

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Notes	The Group		The Bank	
		30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>					
Cash and short term funds		1,665,536	1,423,437	1,631,353	1,401,832
Reverse repurchase agreements		150,287	150,622	150,287	150,622
Deposits and placements with banks and other financial institutions		200,187	700,200	200,158	692,858
Financial assets held for trading	A5	3,965	33,091	3,965	33,091
Derivative financial instruments	A18(i)	38,612	39,088	38,612	39,088
Financial investments available-for-sale	A6	3,656	4,732	745	745
Loans, advances and financing	A7	98,713	73,245	98,713	73,245
Other assets	A8	2,203,334	1,104,536	2,198,746	1,102,208
Tax recoverable		4,041	7,996	4,041	7,996
Deferred tax assets		39,903	42,998	39,742	42,812
Amounts due from subsidiaries		-	-	-	2
Amounts due from related companies		12,480	4,803	12,480	4,803
Amounts due from ultimate holding company		4	1	4	1
Statutory deposits with Bank Negara Malaysia		4,421	1,062	4,421	1,062
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		6,106	5,736	-	-
Property, plant and equipment		110,832	112,707	111,940	113,792
Goodwill on consolidation		964	964	-	-
<b>Total assets</b>		<b>4,543,041</b>	<b>3,705,218</b>	<b>4,504,257</b>	<b>3,673,207</b>
<b>Liabilities</b>					
Deposits from customers	A9	437,869	802,915	437,869	802,915
Deposits and placements of banks and other financial institutions	A10	1,515,070	1,327,358	1,515,070	1,327,358
Derivative financial instruments	A18(i)	22,912	17,750	22,912	17,750
Other liabilities	A11	2,018,480	978,207	2,016,419	976,014
Provision for taxation and Zakat		1,165	850	607	607
Amounts due to subsidiaries		-	-	3,193	3,185
Amounts due to related companies		9,365	22,606	9,365	22,606
Subordinated loan		15,286	10,000	-	-
<b>Total liabilities</b>		<b>4,020,147</b>	<b>3,159,686</b>	<b>4,005,435</b>	<b>3,150,435</b>
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		422,884	445,522	398,812	422,762
<b>Total equity</b>		<b>522,894</b>	<b>545,532</b>	<b>498,822</b>	<b>522,772</b>
<b>Total equity and liabilities</b>		<b>4,543,041</b>	<b>3,705,218</b>	<b>4,504,257</b>	<b>3,673,207</b>
<b>Commitments and contingencies</b>	A18(ii)	<b>826,909</b>	<b>1,270,090</b>	<b>826,909</b>	<b>1,270,090</b>
<b>Net assets per share (RM)</b>		<b>5.23</b>	<b>5.46</b>	<b>4.99</b>	<b>5.23</b>

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

**CIMB INVESTMENT BANK BERHAD**  
(Company Number 18417-M)  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	Notes	The Group				The Bank			
		2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest income	A12	9,604	11,436	18,007	21,423	8,376	10,971	15,608	20,532
Interest expense	A13	(11,228)	(12,646)	(22,942)	(24,748)	(11,063)	(12,521)	(22,654)	(24,533)
Net interest expense		(1,624)	(1,210)	(4,935)	(3,325)	(2,687)	(1,550)	(7,046)	(4,001)
Income derived from investment of depositors' funds and others		7,843	3,977	13,226	8,856	7,843	3,977	13,226	8,856
Income derived from investment of shareholders' funds		5,618	80,970	10,252	84,115	5,618	80,970	10,252	84,115
Income attributable to the depositors		(5,699)	(3,310)	(8,994)	(6,569)	(5,699)	(3,310)	(8,994)	(6,569)
Income from Islamic Banking operations	A22b	7,762	81,637	14,484	86,402	7,762	81,637	14,484	86,402
Fee and commission income	A14	41,080	39,155	71,028	58,329	41,080	39,155	71,028	58,329
Dividend income	A14	3	10	3	10	3	10	3	10
Net trading income/(loss)	A14	38	(107)	254	916	38	(107)	254	916
Income from asset management and securities services	A14	4,282	3,914	8,292	8,701	4,282	3,914	8,292	8,701
Brokerage income	A14	46,284	45,969	84,292	84,014	44,899	44,905	81,672	81,840
Other non-interest income	A14	1,810	1,942	4,336	1,956	1,789	1,941	4,316	1,955
Non-interest income		93,497	90,883	168,205	153,926	92,091	89,818	165,565	151,751
Total income		99,635	171,310	177,754	237,003	97,166	169,905	173,003	234,152
Overheads	A15	(66,556)	(70,040)	(122,294)	(127,939)	(65,501)	(68,856)	(120,213)	(125,856)
Profit before allowances		33,079	101,270	55,460	109,064	31,665	101,049	52,790	108,296
(Allowance for) writeback of impairment losses on loans and advances	A16	(290)	(94)	(579)	21	(290)	(94)	(579)	21
Allowance for other impairment losses	A17	(285)	-	(285)	-	-	-	-	-
Write back of/ (allowance for) impairment losses on other receivables (net)		985	(939)	(1,813)	(5,121)	1,050	(945)	(1,752)	(5,132)
		33,489	100,237	52,783	103,964	32,425	100,010	50,459	103,185
Share of results of associates		185	307	370	368	-	-	-	-
Profit before taxation		33,674	100,544	53,153	104,332	32,425	100,010	50,459	103,185
Taxation		(6,801)	(28,759)	(14,101)	(31,368)	(6,560)	(28,702)	(13,510)	(31,171)
<b>Profit after taxation</b>		<b>26,873</b>	<b>71,785</b>	<b>39,052</b>	<b>72,964</b>	<b>25,865</b>	<b>71,308</b>	<b>36,949</b>	<b>72,014</b>
Profit for the financial period attributable to : Owners of the Group/Bank		<b>26,873</b>	<b>71,785</b>	<b>39,052</b>	<b>72,964</b>	<b>25,865</b>	<b>71,308</b>	<b>36,949</b>	<b>72,014</b>
Earnings per share (sen) -Basic		<b>26.9</b>	<b>71.8</b>	<b>39.1</b>	<b>73.0</b>	<b>25.9</b>	<b>71.3</b>	<b>36.9</b>	<b>72.0</b>

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

CIMB INVESTMENT BANK BERHAD  
 (Company Number 18417-M)  
 CONDENSED FINANCIAL STATEMENTS  
 UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 JUNE 2013

	The Group				The Bank			
	2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	26,873	71,785	39,052	72,964	25,865	71,308	36,949	72,014
<b>Other comprehensive income:</b>								
Revaluation reserves - financial investments available-for-sale	(791)	1,284	(791)	1,284	-	-	-	-
- Net (loss) / gain from change in fair value	(791)	1,284	(791)	1,284	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>26,082</b>	<b>73,069</b>	<b>38,261</b>	<b>74,248</b>	<b>25,865</b>	<b>71,308</b>	<b>36,949</b>	<b>72,014</b>
<b>Total comprehensive income attributable to:</b>								
Owners of the Group/Bank	26,082	73,069	38,261	74,248	25,865	71,308	36,949	72,014

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

The Group 30 June 2013	← Attributable to owners of Parent →						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
<b>At 1 January 2013</b>	100,000	10	155,805	1,283	18,598	269,836	545,532
Net profit for the financial period	-	-	-	-	-	39,052	39,052
Other comprehensive income (net of tax)	-	-	-	(791)	-	-	(791)
- financial investments available-for-sales	-	-	-	(791)	-	-	(791)
<b>Total comprehensive income for the financial period</b>	-	-	-	(791)	-	39,052	38,261
Share-based payment expense	-	-	-	-	13,292	-	13,292
Interim dividend paid in respect of the financial year ended 31 December 2012	-	-	-	-	-	(56,000)	(56,000)
Share released under Equity Ownership Plan	-	-	-	-	(18,191)	-	(18,191)
<b>Balance as at 30 June 2013</b>	100,000	10	155,805	492	13,699	252,888	522,894

The Group 30 June 2012	← Attributable to owners of the Parent →						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
<b>At 1 January 2012</b>	100,000	10	155,805	(1)	54,115	202,379	512,308
Net profit for the financial period	-	-	-	-	-	72,964	72,964
Other comprehensive income (net of tax)	-	-	-	1,284	-	-	1,284
- financial investments available-for-sales	-	-	-	1,284	-	-	1,284
<b>Total comprehensive income for the financial period</b>	-	-	-	1,284	-	72,964	74,248
Share-based payment expense	-	-	-	-	13,625	-	13,625
Expiry of Management Equity Scheme	-	-	-	-	(39,118)	39,118	-
Share released under Equity Ownership Plan	-	-	-	-	(9,229)	-	(9,229)
Final dividend paid in respect of the financial year ended 31 December 2011	-	-	-	-	-	(99,035)	(99,035)
<b>Balance as at 30 June 2012</b>	100,000	10	155,805	1,283	19,393	215,426	491,917

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

<b>The Bank</b> <b>30 June 2013</b>	← Non-Distributable →				← Distributable →			<b>Total</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Merger reserve</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Capital reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2013</b>	100,000	10	155,805	(272,007)	18,598	271,377	248,989	522,772
Net profit for the financial period	-	-	-	-	-	-	36,949	36,949
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-
- financial investments available-for-sales	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	36,949	36,949
Share-based payment expense	-	-	-	-	13,292	-	-	13,292
Interim dividend paid in respect of the financial year ended 31 December 2012	-	-	-	-	-	-	(56,000)	(56,000)
Share released under Equity Ownership Plan	-	-	-	-	(18,191)	-	-	(18,191)
<b>Balance as at 30 June 2013</b>	100,000	10	155,805	(272,007)	13,699	271,377	229,938	498,822

<b>The Bank</b> <b>30 June 2012</b>	← Non-Distributable →				← Distributable →			<b>Total</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Merger reserve</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Capital reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2012</b>	100,000	10	155,805	(272,007)	54,115	271,377	184,210	493,510
Net profit for the financial period	-	-	-	-	-	-	72,014	72,014
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	72,014	72,014
Share-based payment expense	-	-	-	-	13,625	-	-	13,625
Expiry of Management Equity Scheme	-	-	-	-	(39,118)	-	39,118	-
Share released under Equity Ownership Plan	-	-	-	-	(9,229)	-	-	(9,229)
Final dividend paid in respect of the financial year ended 31 December 2011	-	-	-	-	-	-	(99,035)	(99,035)
<b>Balance as at 30 June 2012</b>	100,000	10	155,805	(272,007)	19,393	271,377	196,307	470,885

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	The Group		The Bank	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Profit before taxation	53,153	104,332	50,459	103,185
Adjustments for non-operating and non-cash items	35,666	36,018	35,681	36,368
Cash flow from operating profit before changes in operating assets and liabilities	88,819	140,350	86,140	139,553
Net changes in operating assets	(629,157)	(414,844)	(634,158)	(410,097)
Net changes in operating liabilities	851,169	445,340	851,020	436,051
Cash generated from operating activities	310,831	170,846	303,002	165,507
Taxation paid	(6,688)	(41,246)	(6,438)	(41,009)
Net cash generated from operating activities	304,143	129,600	296,564	124,498
Net cash used in investing activities	(9,859)	(17,021)	(9,859)	(16,865)
Net cash used in financing activities	(51,000)	(98,262)	(56,000)	(108,262)
	(60,859)	(115,283)	(65,859)	(125,127)
Net increase/(decrease) in cash and cash equivalents during the financial period	243,284	14,317	230,705	(629)
Cash and cash equivalents at beginning of the financial period	1,393,651	1,684,337	1,372,047	1,559,872
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,636,935</b>	<b>1,698,654</b>	<b>1,602,752</b>	<b>1,559,243</b>
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	1,665,536	1,727,961	1,631,353	1,588,550
Adjustment for monies held in trust:				
Remisiers' balances	(28,601)	(29,307)	(28,601)	(29,307)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,636,935</b>	<b>1,698,654</b>	<b>1,602,752</b>	<b>1,559,243</b>

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

## **EXPLANATORY NOTES**

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 30 June 2013 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2012, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2013:

MFRS 10 "Consolidated financial statements"  
MFRS 11 "Joint arrangements"  
MFRS 12 "Disclosures of interests in other entities"  
MFRS 13 "Fair value measurement"  
Revised MFRS 127 "Separate financial statements"  
Revised MFRS 128 "Investments in associates and joint ventures"  
MFRS 3 "Business Combinations" (IFRS 3 Business Combinations issued by IASB in March 2004)  
Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012)  
Amendment to MFRS 7 "Disclosures - offsetting financial assets and financial liabilities"  
Amendment to MFRS 134 "Interim financial reporting"  
Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance"

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

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

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

- Amendments to MFRS 134 "Interim financial reporting"

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

- MFRS 13 "Fair value measurement"

MFRS 13 does not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards for all assets and liabilities measured at fair value. The Group and the Bank have adopted this standard and the disclosures are disclosed in Note A21.

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

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

### **A2. Changes in estimates**

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

### **A3. Dividends paid and proposed**

The Directors have proposed an interim single tier dividend comprising of 56 sen per ordinary share, amounting to RM56,000,000 in respect of financial year ended 31 December 2012. The proposed dividend was paid on 10 April 2013.

### **A4. Significant events after balance sheet date**

There were no significant events that had occurred between 31 December 2012 and the date of this announcement.

EXPLANATORY NOTES (Continued)

A5. Financial assets held for trading

	The Group and The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000
<b>At fair value</b>		
<b>Quoted securities</b>		
<i>In Malaysia</i>		
Shares	201	195
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private debt securities	3,764	32,896
Total financial assets held for trading	<b>3,965</b>	<b>33,091</b>

A6. Financial investments available-for-sale

	The Group		The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Shares	2,200	2,200	-	-
<i>Outside Malaysia</i>				
Shares	8,072	8,863	7,076	7,076
Total financial investments available-for-sale	<b>10,272</b>	<b>11,063</b>	<b>7,076</b>	<b>7,076</b>
<b>Allowance for impairment losses :</b>				
Unquoted shares in Malaysia	(285)	-	-	-
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	<b>(6,616)</b>	<b>(6,331)</b>	<b>(6,331)</b>	<b>(6,331)</b>
Total financial investments available-for-sale	<b>3,656</b>	<b>4,732</b>	<b>745</b>	<b>745</b>

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

	The Group		The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
At 1 January	6,331	6,331	6,331	6,331
Allowance made during the financial period/year	285	-	-	-
At 30 June / 31 December	<b>6,616</b>	<b>6,331</b>	<b>6,331</b>	<b>6,331</b>

A7. Loans, advances and financing

	The Group and The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000
<b>(i) By type</b>		
Staff loans *	100,216	74,360
Other loans	623	432
Gross loans, advances and financing	<b>100,839</b>	<b>74,792</b>
Less: allowance for impairment losses		
- Individual impairment allowance	(623)	(432)
- Portfolio impairment allowance	(1,503)	(1,115)
<b>Total net loans, advances and financing</b>	<b>98,713</b>	<b>73,245</b>

\* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM212,285 (2012: RM235,675).



## EXPLANATORY NOTES (Continued)

## A7. Loans, advances and financing (continued)

## The Group and The Bank

	30 June 2013 RM'000	31 December 2012 RM'000
<b>(ii) By type of customers</b>		
Individuals	100,839	74,792
Gross loans, advances and financing	100,839	74,792
<b>(iii) By interest rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan	47,485	47,630
Variable rate		
- Other variable rates	53,354	27,162
Gross loans, advances and financing	100,839	74,792
<b>(iv) By economic purpose:</b>		
Personal use	232	161
Purchase of residential property (housing)	86,758	60,073
Purchase of securities	1	1
Purchase of transport vehicles	13,848	14,557
Gross loans, advances and financing	100,839	74,792
<b>(v) By geographical distribution</b>		
Malaysia	100,839	74,792
<b>(vi) By residual contractual maturity</b>		
Within one year	174	389
One year to less than three years	1,860	1,620
Three years to less than five years	7,712	8,201
Five years and more	91,093	64,582
	100,839	74,792
<b>(vii) Impaired loans, advances and financing by economic purpose</b>		
Purchase of residential landed property	560	374
Purchase of transport vehicles	63	58
Gross impaired loans, advances and financing	623	432
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>		
Malaysia	623	432
<b>(ix) Movement in the impaired loans, advances and financing are as follows:</b>		
At 1 January	432	891
Classified as impaired during the period/year	332	174
Amounts written back in respect of recoveries	(141)	(159)
Amounts written off/ transfer during the period/year	-	(474)
At 30 June / 31 December	623	432
Ratio of gross impaired loans to total loans, advances and financing	0.6%	0.6%

EXPLANATORY NOTES (Continued)

A7. Loans, advances and financing (continued)

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

	The Group and The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000
<u>Individual impairment allowance</u>		
At 1 January	432	891
Allowance made during the period/year	332	174
Amounts written back during the period/ year	(141)	(159)
Amounts written off/ transfer during the period/ year	-	(474)
At 30 June / 31 December	623	432
<u>Portfolio impairment allowance</u>		
At 1 January	1,115	623
Net allowance made during the period/year	388	492
At 30 June / 31 December	1,503	1,115
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.5%	1.5%

	The Group		The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<b>A8. Other assets</b>				
Due from brokers and clients, net of allowance for impairment loss	1,739,740	816,038	1,739,740	815,996
Collateral pledged for derivative transactions	164,253	170,953	164,253	170,953
Other debtors, deposits and prepayments, net of allowance for doubtful debts	299,341	117,545	294,753	115,259
	<b>2,203,334</b>	<b>1,104,536</b>	<b>2,198,746</b>	<b>1,102,208</b>

	The Group and The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000
<b>A9. Deposits from customers</b>		
<u>(i) By type of deposits</u>		
Others	437,869	802,915
	<b>437,869</b>	<b>802,915</b>
<u>(ii) By type of customers</u>		
Local government and statutory authorities	54,400	54,400
Business enterprises	281,769	495,429
Individuals	97,950	249,336
Others	3,750	3,750
	<b>437,869</b>	<b>802,915</b>

## EXPLANATORY NOTES (Continued)

## The Group and The Bank

	The Group and The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000
<b>A10. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	941,954	1,039,722
Other financial institutions	573,116	287,636
	<b>1,515,070</b>	<b>1,327,358</b>

	The Group		The Bank	
	30 June 2013 RM'000	31 December 2012 RM'000	30 June 2013 RM'000	31 December 2012 RM'000
<b>A11. Other liabilities</b>				
Due to brokers and clients	1,691,909	821,244	1,691,909	821,244
Others	326,571	156,963	324,510	154,770
	<b>2,018,480</b>	<b>978,207</b>	<b>2,016,419</b>	<b>976,014</b>

	2nd quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>A12. Interest income</b>				
<b>Group</b>				
Loans, advances and financing	747	408	1,411	815
Money at call and deposits placements with banks and other financial institutions	6,818	7,611	13,019	13,718
Reverse repurchase agreements	1,080	972	2,207	2,621
Financial assets held for trading	28	1,176	165	2,418
Others	936	81	1,155	81
	<b>9,609</b>	<b>10,248</b>	<b>17,957</b>	<b>19,653</b>
Accretion of discount less amortisation of premium	(5)	1,188	50	1,770
	<b>9,604</b>	<b>11,436</b>	<b>18,007</b>	<b>21,423</b>

	2nd quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Bank</b>				
Loans, advances and financing	747	408	1,411	815
Money at call and deposits placements with banks and other financial institutions	5,590	7,146	10,620	12,827
Reverse repurchase agreements	1,080	972	2,207	2,621
Financial assets held for trading	28	1,176	165	2,418
Others	936	81	1,155	81
	<b>8,381</b>	<b>9,783</b>	<b>15,558</b>	<b>18,762</b>
Accretion of discount less amortisation of premium	(5)	1,188	50	1,770
	<b>8,376</b>	<b>10,971</b>	<b>15,608</b>	<b>20,532</b>

	2nd quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>A13. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	6,479	5,358	11,850	10,759
Deposits from customers	4,584	7,163	10,804	13,774
Subordinated loans	165	125	288	215
	<b>11,228</b>	<b>12,646</b>	<b>22,942</b>	<b>24,748</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	6,479	5,358	11,850	10,759
Deposits from customers	4,584	7,163	10,804	13,774
	<b>11,063</b>	<b>12,521</b>	<b>22,654</b>	<b>24,533</b>

## EXPLANATORY NOTES (Continued)

## A14. Non interest income

	2nd quarter ended		Six months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
a) <b>Fee income and commission income:</b>				
Portfolio management fees	2,191	2,238	4,349	4,211
Advisory and arrangement fees	12,286	36,141	34,596	50,887
Underwriting commissions	13,961	-	16,749	-
Placement fees	10,255	41	12,454	498
Other fee income	2,387	735	2,880	2,733
	<b>41,080</b>	<b>39,155</b>	<b>71,028</b>	<b>58,329</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(269)	(957)	23	(109)
- realised (loss)/gain	(340)	2,154	4,577	1,490
- unrealised gain/(loss)	71	(3,111)	(4,554)	(1,599)
Gain arising from trading in derivative financial instruments	307	850	231	1,025
- realised (loss)/gain	(1)	323	231	518
- unrealised gain	308	527	-	507
	<b>38</b>	<b>(107)</b>	<b>254</b>	<b>916</b>
c) <b>Dividend income from:</b>				
Financial assets held for trading	3	10	3	10
	<b>3</b>	<b>10</b>	<b>3</b>	<b>10</b>
d) <b>Other income:</b>				
Foreign exchange gain	1,238	959	2,421	400
Gain on disposal of property, plant and equipment	170	788	699	869
Other non-operating income	402	195	1,216	687
	<b>1,810</b>	<b>1,942</b>	<b>4,336</b>	<b>1,956</b>
e) <b>Income from asset management and securities services</b>	<b>4,282</b>	<b>3,914</b>	<b>8,292</b>	<b>8,701</b>
f) <b>Brokerage Income</b>	<b>46,284</b>	<b>45,969</b>	<b>84,292</b>	<b>84,014</b>
<b>Total non interest income</b>	<b>93,497</b>	<b>90,883</b>	<b>168,205</b>	<b>153,926</b>

<b>Bank</b>				
a) <b>Fee income and commission income:</b>				
Portfolio management fees	2,191	2,238	4,349	4,211
Advisory and arrangement fees	12,286	36,141	34,596	50,887
Underwriting commissions	13,961	-	16,749	-
Placement fees	10,255	41	12,454	498
Other fee income	2,387	735	2,880	2,733
	<b>41,080</b>	<b>39,155</b>	<b>71,028</b>	<b>58,329</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(269)	(957)	23	(109)
- realised (loss)/gain	(340)	2,154	4,577	1,490
- unrealised gain/(loss)	71	(3,111)	(4,554)	(1,599)
Gain arising from trading in derivative financial instruments	307	850	231	1,025
- realised (loss)/gain	(1)	323	231	518
	<b>308</b>	<b>527</b>	<b>-</b>	<b>507</b>
	<b>38</b>	<b>(107)</b>	<b>254</b>	<b>916</b>
c) <b>Dividend income from:</b>				
Financial assets held for trading	3	10	3	10
	<b>3</b>	<b>10</b>	<b>3</b>	<b>10</b>
d) <b>Other income:</b>				
Foreign exchange gain	1,217	959	2,401	400
Gain on disposal of property, plant and equipment	170	788	699	869
Other non-operating income	402	194	1,216	686
	<b>1,789</b>	<b>1,941</b>	<b>4,316</b>	<b>1,955</b>
e) <b>Income from asset management and securities services</b>	<b>4,282</b>	<b>3,914</b>	<b>8,292</b>	<b>8,701</b>
f) <b>Brokerage Income</b>	<b>44,899</b>	<b>44,905</b>	<b>81,672</b>	<b>81,840</b>
<b>Total non interest income</b>	<b>92,091</b>	<b>89,818</b>	<b>165,565</b>	<b>151,751</b>

## A15. Overheads

<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	66,911	69,529	127,696	122,586
- Pension cost (defined contribution plan)	7,763	7,131	15,410	14,667
- Training fees	295	723	1,464	2,273
- Overtime	511	417	987	776
- Others	4,337	5,812	8,205	9,698
	<b>79,817</b>	<b>83,612</b>	<b>153,762</b>	<b>150,000</b>

## EXPLANATORY NOTES (Continued)

A15. Overheads (Continued)	2nd quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	6,117	6,507	12,436	12,714
- Rental	5,064	4,353	8,461	8,609
- Others	10,346	7,293	20,678	14,610
	<b>21,527</b>	<b>18,153</b>	<b>41,575</b>	<b>35,933</b>
<b>Marketing expenses</b>				
- Advertisement	4,535	(4,593)	6,066	4,141
- Entertainment expenses	1,234	1,117	2,498	(227)
- Others	937	1,828	2,089	3,413
	<b>6,706</b>	<b>(1,648)</b>	<b>10,653</b>	<b>7,327</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	2,713	1,428	4,261	3,132
- Communication	2,035	2,041	3,871	3,957
- Printing and stationery	610	555	1,230	1,322
- Licensing fee, exchange fee and levies	4,862	2,585	7,588	6,066
- Administrative vehicle, travelling and insurance expenses	2,780	3,280	5,213	5,476
- Others	1,698	3,842	4,583	7,521
	<b>14,698</b>	<b>13,731</b>	<b>26,746</b>	<b>27,474</b>
Shared services cost	(56,192)	(43,808)	(110,442)	(92,795)
Total overhead expenses	<b>66,556</b>	<b>70,040</b>	<b>122,294</b>	<b>127,939</b>
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	66,474	69,119	126,750	121,737
- Pension cost (defined contribution plan)	7,718	7,084	15,315	14,574
- Training fees	295	719	1,463	2,269
- Overtime	511	417	987	776
- Others	4,296	5,786	8,136	9,647
	<b>79,294</b>	<b>83,125</b>	<b>152,651</b>	<b>149,003</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	6,105	6,494	12,413	12,685
- Rental	4,791	4,017	7,998	8,051
- Others	10,252	7,176	20,513	14,474
	<b>21,148</b>	<b>17,687</b>	<b>40,924</b>	<b>35,210</b>
<b>Marketing expenses</b>				
- Advertisement	4,516	(4,596)	6,046	4,138
- Entertainment expenses	1,226	1,114	2,458	(230)
- Others	926	1,805	2,074	3,378
	<b>6,668</b>	<b>(1,677)</b>	<b>10,578</b>	<b>7,286</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	2,702	1,418	4,243	3,114
- Communication	2,019	2,022	3,839	3,920
- Printing and stationery	610	532	1,230	1,282
- Licensing fee, exchange fee and levies	4,862	2,585	7,588	6,066
- Administrative vehicle, travelling and insurance expenses	2,770	3,270	5,190	5,458
- Others	1,620	3,702	4,412	7,312
	<b>14,583</b>	<b>13,529</b>	<b>26,502</b>	<b>27,152</b>
Shared services cost	(56,192)	(43,808)	(110,442)	(92,795)
Total overhead expenses	<b>65,501</b>	<b>68,856</b>	<b>120,213</b>	<b>125,856</b>

## A16. Allowance for/(writeback of) impairment losses on loans, advances and financing

## The Group and The Bank

## Allowance for impairment losses on loans, advances and financing :

(a) Individual impairment allowance/(written back)				
- made during the financial period	300	-	332	9
- written back during the financial period	(141)	(11)	(141)	(158)
(b) Portfolio impairment allowance				
- made during the financial period	131	105	388	128
	<b>290</b>	<b>94</b>	<b>579</b>	<b>(21)</b>

## A17. Allowance for other impairment losses

The Group	2nd quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Goodwill				
-made during the financial year	-	-	-	-
Financial investments available-for-sale				
- made during the financial period	285	-	285	-
	<b>285</b>	<b>-</b>	<b>285</b>	<b>-</b>

EXPLANATORY NOTES (Continued)

A18. Derivative financial instruments and commitment and contingencies

i) Derivative financial instruments

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

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

	The Group and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>At 30 June 2013</b>			
<b>Trading derivative</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	490,350	38,612	(22,912)
	490,350	38,612	(22,912)
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	261,022	-	-
	261,022	-	-
<b>Total derivative assets/(liabilities)</b>	<b>751,372</b>	<b>38,612</b>	<b>(22,912)</b>
<b>At 31 December 2012</b>			
<b>Trading derivative</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- 1 year to 3 years	276,760	3,389	-
- More than 3 years	510,450	35,531	(17,582)
	787,210	38,920	(17,582)
<u>Equity derivatives</u>			
Equity options			
- 1 year to 3 years	214,974	-	-
- More than 3 years	262,824	168	(168)
	477,798	168	(168)
<b>Total derivative assets/(liabilities)</b>	<b>1,265,008</b>	<b>39,088</b>	<b>(17,750)</b>

EXPLANATORY NOTES (Continued)

A18. Derivative financial instruments and commitment and contingencies (Continued)

i) Derivative financial instruments (Continued)

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

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2013, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM38,612,000 (31 December 2012: RM39,088,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2012 and the Risk Management section of the 2012 in Annual Report of CIMB Group Holdings Berhad.

ii) Commitment and contingencies

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

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

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

	The Group		The Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Principal amount RM'000	Principal amount RM'000	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>				
Obligations under underwriting agreement	66,071	-	66,071	-
Irrevocable commitments to extend credit:				
- Maturity exceeding 1 year	9,466	5,082	9,466	5,082
Total credit-related commitments and contingencies	75,537	5,082	75,537	5,082
<u>Treasury-related</u>				
Interest rate related contracts				
- Less than one year	-	276,760	-	276,760
- One year to less than 5 years	-	-	-	-
- Five years and above	490,350	510,450	490,350	510,450
Equity related contracts				
- Less than one year	-	214,974	-	214,974
- One year to less than 5 years	-	-	-	-
- Five years and above	261,022	262,824	261,022	262,824
Total treasury-related commitments and contingencies	751,372	1,265,008	751,372	1,265,008
	826,909	1,270,090	826,909	1,270,090

## EXPLANATORY NOTES (Continued)

### A19. Capital Adequacy

#### (A) 30 June 2013 - Basel III

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

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

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

	The Group 30 June 2013	The Bank 30 June 2013
Common Equity Tier 1 Ratio	20.46%	20.86%
Tier 1 ratio	20.46%	20.86%
Total capital ratio	20.46%	20.86%

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

	The Group 30 June 2013 RM'000	The Bank 30 June 2013 RM'000
Credit risk	1,327,758	1,181,060
Market risk	159,607	156,070
Operational risk	827,520	816,119
Total risk-weighted assets	2,314,885	2,153,249

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

	The Group 30 June 2013 RM'000	The Bank 30 June 2013 RM'000
<b>Common Equity Tier I capital</b>		
Ordinary shares	100,000	100,000
Other reserves	422,884	398,812
Common Equity Tier I capital before regulatory adjustments	522,884	498,812
<u>Less: Regulatory adjustments</u>		
Goodwill	(964)	-
Deferred Tax Assets	(39,903)	(39,742)
Deduction in excess of Tier 2 capital	(8,086)	(9,984)
Others	(271)	-
Common equity tier I capital after regulatory adjustments / total Tier I capital	473,660	449,086
<b>Tier II capital</b>		
Redeemable Preference Shares	9	9
Portfolio impairment allowance and regulatory reserves	1,503	1,503
Tier II capital before regulatory adjustments	1,512	1,512
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(9,598)	(11,496)
Total Tier II capital	-	-
Total capital base	473,660	449,086



## EXPLANATORY NOTES (Continued)

### A19. Capital Adequacy (Continued)

#### (B) 31 December 2012 - Basel II

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

	<b>The Group</b>	<b>The Bank</b>
	31 December 2012	31 December 2012
<b><u>Before deducting proposed dividend</u></b>		
Core capital ratio	20.98%	21.52%
Risk-weighted capital ratio	21.02%	21.52%
<b><u>After deducting proposed dividend</u></b>		
Core capital ratio	18.58%	18.97%
Risk-weighted capital ratio	18.63%	18.97%

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

	31 December 2012	31 December 2012
	RM'000	RM'000
Credit risk	1,387,711	1,253,889
Market risk	126,634	126,603
Operational risk	823,010	813,138
	<u>2,337,355</u>	<u>2,193,630</u>

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

	31 December 2012	31 December 2012
	RM'000	RM'000
<b><u>Tier I Capital</u></b>		
Paid-up capital	100,000	100,000
Retained profits	259,546	248,989
Other reserves	173,773	173,773
	533,319	522,762
Less: Deferred tax assets	(42,998)	(42,812)
Deduction in excess of Tier 2 Capital	-	(7,925) N1
<b>Total Tier I capital</b>	<u>490,321</u>	<u>472,025</u>
<b><u>Tier II Capital</u></b>		
Cumulative Preference Shares	10	10
Portfolio impairment allowance	1,115	1,115 N2
Surplus of total eligible provision over total		
Total Tier II capital	<u>1,125</u>	<u>1,125</u>
Less:		
Investments in subsidiaries	(50)	(9,050)
<b>Total eligible Tier II capital</b>	<u>1,075</u>	<u>-</u> N1
Total capital base before proposed dividend	491,396	472,025
Proposed dividend	(56,000)	(56,000)
<b>Total capital base after proposed dividend</b>	<u>435,396</u>	<u>416,025</u>

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

N2 The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans  
impaired loans restricted from Tier II capital of RM1,115,000

## EXPLANATORY NOTES (Continued)

### A20. Segment reporting

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

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

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

#### Definition of segments

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

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

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

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

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

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

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

The Group	Financial advisory, underwriting and other fees	Debt / financing related	Equity related	Investments and securities services	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 June 2013</b>						
Net interest expense	-	(6,346)	-	-	1,411	(4,935)
Non interest income	46,428	2,772	95,326	18,495	5,184	168,205
Income from Islamic Banking operations	-	8,099	2,263	1,922	2,200	14,484
	46,428	4,525	97,589	20,417	8,795	177,754
Overheads	(33,945)	(3,816)	(72,157)	(12,376)	-	(122,294)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(2,138)	(2,526)	(5,808)	(1,964)	-	(12,436)
Profit before allowances	12,483	709	25,432	8,041	8,795	55,460
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(579)	(579)
Allowance for impairment losses on other receivables	(1,813)	-	-	-	-	(1,813)
Allowance for other impairment losses	-	-	(285)	-	-	(285)
Segment results	10,670	709	25,147	8,041	17,011	52,783
Share of results of associates						370
Profit before taxation						53,153
Taxation						(14,101)
Net profit for the financial period						39,052
<b>30 June 2013</b>						
Segment assets	66,051	2,210,679	1,899,347	33,352	284,112	4,493,541
Unallocated assets						49,500
<b>Total assets</b>						<b>4,543,041</b>
Segment liabilities	873	2,132,768	1,773,500	6,001	96,441	4,009,583
Unallocated liabilities						10,564
<b>Total liabilities</b>						<b>4,020,147</b>
<b>Other segment items</b>						
Incurring capital expenditure:						
- addition of property, plant	2,330	2,754	6,329	2,140	-	13,553
Accretion of discount	-	50	-	-	-	50

## EXPLANATORY NOTES (Continued)

### A20. Segment reporting (Continued)

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

The Group 30 June 2012	Financial advisory, underwriting and other fees RM'000	Debt related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
Net interest expense	-	(4,140)	-	-	815	(3,325)
Non interest income	49,380	4,252	84,014	13,520	2,760	153,926
Income from Islamic Banking operations	48,192	7,947	28,676	1,980	(393)	86,402
	97,572	8,059	112,690	15,500	3,182	237,003
Overheads	(41,970)	(8,736)	(63,722)	(13,511)	-	(127,939)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(1,469)</i>	<i>(3,095)</i>	<i>(5,872)</i>	<i>(2,278)</i>	-	<i>(12,714)</i>
Profit/(loss) before allowances	55,602	(677)	48,968	1,989	3,182	109,064
Writeback of impairment losses on loans, advances and financing	-	-	-	-	21	21
Allowance for impairment losses on other receivables	(5,121)	-	-	-	-	(5,121)
Segment results	50,481	(677)	48,968	1,989	3,203	103,964
Share of results of associates						368
Profit before taxation						104,332
Taxation						(31,368)
Net profit for the financial period						72,964
31 December 2012						
Segment assets	54,306	2,363,588	965,120	34,292	233,668	3,650,974
Unallocated assets						54,244
<b>Total assets</b>						<b>3,705,218</b>
Segment liabilities	2,789	2,151,140	872,452	7,416	102,400	3,136,197
Unallocated liabilities						23,489
<b>Total liabilities</b>						<b>3,159,686</b>
<b>Other segment items</b>						
Incurring capital expenditure:						
- addition of property, plant	5,449	7,826	17,886	5,307	-	36,468
Accretion of discount	-	1,770	-	-	-	1,770

## A21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### Determination of fair value and fair value hierarchy.

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly
- Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy

<b>The Group</b>	Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 June 2013</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	201	201	-	-	201
- Unquoted securities	3,764	-	3,764	-	3,764
Financial investments available-for-sale					
- Unquoted securities	3,656	-	-	3,656	3,656
Derivative financial instruments					
- Trading derivatives	38,612	-	38,612	-	38,612
<b>Total</b>	<b>46,233</b>	<b>201</b>	<b>42,376</b>	<b>3,656</b>	<b>46,233</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	22,912	-	22,912	-	22,912
<b>Total</b>	<b>22,912</b>	<b>-</b>	<b>22,912</b>	<b>-</b>	<b>22,912</b>

<b>The Bank</b>	Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 June 2013</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	201	201	-	-	201
- Unquoted securities	3,764	-	3,764	-	3,764
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	38,612	-	38,612	-	38,612
<b>Total</b>	<b>43,322</b>	<b>201</b>	<b>42,376</b>	<b>745</b>	<b>43,322</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	22,912	-	22,912	-	22,912
<b>Total</b>	<b>22,912</b>	<b>-</b>	<b>22,912</b>	<b>-</b>	<b>22,912</b>

<b>The Group</b>	Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2012</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	195	195	-	-	195
- Unquoted securities	32,896	-	32,896	-	32,896
Financial investments available-for-sale					
- Unquoted securities	4,732	-	-	4,732	4,732
Derivative financial instruments					
- Trading derivatives	39,088	-	39,088	-	39,088
<b>Total</b>	<b>76,911</b>	<b>195</b>	<b>71,984</b>	<b>4,732</b>	<b>76,911</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	17,750	-	17,750	-	17,750
<b>Total</b>	<b>17,750</b>	<b>-</b>	<b>17,750</b>	<b>-</b>	<b>17,750</b>

<b>The Bank</b>	Fair Value				Total RM'000
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2012</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	195	195	-	-	195
- Unquoted securities	32,896	-	32,896	-	32,896
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	39,088	-	39,088	-	39,088
<b>Total</b>	<b>72,924</b>	<b>195</b>	<b>71,984</b>	<b>745</b>	<b>72,924</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	17,750	-	17,750	-	17,750
<b>Total</b>	<b>17,750</b>	<b>-</b>	<b>17,750</b>	<b>-</b>	<b>17,750</b>

**A21. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

Determination of fair value and fair value hierarchy (continued)

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

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

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

This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable

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

	<b>Financial Assets</b>	
	<b>Financial investments available-for-sale</b>	<b>Total</b>
	<b>Quoted and Unquoted securities</b>	
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2013</b>		
At 1 January	4,732	4,732
Total loss recognised in statement of income	(285)	(285)
Total loss recognised in other comprehensive income	(791)	(791)
At 30 June	<u>3,656</u>	<u>3,656</u>

Total loss recognised in statement of income relating to assets held on 30 June

(285) (285)

Total loss recognised in other comprehensive income relating to assets held on 30 June

(791) (791)

	<b>Financial Assets</b>	
	<b>Financial investments available-for-sale</b>	<b>Total</b>
	<b>Quoted and Unquoted securities</b>	
<b>The Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2013</b>		
At 1 January / 30 June	745	745

	<b>Financial Assets</b>	
	<b>Financial investments available-for-sale</b>	<b>Total</b>
	<b>Quoted and Unquoted securities</b>	
<b>The Group</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2012</b>		
At 1 January	2,703	2,703
Total gain recognised in other comprehensive income	1,284	1,284
Purchases	745	745
At 31 December	<u>4,732</u>	<u>4,732</u>

Total gain recognised in other comprehensive income relating to assets held on 31 December

1,284 1,284

	<b>Financial Assets</b>	
	<b>Financial investments available-for-sale</b>	<b>Total</b>
	<b>Quoted and Unquoted securities</b>	
<b>The Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2012</b>		
Purchases	745	745
At 31 December	<u>745</u>	<u>745</u>

EXPLANATORY NOTES (Continued)

A22. The operations of Islamic Banking

A22a. Unaudited Statements of Financial Position as at 30 June 2013

		The Group and The Bank	
		30 June 2013	31 December 2012
		RM'000	RM'000
	Notes		
<b>Assets</b>			
Cash and short-term funds		815,089	256,745
Deposit and placements with banks and other financial institutions		200,052	692,756
Islamic derivative financial instruments		38,612	40,879
Other assets		169,595	173,455
Tax recoverable		4,219	-
Property, plant and equipment		31	22
Amount due from related companies		1,625	-
<b>Total assets</b>		<b>1,229,223</b>	<b>1,163,857</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Deposits from customers	A22c	163,450	308,736
Deposits and placements of banks and other financial institutions		506,293	263,831
Islamic derivative financial instruments		22,912	17,750
Provision for taxation and zakat		607	134,557
Other liabilities		146,343	804
Amount due to related companies		-	222
<b>Total liabilities</b>		<b>839,605</b>	<b>725,900</b>
Islamic Banking capital funds		55,250	55,250
Reserves		334,368	382,707
<b>Total Islamic Banking capital funds</b>		<b>389,618</b>	<b>437,957</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>1,229,223</b>	<b>1,163,857</b>

A22b. Unaudited Statements of Income for the financial period ended 30 June 2013

		The Group and The Bank			
		2nd quarter ended		Six months ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others		7,843	3,977	13,226	8,856
Income derived from investment of shareholders' funds		5,618	80,970	10,252	84,115
Allowance for impairment losses on other receivables		(2)	(306)	(6)	(293)
<b>Total attributable income</b>		<b>13,459</b>	<b>84,641</b>	<b>23,472</b>	<b>92,678</b>
Income attributable to the depositors		(5,699)	(3,310)	(8,994)	(6,569)
<b>Total net income</b>		<b>7,760</b>	<b>81,331</b>	<b>14,478</b>	<b>86,109</b>
Personnel expenses		(131)	(123)	(248)	(448)
Other overheads and expenditures		(2,247)	(190)	(3,911)	(422)
<b>Profit before taxation</b>		<b>5,382</b>	<b>81,018</b>	<b>10,319</b>	<b>85,239</b>
Taxation		(1,392)	(20,259)	(2,658)	(21,323)
<b>Profit after taxation/total comprehensive income for the period</b>		<b>3,990</b>	<b>60,759</b>	<b>7,661</b>	<b>63,916</b>
<u>Income from Islamic operations (per page 2)</u>					
<b>Total net income</b>		<b>7,760</b>	<b>81,331</b>	<b>14,478</b>	<b>86,109</b>
Add : Allowance for impairment losses on other receivables		2	306	6	293
		<b>7,762</b>	<b>81,637</b>	<b>14,484</b>	<b>86,402</b>

A22c. Deposits from customers

		The Group and The Bank	
		30 June 2013	31 December 2012
		RM'000	RM'000
<b>By type of deposits</b>			
Mudarabah Fund		163,450	308,736
Equity Linked Sukuk		-	-

## EXPLANATORY NOTES (Continued)

### A22d. Capital Adequacy

#### (A) 30 June 2013 - Basel III

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

	<b>The Group and The Bank 30 June 2013</b>
Common Equity Tier 1 Ratio	65.16%
Tier 1 ratio	65.16%
Total capital ratio	65.16%

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

	<b>The Group and The Bank 30 June 2013 RM'000</b>
Credit risk	360,886
Market risk	19,652
Operational risk	217,397
Total risk-weighted assets	<u>597,935</u>

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

	<b>The Group and The Bank 30 June 2013 RM'000</b>
<b>Common Equity Tier I capital</b>	
Ordinary shares	<u>55,250</u>
Other reserves	<u>334,368</u>
Common Equity Tier I capital / total Tier I Capital	<u>389,618</u>
Total capital base	<u>389,618</u>

## EXPLANATORY NOTES (Continued)

### A22d. Capital Adequacy (Continued)

#### (B) 31 December 2012 - Basel II

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

**The Group and The  
Bank**  
31 December 2012

**Before deducting proposed dividend**

Core capital ratio	95.66%
Risk-weighted capital ratio	95.66%

**After deducting proposed dividend**

Core capital ratio	83.42%
Risk-weighted capital ratio	83.42%

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

	31 December 2012
	RM'000
Credit risk	222,096
Market risk	23,008
Operational risk	212,470
	457,574

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

	31 December 2012
	RM'000
<b><u>Tier I Capital</u></b>	
Paid-up capital	55,000
Retained profits	381,371
Other reserves	1,335
<b>Total Tier I capital</b>	437,706
Total capital base before proposed dividend	437,706
Proposed dividend	(56,000)
<b>Total capital base</b>	381,706



## EXPLANATORY NOTES (Continued)

### A23. Credit transactions and exposures with connected parties

	The Group	
	30 June 2013	31 Dec 2012
	RM'000	RM'000
Outstanding credit exposures with connected parties	24,894	50,685
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.0%	2.2%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

### B1. Group Performance Review

The Group achieved a profit after tax of RM39.1 million for the period ended 30 June 2013, a 46.5% drop from profit after tax of RM73.0 million achieved in the same period of 2012 mainly due to lower Islamic fee income from IPO deals which led to a decrease in Income from Islamic Banking Operations from RM86.4 million for the period ended 30 June 2012 to RM14.5 million for the period ended 30 June 2013.

Overhead expenses decreased by 4.4% from RM127.9 million for the period ended 30 June 2012 to RM122.3 million for the period ended 30 June 2013. This was mainly attributed to a decrease in personnel expenses partially offset by an increase in establishment expenses.

### B2. Prospects for the Current Financial Year

Despite greater volatility expected in the global markets, the Group remains positive that domestic demand will continue to support the Malaysian equity market performance. The Group therefore continues to be optimistic that it will be able to achieve its 2013 revenue targets.