	-	(456)
Expiry of Management Equity Scheme	-	-	-	-	-	-	(16,279)	16,279	-
Transfer to statutory reserve	-	-	200,535	-	-	-	-	(200,535)	-
Transfer to regulatory reserve	-	-	-	-	-	183,511	-	(183,511)	-
At 31 December 2012	1,000,000	70,000	657,004	1,350	27,623	242,624	335	1,307,017	3,305,953

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2012 (Continued):**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2011									
- As previously stated	750,000	70,000	288,603	9,169	4,421	7,405	15,534	596,124	1,741,256
- Effect of adopting MFRS 1	-	-	-	(9,169)	3,846	-	-	9,169	3,846
As restated	750,000	70,000	288,603	-	8,267	7,405	15,534	605,293	1,745,102
Profit for the financial year	-	-	-	-	-	-	-	629,432	629,432
Other comprehensive income, net of tax	-	-	-	(1,459)	707	-	-	-	(752)
- financial investments available-for-sale	-	-	-	-	707	-	-	-	707
- currency translation difference	-	-	-	(1,459)	-	-	-	-	(1,459)
Total comprehensive income for the year	-	-	-	(1,459)	707	-	-	629,432	628,680
Share-based payment expense	-	-	-	-	-	-	1,100	-	1,100
Shares released under Equity Ownership plan	-	-	-	-	-	-	(135)	-	(135)
Issuance of shares	250,000	-	-	-	-	-	-	-	250,000
Transfer to statutory reserve	-	-	167,866	-	-	-	-	(167,866)	-
Transfer to regulatory reserve	-	-	-	-	-	51,708	-	(51,708)	-
At 31 December 2011	1,000,000	70,000	456,469	(1,459)	8,974	59,113	16,499	1,015,151	2,624,747

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2012 (Continued)**

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
The Bank				
At 1 January 2012				
- As previously stated	(1,095)	(3,178)	58,831	54,558
- Effect of adopting MFRS 1	2,174	-	(2,174)	-
As restated	1,079	(3,178)	56,657	54,558
Loss for the financial year	-	-	(2,536)	(2,536)
Currency translation difference	(389)	-	-	(389)
Financial investments available-for-sale	-	6,971	-	6,971
At 31 December 2012	690	3,793	54,121	58,604

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
At 1 January 2011				
- As previously stated	(2,174)	-	67,296	65,122
- Effect of adopting MFRS1	2,174	-	(2,174)	-
As restated	-	-	65,122	65,122
Loss for the financial year	-	-	(8,465)	(8,465)
Currency translation difference	1,079	-	-	1,079
Financial investments available-for-sale	-	(3,178)	-	(3,178)
At 31 December 2011	1,079	(3,178)	56,657	54,558

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2012**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	880,222	840,891	(2,536)	(8,465)
Adjustments for:				
Depreciation of property, plant and equipment	1,660	1,039	-	-
Property, plant and equipment written off	116	-	-	-
Amortisation of intangible assets	2,811	1,280	-	-
Allowance for losses on other receivables	93	21	-	-
Net gain from disposal of financial investments available-for-sale	(6,815)	(7,237)	(649)	(556)
Share-based payment expense	571	1,100	-	-
Unrealised (gain)/loss on Islamic derivative financial instruments	(22,437)	10,599	-	-
Unrealised (gain)/loss on foreign exchange	(61,557)	31,935	-	-
Allowance for impairment losses on financing, advances and other financing/loans	107,994	179,210	19,846	27,604
Unrealised (gain)/loss from revaluation of financial assets held for trading	(444)	1,431	(704)	959
Accretion of discount less amortisation of premium	(42,479)	(25,142)	468	152
Profit income from financial investments available-for-sale	(80,520)	(40,167)	(7,123)	(1,862)
Profit income from financial investments held-to-maturity	(52,456)	(44,213)	(8,371)	(5,691)
Net (gain)/loss from sale of financial investments held-to-maturity	(1,245)	250	-	-
Net gain from hedging derivatives	(2,002)	(4,272)	(2,002)	(4,272)
Profit expense on subordinated Sukuk	28,740	23,307	-	-
	752,252	970,032	(1,071)	7,869
Decrease/(increase) in operating assets				
Deposits and placements with banks and other financial institutions	885,765	(394,258)	455,610	17,360
Financial assets held for trading	(3,293,121)	(337,713)	23,342	42,147
Financing, advances and other financing/loans	(5,352,880)	(5,770,321)	(265,554)	29,749
Other assets	29,871	33,864	(13,638)	3,849
Amount due from holding company	(344,670)	(155,266)	-	-
Amount due from related company	(1,050,512)	4,195	(1,051,842)	5,128
Statutory deposits with Bank Negara Malaysia	(6,300)	(954,391)	-	-
Increase/(decrease) in operating liabilities				
Deposits from customers	6,537,113	6,278,611	548,578	(201,463)
Deposits and placements of banks and other financial institutions	1,156,461	(169,321)	891	181,884
Islamic derivative financial instruments	(20,053)	200,799	(6,415)	11,663
Amount due to holding company	462,230	217,968	-	-
Amount due to related companies	3,415	139	-	-
Other liabilities	1,260,422	61,219	1,117,395	151,727
Cash flows generated from/(used in) operations	1,019,993	(14,443)	807,296	249,913
Taxation paid	(146,361)	(111,268)	-	-
Cash flows generated from/(used in) operating activities	873,632	(125,711)	807,296	249,913

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2012 (Continued)**

Note	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from/(used in) investing activities				
Net proceeds/(purchase) of financial investments held-to-maturity	87,567	82,087	48,323	(127,664)
Net purchase of financial investments available-for-sale	(1,735,669)	(766,962)	(213,201)	(185,736)
Profit income from financial investments held-to-maturity	52,066	40,563	8,295	4,710
Profit income from financial investments available-for-sale	58,546	37,089	6,389	128
Purchase of property, plant and equipment	(3,513)	(3,551)	-	-
Purchase of intangible assets	(5,824)	(689)	-	-
Net cash used in investing activities	<u>(1,546,827)</u>	<u>(611,463)</u>	<u>(150,194)</u>	<u>(308,562)</u>
Cash flows from financing activities				
Issuance of Sukuk	300,000	250,000	-	-
Issuance of share capital	-	250,000	-	-
Profit expense paid on subordinated Sukuk	(25,180)	(21,293)	-	-
Net cash generated from financing activities	<u>274,820</u>	<u>478,707</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(398,375)	(258,467)	657,102	(58,649)
Effects of exchange rate differences	7,613	(2,521)	4,415	17
Cash and cash equivalents at beginning of financial year	<u>7,579,270</u>	<u>7,840,258</u>	<u>94,841</u>	<u>153,473</u>
Cash and cash equivalents at end of financial year	<u>7,188,508</u>	<u>7,579,270</u>	<u>756,358</u>	<u>94,841</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) <u>7,188,508</u>	<u>7,579,270</u>	<u>756,358</u>	<u>94,841</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash and balances with banks and other financial institutions	730,681	142,823	73,353	601,950	-	-
Money at call and deposit placements maturing within one month	6,457,827	7,436,447	7,766,905	154,408	94,841	153,473
	7,188,508	7,579,270	7,840,258	756,358	94,841	153,473

(b) Deposits and placements with banks and other financial institutions

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Licensed banks	405,147	1,217,947	503,053	77,207	532,817	550,177
Licensed investment banks	146,362	229,364	-	-	-	-
Other financial institutions	10,037	-	550,000	-	-	-
	561,546	1,447,311	1,053,053	77,207	532,817	550,177

(c) Financial assets held for trading

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Money market instruments						
Unquoted						
Government Investment Issues	251,804	95,456	194,227	-	-	-
Malaysian Government Securities	-	20,163	-	-	-	-
Malaysian Government treasury bills	68,456	9,734	-	-	-	-
Bank Negara Malaysia negotiable notes	3,540,897	1,806,188	1,283,822	-	-	-
Islamic negotiable instruments of deposits	1,656,985	504,157	638,001	-	-	-
Islamic accepted bills	150,202	146,891	98,364	-	-	-
Other Government Securities	100,261	122,356	96,185	100,261	122,356	96,185
	5,768,605	2,704,945	2,310,599	100,261	122,356	96,185
Unquoted securities						
<u>In Malaysia</u>						
Private debt securities	461,628	170,480	133,479	12,924	-	-
<u>Outside Malaysia</u>						
Islamic debt securities	22,711	36,178	105,455	22,711	36,178	105,455
	6,252,944	2,911,603	2,549,533	135,896	158,534	201,640

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(d) Financial investments available-for-sale**

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Money market instruments						
Unquoted						
Government Investment Issues	1,140,378	448,440	165,641	-	-	-
Islamic Cagamas bonds	20,764	35,857	35,423	-	-	-
Malaysian Government Securities	99,200	98,940	-	64,938	65,243	-
Khazanah bonds	54,240	-	-	-	-	-
	<u>1,314,582</u>	<u>583,237</u>	<u>201,064</u>	<u>64,938</u>	<u>65,243</u>	<u>-</u>
Unquoted securities						
In Malaysia						
Private debt securities	1,547,118	740,815	454,369	-	15,715	-
Placements with Islamic Banking and Finance Institute Malaysia	575	575	575	-	-	-
Outside Malaysia						
Private debt securities	340,844	103,738	-	340,844	103,738	-
Private equity funds	13,696	7,755	3	-	-	-
	<u>3,216,815</u>	<u>1,436,120</u>	<u>656,011</u>	<u>405,782</u>	<u>184,696</u>	<u>-</u>

(e) Financial investments held-to-maturity

	The Group			The Bank		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted securities						
In Malaysia						
Private debt securities	778,948	812,282	1,018,081	126,518	123,558	120,261
Outside Malaysia						
Private debt securities	188,991	240,198	114,850	188,991	240,198	114,850
Amortisation of premium less accretion of discounts	(40)	1,342	894	-	-	-
	<u>967,899</u>	<u>1,053,822</u>	<u>1,133,825</u>	<u>315,509</u>	<u>363,756</u>	<u>235,111</u>

Private debt securities amounting to RMNil (31 December 2011: RMNil, 1 January 2011: RM865 million) are funded by a Restricted Profit Sharing Investment Account ('RPSIA') depositor, as part of an arrangement between CIMB Islamic and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

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

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

	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
At 31 December 2012						
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	1,579,364	33,775	(31,665)	-	-	-
Currency swaps	2,803,898	17,819	(8,780)	175,330	1,965	-
Currency spot	1,604	1	(1)	-	-	-
Currency option	92,114	297	(297)	-	-	-
Cross currency profit rate swaps	331,784	17,993	(17,994)	-	-	-
	4,808,764	69,885	(58,737)	175,330	1,965	-
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	8,265,671	75,209	(52,354)	-	-	-
<u>Equity related derivatives</u>						
Equity options	1,471,507	15,856	(15,856)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	7,078,403	9,374	(253,583)	-	-	-
Total derivative assets/(liabilities)	21,624,345	170,324	(380,530)	175,330	1,965	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2011	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>						
Foreign exchange derivatives						
Currency forward	463,003	8,586	(1,641)	-	-	-
Currency swaps	1,788,566	11,293	(13,542)	522,425	307	(4,757)
Currency spot	1,425	2	-	-	-	-
Currency option	67,409	714	(714)	-	-	-
Cross currency profit rate swaps	330,114	15,938	(15,939)	-	-	-
	2,650,517	36,533	(31,836)	522,425	307	(4,757)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	5,290,799	92,632	(95,791)	-	-	-
<u>Equity related derivatives</u>						
Equity options	1,896,611	10,555	(10,555)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	4,629,498	8,195	(262,429)	-	-	-
Total derivative assets/(liabilities)	14,467,425	147,915	(400,611)	522,425	307	(4,757)

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

	The Group			The Bank		
	Principal	Fair values Assets	Liabilities	Principal	Fair values Assets	Liabilities
At 1 January 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	33,825	42	(460)	-	-	-
Currency swaps	2,010,317	15,448	(20,753)	389,122	7,213	-
Currency spot	245	1	-	-	-	-
Cross currency profit rate swaps	88,549	2,653	(2,653)	-	-	-
	2,132,936	18,144	(23,866)	389,122	7,213	-
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	5,799,537	122,279	(108,850)	-	-	-
<u>Equity related derivatives</u>						
Equity options	2,219,544	6,342	(6,342)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	4,400,000	11,136	(60,141)	-	-	-
Total derivative assets/(liabilities)	14,552,017	157,901	(199,199)	389,122	7,213	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

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

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

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

	The Group			The Bank		
	31 December 2012 Principal RM'000	31 December 2011 Principal RM'000	1 January 2011 Principal RM'000	31 December 2012 Principal RM'000	31 December 2011 Principal RM'000	1 January 2011 Principal RM'000
<u>Credit related</u>						
Direct credit substitutes	195,449	28,627	37,197	-	-	-
Certain transaction-related contingent items	434,554	345,460	374,102	-	-	-
Short-term self-liquidating trade-related contingencies	85,180	249,517	17,949	-	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	3,852,873	1,469,541	1,782,407	-	-	-
- maturity exceeding one year	901,637	857,762	1,411,601	-	-	-
Miscellaneous commitments and contingencies	45,430	28,467	91,231	-	-	-
Total credit-related commitments and contingencies	5,515,123	2,979,374	3,714,487	-	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group			The Bank		
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
<u>Treasury related</u>						
Foreign exchange related contracts:						
- less than one year	3,756,043	2,320,403	2,044,387	175,330	522,425	389,122
- one year to less than five years	157,015	89,714	88,549	-	-	-
- five years and above	895,706	240,400	-	-	-	-
Profit rate related contracts:						
- less than one year	1,093,346	1,391,478	377,279	-	-	-
- one year to less than five years	4,615,834	2,712,481	4,315,158	-	-	-
- five years and above	9,634,894	5,816,338	5,507,100	-	-	-
Equity related contracts:						
- less than one year	710,633	208,568	637,740	-	-	-
- one year to less than five years	345,162	962,110	1,075,479	-	-	-
- five years and above	415,712	725,933	506,325	-	-	-
Total treasury-related commitments and contingencies	21,624,345	14,467,425	14,552,017	175,330	522,425	389,122
	27,139,468	17,446,799	18,266,504	175,330	522,425	389,122

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type:**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash line	471,590	373,056	322,529	-	-	-
Term financing						
- Housing financing	8,231,990	7,134,214	5,532,014	-	-	-
- Syndicated term financing	422,285	287,618	579,701	92,271	95,553	198,715
- Hire purchase receivables	6,495,487	5,410,652	5,234,598	-	-	-
- Other term financing	16,081,722	14,585,450	10,660,036	315,261	141,153	141,206
Credit card receivables	97,882	104,078	90,472	-	-	-
Bills receivable	3,766	2,581	2,235	-	-	-
Islamic trust receipts	80,151	35,391	59,091	44,443	-	-
Claim on customers under acceptance credit	340,687	233,479	191,657	-	-	-
Revolving credits	1,575,218	502,125	407,330	125,027	78,800	-
Share purchases financing other financing/loans	35,226 3	- -	- 11	- 3	- -	- -
Gross financing, advances and other financing/loans	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921
Fair value changes arising from fair value hedges	222,909	241,966	17,997	-	-	-
	34,058,916	28,910,610	23,097,671	577,005	315,506	339,921
Less: Individual impairment allowance	(108,184)	(131,922)	(92,683)	(47,259)	(28,666)	-
	33,950,732	28,778,688	23,004,988	529,746	286,840	339,921
Less: Portfolio impairment allowance	(347,704)	(417,744)	(240,490)	-	-	-
	33,603,028	28,360,944	22,764,498	529,746	286,840	339,921

- a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM6,500 million (31 December 2011: RM4,350 million, 1 January 2011: RM 4,400 million) financing using Islamic profit rate swaps.

	The Group		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Gross financing hedged	6,500,000	4,350,000	4,400,000
Fair value changes arising from fair value hedges	222,909	241,966	17,997
	6,722,909	4,591,966	4,417,997

The fair value loss on Islamic profit rate swaps in this hedge transaction as at 31 December 2012 was RM247 million (31 December 2011: RM262 million, 1 January 2011: RM49 million).

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

- b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

As at 31 December 2012, the gross exposures to RPSIA financing is RM988 million (31 December 2011: RM1,065 million, 1 January 2011: RM7,331 million) and the portfolio impairment allowance relating to this RPSIA is RM3.5 million (31 December 2011: RM3.7 million, 1 January 2011: RM154.8 million).

(ii) By contract:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Bai'-Bithaman Ajil (<i>deferred payment sale</i>)	12,957,557	11,569,606	10,320,341	-	-	-
Murabahah (<i>Cost Plus Sale</i>)	902,687	542,273	643,825	577,005	315,506	339,921
Ijarah Muntahiyah Bittamlik/AITAB (<i>lease ending with ownership</i>)	7,330,211	6,299,331	5,979,854	-	-	-
Bai' al-'inah (<i>sales and repurchase</i>)	12,455,612	9,913,017	5,827,671	-	-	-
Others	189,940	344,417	307,983	-	-	-
	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921

(iii) By type of customer:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Domestic non-bank financial institutions	574,212	357,211	213,028	-	-	-
Domestic business enterprises						
- small medium enterprises	1,360,257	1,332,710	1,267,220	-	-	-
- others	5,191,432	3,146,765	3,131,681	-	-	-
Government and statutory bodies	6,747,294	6,545,671	4,539,837	-	-	-
Individuals	19,122,879	16,714,078	13,353,200	-	-	-
Other domestic entities	70,844	90,017	34,246	53,863	77,572	28,779
Foreign entities	769,089	482,192	540,462	523,142	237,934	311,142
	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(iv) By profit rate sensitivity:**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Fixed rate						
- House financing	316,820	402,488	417,942	-	-	-
- Hire-purchase receivables	6,495,487	5,410,652	5,234,598	-	-	-
- other financing/loans	12,241,704	11,924,643	8,024,882	128,750	-	-
Variable rate						
- House financing	7,915,170	6,731,726	5,114,072	-	-	-
- Others	6,866,826	4,199,135	4,288,180	448,255	315,506	339,921
	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921

(v) By economic purposes:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Personal use	3,233,098	3,179,054	1,710,557	-	-	-
Credit card	97,882	104,078	90,472	-	-	-
Purchase of consumer durables	11,584	-	-	-	-	-
Residential property	8,273,772	7,163,093	5,579,762	-	-	-
Non residential property	2,573,888	1,926,886	1,651,458	-	-	-
Purchase of fixed assets other than land and building	360,709	428,357	391,915	-	-	-
Construction	1,970,429	1,014,686	759,803	-	-	-
Purchase of securities	35,648	10	20,606	-	-	-
Purchase of transport vehicles	6,512,442	5,410,377	5,234,598	-	-	-
Working capital	7,479,845	6,815,023	7,160,532	190,577	173,126	121,498
Merger and acquisition	20,290	34,787	-	-	-	-
Other purpose	3,266,420	2,592,293	479,971	386,428	142,380	218,423
	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(vi) By geographical distribution:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Malaysia	33,259,002	28,353,138	22,739,753	-	-	-
Other countries	577,005	315,506	339,921	577,005	315,506	339,921
	33,836,007	28,668,644	23,079,674	577,005	315,506	339,921

(vii) Impaired financing, advances and other financing/loans by economic purposes:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Personal use	15,570	19,240	17,165	-	-	-
Credit card	419	4,506	2,616	-	-	-
Residential property	91,240	85,570	85,002	-	-	-
Non residential property	35,148	27,302	16,131	-	-	-
Purchase of fixed assets other than land and building	1,965	1,154	1,738	-	-	-
Construction	894	3,319	1,584	-	-	-
Purchase of securities	10	3	19,364	-	-	-
Purchase of transport vehicles	87,913	99,353	86,560	-	-	-
Working capital	155,804	191,558	101,590	92,271	95,553	-
Other purpose	7,436	9,326	4,129	-	-	-
	396,399	441,331	335,879	92,271	95,553	-

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

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Malaysia	304,128	345,778	335,879	-	-	-
Other countries	92,271	95,553	-	92,271	95,553	-
	396,399	441,331	335,879	92,271	95,553	-

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	441,331	335,879	95,553	-
Classified as impaired during the financial year	383,364	445,550	269	95,553
Reclassified as not impaired during the financial year	(152,618)	(122,608)	-	-
Amount written back in respect of recoveries	(73,013)	(90,543)	-	-
Reclassification from unwinding income	10,109	-	-	-
Amount written off	(209,223)	(126,947)	-	-
Exchange fluctuation	(3,551)	-	(3,551)	-
At 31 December	396,399	441,331	92,271	95,553
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.17%	1.54%	15.99%	30.29%

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(x) Movements in allowance for impaired financing, advances and other financing/loans:

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Individual impairment allowance				
At 1 January	131,922	92,683	28,666	-
Net allowance made during the financial year	21,432	44,095	19,846	27,604
Amount written off	(48,007)	(4,441)	-	-
Unwinding income	4,090	(1,477)	-	-
Exchange fluctuation	(1,253)	1,062	(1,253)	1,062
At 31 December	108,184	131,922	47,259	28,666
Portfolio impairment allowance				
At 1 January	417,744	240,490	-	-
Allowance made during the financial year	86,543	135,113	-	-
Amount written off	(162,602)	(119,912)	-	-
Unwinding income	6,019	(4,181)	-	-
Transfer from/(to) intercompany	-	166,234	-	-
At 31 December	347,704	417,744	-	-
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%	2.28%	-	-

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(h) Other assets**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Deposits and prepayments	100	150	308	-	-	-
Clearing accounts	170,309	93,151	212,214	13,326	-	-
Collateral pledged for derivative transactions	61,430	52,090	68,470	-	-	-
Sundry debtors	38,549	155,417	53,836	2,178	1,866	737
	<u>270,388</u>	<u>300,808</u>	<u>334,828</u>	<u>15,504</u>	<u>1,866</u>	<u>737</u>

(i) Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are offset and shown in the statements of financial position:

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Deferred tax assets	20,291	11,630	8,092	-	-	-
Deferred tax liabilities	(9,560)	(5,271)	(3,785)	-	-	-
	<u>10,731</u>	<u>6,359</u>	<u>4,307</u>	<u>-</u>	<u>-</u>	<u>-</u>

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for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(i) Deferred taxation (continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Portfolio impairment allowance for bad and doubtful financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserves - financial investments available-for- sale RM'000	Provision for expenses RM'000	Total RM'000
<u>Deferred tax assets</u>						
<u>2012</u>						
At 1 January 2012						
- As previously stated		27	(839)	(2,756)	11,603	8,035
- Effect of adopting MFRS1		-	-	(1,676)	-	(1,676)
As restated		27	(839)	(4,432)	11,603	6,359
Credited/(charged) to statement of income	(ac)	51	(1,336)	-	8,893	7,608
Under provision in prior year		-	(59)	-	(283)	(342)
Transferred to equity		-	-	(2,894)	-	(2,894)
At 31 December 2012		78	(2,234)	(7,326)	20,213	10,731
<u>2011</u>						
At 1 January 2011						
- As previously stated		-	(809)	(1,694)	8,092	5,589
- Effect of adopting MFRS1		-	-	(1,282)	-	(1,282)
As restated		-	(809)	(2,976)	8,092	4,307
Credited/(charged) to statement of income	(ac)	27	(8)	-	2,689	2,708
(Under)/over provision in prior year		-	(22)	-	822	800
Transferred to equity		-	-	(1,456)	-	(1,456)
At 31 December 2011		27	(839)	(4,432)	11,603	6,359

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(j) Statutory deposits with Bank Negara Malaysia**

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

(k) Goodwill

	The Group	
	2012	2011
	RM'000	RM'000
Cost		
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit ('CGU').

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2013 financial budgets approved by management, projected for five years based on the average to year historical Gross Domestic Product ('GDP') growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.0% (31 December 2011: 5.00%, 1 January 2011: 5.00%). The discount rate is 7.1% (31 December 2011: 8.72%, 1 January 2011: 8.89%) which reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(l) Intangible assets**

	The Group	
	2012	2011
	RM'000	RM'000
Computer software		
Cost		
At 1 January	17,142	15,979
Additions	5,824	689
Reclassified from property, plant and equipment (Note m)	1,407	474
Transfer of assets to holding company	-	-
At 31 December	<u>24,373</u>	<u>17,142</u>
Amortisation		
At 1 January	12,972	11,692
Charge for the financial year	2,811	1,280
Reclassified from property, plant and equipment (Note m)	1,262	-
At 31 December	<u>17,045</u>	<u>12,972</u>
Net book value at 1 January	<u>4,170</u>	4,287
Net book value at 31 December	<u>7,328</u>	4,170

The remaining amortisation period of the intangible assets are as follows:

Computer software 3-15 years

The above intangible assets include computer software under construction at cost of RM247,000 (31 December 2011: RM77,000, 1 January 2011: RM479,000).

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment**

The Group	Renovations, office equipment, furniture and fittings	Computer equipments	Motor vehicles	Total
2012				
Cost				
At 1 January	8,294	13	2,450	10,757
Additions	2,356	-	1,157	3,513
Written-off	(4,472)	(10)	(360)	(4,842)
Reclassified to intangible assets (Note 1)	(1,407)	-	-	(1,407)
At 31 December	<u>4,771</u>	<u>3</u>	<u>3,247</u>	<u>8,021</u>
Depreciation				
At 1 January	6,339	13	505	6,857
Charge for the financial year	1,089	-	571	1,660
Written-off	(4,453)	(10)	(263)	(4,726)
Reclassified to intangible assets (Note 1)	(1,262)	-	-	(1,262)
At 31 December	<u>1,713</u>	<u>3</u>	<u>813</u>	<u>2,529</u>
Net book value at 31 December	<u>3,058</u>	<u>-</u>	<u>2,434</u>	<u>5,492</u>
The Group				
2011				
Cost				
At 1 January	6,833	13	853	7,699
Additions	1,954	-	1,597	3,551
Written-off	(19)	-	-	(19)
Reclassified to intangible assets (Note 1)	(474)	-	-	(474)
At 31 December	<u>8,294</u>	<u>13</u>	<u>2,450</u>	<u>10,757</u>
Depreciation				
At 1 January	5,498	13	326	5,837
Charge for the financial year	860	-	179	1,039
Written-off	(19)	-	-	(19)
At 31 December	<u>6,339</u>	<u>13</u>	<u>505</u>	<u>6,857</u>
Net book value at 1 January	<u>1,335</u>	<u>-</u>	<u>527</u>	<u>1,862</u>
Net book value at 31 December	<u>1,955</u>	<u>-</u>	<u>1,945</u>	<u>3,900</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
<u>Mudharabah</u>						
Demand deposits	4,234,083	2,550,795	1,497,380	-	-	-
Savings deposits	524,422	397,201	289,034	-	-	-
General investment deposits (inclusive of Special General investment deposits of RM1,314,609,000 (31 December 2011: RM6,987,965,000, 1 January 2011: RM7,561,472,000)	2,713,866	8,032,067	8,776,494	6,444	5,698	-
Specific investment deposit	1,206,431	1,755,961	2,352,764	-	-	-
	8,678,802	12,736,024	12,915,672	6,444	5,698	-
<u>Non-Mudharabah</u>						
Demand deposits	3,542,175	3,122,181	2,973,411	12,179	9,641	2,045
Savings deposits	1,181,904	932,787	701,147	-	-	-
General investment deposits	965,933	419,745	634,517	965,933	419,745	634,517
Fixed return investment account	6,665,864	5,564,248	5,127,333	-	-	879
Islamic negotiable instruments of deposit	2,370,187	2,510,276	1,033,019	-	-	-
Commodity Murabahah	519	440,600	69,379	-	-	-
Short term money market deposit-i	12,849,247	3,994,930	-	-	-	-
Others	40,762	37,489	25,191	-	894	-
	27,616,591	17,022,256	10,563,997	978,112	430,280	637,441
	36,295,393	29,758,280	23,479,669	984,556	435,978	637,441

(ii) By type of customer

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Government and statutory bodies	6,493,384	5,399,490	5,739,644	-	77,187	53,898
Business enterprises	13,714,164	10,512,339	7,059,021	318,133	73,391	1,615
Individuals	4,578,223	4,122,938	3,622,835	11,702	772	48,863
Others	11,509,622	9,723,513	7,058,169	654,721	284,628	533,065
	36,295,393	29,758,280	23,479,669	984,556	435,978	637,441

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**Notes to the Financial Statements
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	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
<u>Mudharabah</u>						
Licensed Islamic banks	1,315,473	317,074	394,625	-	-	-
Licensed banks	9,049,724	9,055,075	9,692,225	627,314	381,745	505,259
Licensed investment banks	998,659	853,083	571,200	-	-	-
Other financial institutions	393,223	375,386	111,889	122,360	367,038	61,640
	11,757,079	10,600,618	10,769,939	749,674	748,783	566,899

(p) Subordinated Sukuk

The RM850 million unsecured subordinated Sukuk ('the Sukuk') is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

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

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

The third tranche of the Sukuk of RM850 million was issued at par on 18 September 2012 and is due on 18 September 2022, with optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(q) Other liabilities**

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Clearing accounts	1,828,337	215,259	327,463	1,537,211	-	-
Accruals and other payables	74,303	78,679	25,165	-	-	38
Others	27,376	430,461	291,283	2,576	422,393	266,712
	<u>1,930,016</u>	<u>724,399</u>	<u>643,911</u>	<u>1,539,787</u>	<u>422,393</u>	<u>266,750</u>

(r) Provision for taxation and Zakat

	The Group			The Bank		
	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Taxation	7,321	12,287	5,281	-	-	-
Zakat	788	2,566	5,947	-	-	-
	<u>8,109</u>	<u>14,853</u>	<u>11,228</u>	<u>-</u>	<u>-</u>	<u>-</u>

(s) Ordinary share capital

	The Group	
	2012 RM'000	2011 RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January	1,500,000	900,000
Created during the financial year	-	600,000
At 31 December	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January	1,000,000	750,000
Issued during the financial year	-	250,000
At 31 December	<u>1,000,000</u>	<u>1,000,000</u>

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56 The operations of Islamic Banking (Continued)

(t) Perpetual preference shares

	The Group	
	2012 RM'000	2011 RM'000
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January / 31 December	<u>100,000</u>	<u>100,000</u>
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January / 31 December	<u>70,000</u>	<u>70,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of the Bank and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of the Bank beyond such redemption rights as are expressly set out in these Articles.

The Bank may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of the Bank.

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

56 The operations of Islamic Banking (Continued)

(u) Reserves

- (a) The statutory reserves are maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.
- (b) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (c) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment financing assessment methodology with the adoption of FRS 139 beginning 1 January 2010.
- (d) Share-based payment reserve arose from the Management Equity Scheme and Employee Ownership Plan, the Group's share-based compensation benefits.
- (e) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiaries and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(v) Income derived from investment of depositors' funds and others**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income derived from investment of:				
(i) General investment deposits	850,675	624,639	23,471	19,345
(ii) Specific investment deposits	97,510	325,387	-	-
(iii) Other deposits	992,745	693,689	-	-
	1,940,930	1,643,715	23,471	19,345

(i) Income derived from investment of general investment deposits

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financing, advances and other financing/loans				
- profit income	680,889	504,251	8,193	6,375
- unwinding income [^]	2,762	2,198	577	-
Financial assets held for trading	14,514	9,843	1,422	2,227
Financial investments available-for-sale	38,955	17,897	7,068	1,862
Financial investments held-to-maturity	27,115	10,670	8,139	5,571
Money at call and deposits with financial institutions	74,775	73,435	4,008	2,277
	839,010	618,294	29,407	18,312
Accretion of discount less amortisation of premium	18,664	12,174	(468)	(152)
Total finance income and hibah	857,674	630,468	28,939	18,160
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	9,578	2,332	659	1,654
-unrealised	558	(1,233)	694	(942)
- Net gain from sale of financial investments available-for-sale	3,591	3,098	649	556
- Net gain/(loss) from sale of financial investments held-to-maturity	528	(104)	-	-
- Net loss from foreign exchange transactions	(26,199)	(15,651)	(7,787)	(789)
	(11,944)	(11,558)	(5,785)	479
Fee and commission income	4,945	5,729	317	706
	850,675	624,639	23,471	19,345

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(v) Income derived from investment of depositors' funds and others (continued)****(ii) Income derived from specific investment deposits**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Financing , advances and other financing/loans				
- profit income	60,404	233,922	-	-
Money at call and deposit with financial institutions	37,106	64,135	-	-
Financial investments held-to-maturity	-	27,330	-	-
	97,510	325,387	-	-

(iii) Income derived from investment of other deposits

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	809,175	573,767	-	-
- unwinding income [^]	2,641	2,568	-	-
Financial assets held for trading	15,508	8,325	-	-
Financial investments available-for-sale	37,861	20,357	-	-
Financial investments held-to-maturity	23,113	5,492	-	-
Money at call and deposits with financial institutions	83,449	79,641	-	-
	971,747	690,150	-	-
Accretion of discount less amortisation of premium	21,919	11,555	-	-
Total finance income and hibah	993,666	701,705	-	-
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	11,397	812	-	-
-unrealised	(112)	(152)	-	-
- Net gain from sale of financial investments available-for-sale	2,967	3,827	-	-
- Net gain/(loss) from sale of financial investments held-to-maturity	661	(136)	-	-
- Net loss from foreign exchange transactions	(19,223)	(16,530)	-	-
	(4,310)	(12,179)	-	-
Fee and commission income	3,389	4,163	-	-
	992,745	693,689	-	-

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(w) Net income derived from investment of shareholders' funds**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financing, advances and other financing/loans				
- profit income	84,161	121,917	176	100
- unwinding income [^]	229	261	-	-
Financial assets held for trading	1,361	924	13	34
Financial investments available-for-sale	3,704	1,913	55	-
Financial investments held-to-maturity	2,228	721	232	120
Money at call and deposits with financial institutions	9,033	8,697	1,764	481
	100,716	134,433	2,240	735
Accretion of discount less amortisation of premium	1,896	1,413	-	-
Total finance income and hibah	102,612	135,846	2,240	735
Other operating income				
- Net gain/(loss) from financial assets held for trading				
- Realised	964	118	(7)	36
- Unrealised	(2)	(46)	10	(17)
- Net gain from sale of financial investments available-for-sale	257	312	-	-
- Net gain/(loss) from sale of financial investments held-to-maturity	56	(10)	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	33,580	57,130	-	-
- Unrealised	22,437	(10,599)	-	-
- Net loss from foreign exchange transactions	(1,839)	(1,741)	(224)	-
- Net gain from hedging derivatives	2,002	4,272	2,002	4,272
	57,455	49,436	1,781	4,291
Fee and commission income	94,923	83,829	5	-
Fee and commission expense	(1,909)	(1,961)	-	-
Net fee and commission expense	93,014	81,868	5	-
Sundry income	5,680	5,772	-	-
	258,761	272,922	4,026	5,026

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(x) Allowances for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
(i) Individual impairment allowance				
- Net allowance made during the financial year	21,432	44,095	19,846	27,604
(iii) Portfolio impairment allowance				
- Net allowance made during the financial year	86,543	135,113	-	-
Bad debts on financing:				
- recovered	(56,102)	(37,775)	-	-
- written off	19	2	-	-
	51,892	141,435	19,846	27,604

(y) Income attributable to depositors

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	155,960	285,799	35	8
- Non-Mudharabah	534,819	260,977	3,888	1,966
Deposits and placements of banks and other financial institutions				
- Mudharabah	45,913	31,632	1,398	1,245
- Non-Mudharabah	27,297	9,932	2,706	2,013
Others	28,740	23,307	-	-
	792,729	611,647	8,027	5,232

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(z) Personnel expenses**

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	18,271	13,859	1,421	-
Allowances and bonuses	60,766	38,474	-	-
Staff incentive	1,045	2,288	-	-
Other staff related costs	4,363	13,461	-	-
	84,445	68,082	1,421	-

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM404,400 (2011: RM382,700).

(aa) Other overheads and expenditures

	The Group		The Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Establishment costs				
Rental	1,642	1,189	70	-
Depreciation of property, plant and equipment	1,660	1,039	-	-
Repairs and maintenance	2,095	(2,658)	68	-
Outsourcing expenses	7,167	2,721	-	-
Takaful/insurance	11	7	-	-
Others	3,472	1,060	-	-
Marketing expenses				
Advertisement and publicity	6,777	960	438	-
Others	2,506	2,605	-	-
Administration and general expenses				
Auditor's remuneration - statutory audit	108	105	-	-
Amortisation of intangible assets	2,811	1,280	-	-
Legal and professional fees	2,526	2,041	128	-
Communication	586	791	-	-
Incidental expenses on banking operations	1,359	1,203	-	-
Others	10,649	10,206	35	-
	43,369	22,549	739	-
Shared service cost				
Personnel expenses	208,662	133,949	-	-
Establishment costs	95,478	60,044	-	-
Marketing expenses	10,097	8,496	-	-
Administration and general expenses	32,704	29,523	-	-
	390,310	254,561	739	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(ab) Significant related party transactions and balances**

The related parties of, and their relationship with the Group and Bank, are disclosed in Note 40.

	Parent company	Other related companies	Key management personnel
	RM'000	RM'000	RM'000
2012			
Income			
Profit income on deposits and placements with banks and other financial institution	1,556	9,942	-
Profit income on financial investments held-to-maturity	1,010	-	-
Expenditure			
Profit expense on deposits and placements of banks and other financial institution	333,081	29,406	-
Profit expense on deposits from customers	1,018	2,023	1,479
Profit expense on subordinated Sukuk	28,531	209	-
Outsourced back-office processing	281,520	65,421	-
Security services	-	32	-
Process cost	-	49	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	351,831	262,600	-
Profit income on deposits and placements with banks and other financial institution	759	1,179	-
Financial investments held-to-maturity	20,105	-	-
Profit income on financial investments held-to-maturity	89	-	-
Financing, advances and other financing/loans	-	-	-
Amounts due to			
Deposits from customers	41,736	344,867	38,733
Deposits and placements of banks and other financial institutions	8,423,985	1,392,896	-
Profit expense on deposits from customers	51	211	-
Profit expense on deposits and placements of banks and other financial institution	208,025	4,173	-
Subordinated Sukuk	844,000	6,000	-
Profit expense on subordinated Sukuk	10,206	74	-
Outsourced back-office processing	28,513	5,321	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(ab) Significant related party transactions and balances (continued)**

	Parent company	Other related companies	Key management personnel
	RM'000	RM'000	RM'000
2011			
Income			
Profit income on deposits and placements with banks and other financial institution	715	4,920	-
Profit income on financial investments held-to-maturity	1,010	-	-
Profit income on financing, advances and other financing/loans	-	-	3
Expenditure			
Profit expense on deposits and placements of banks and other financial institution	338,001	23,062	-
Profit expense on deposits from customers	11	2,276	2,471
Profit expense on subordinated Sukuk	23,248	59	-
Outsourced back-office processing	205,540	26,472	-
Security services	-	33	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	285,930	311,600	-
Profit income on deposits and placements with banks and other financial institution	350	876	-
Financial investments held-to-maturity	20,132	-	-
Profit income on financial investments held-to-maturity	89	-	-
Financing, advances and other financing/loans	-	-	1
Amounts due to			
Deposits from customers	12,145	125,548	14,133
Deposits and placements of banks and other financial institutions	8,934,915	848,270	-
Profit expense on deposits from customers	8	51	-
Profit expense on deposits and placements of banks and other financial institution	137,413	4,813	-
Subordinated Sukuk	549,000	1,000	-
Profit expense on subordinated Sukuk	6,704	16	-
Outsourced back-office processing	15,501	1,441	-

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

Key management compensation and credit transaction and exposures with connected parties are disclosed in Note 40.

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**Notes to the Financial Statements
for the financial year ended 31 December 2012 (Continued)****56 The operations of Islamic Banking (Continued)****(ac) Taxation****(i) Tax expense for the financial year**

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	227,855	214,880	-	-
Deferred taxation (Note i)	(7,608)	(2,708)	-	-
Under/(over) accrual in prior year	342	(713)	-	-
	220,589	211,459	-	-

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation is as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	880,222	840,891	(2,536)	(8,465)
Tax calculated at tax rate of 25%	220,056	210,223	(634)	(2,116)
- effect of different tax rates in other countries	1,310	4,328	1,959	4,813
- income not subject to tax	(2,168)	(3,078)	(1,325)	(2,697)
- expenses not deductible for tax purposes	1,049	699	-	-
Under/(over) accrual in prior year	342	(713)	-	-
	220,589	211,459	-	-

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Notes to the Financial Statements for the financial year ended 31 December 2012 (Continued)

57 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 12 March 2013.