

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

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

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

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

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

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

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

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

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

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

← Attributable to owners of the Parent →

The Group
30 June 2013

	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013	7,432,775	4,192,596	4,306,464	137,104	(876,497)	(563)	(32)	800,965	(75,701)	59,459	1,173,577	11,226,520	28,376,667	200,000	774,779	29,351,446
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,440,445	2,440,445	-	32,990	2,473,435
Other comprehensive income (net of tax)	-	-	51	-	314,190	-	-	(509,659)	(54,462)	(258)	-	-	(250,138)	-	(150)	(250,288)
- financial investments available-for-sales	-	-	-	-	-	-	-	(514,872)	-	-	-	-	(514,872)	-	(6,660)	(521,532)
- net investment hedge	-	-	-	-	-	-	-	-	(52,684)	-	-	-	(52,684)	-	265	(52,419)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(1,778)	-	-	-	(1,778)	-	-	(1,778)
- currency translation difference	-	-	51	-	314,190	-	-	-	-	(258)	-	-	313,983	-	6,245	320,228
- share of other comprehensive income of associate	-	-	-	-	-	-	-	5,213	-	-	-	-	5,213	-	-	5,213
Total comprehensive income for the period	-	-	51	-	314,190	-	-	(509,659)	(54,462)	(258)	-	2,440,445	2,190,307	-	32,840	2,223,147
Dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(1,366,143)	(1,366,143)	-	-	(1,366,143)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,054)	(6,054)	
Transfer to statutory reserve	-	-	44,667	-	-	-	-	-	-	-	-	(44,667)	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	290,472	(290,472)	-	-	-	
Transfer to capital reserve	-	-	-	2,000	-	-	-	-	-	-	-	-	2,000	-	2,000	
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,142)	(8,142)	
Purchase of treasury shares	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	44,296	-	-	44,296	-	44,296	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(47,076)	-	-	(47,076)	-	(47,076)	
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(64,497)	-	-	-	(64,497)	-	(64,497)	
Arising from staffs resigned under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	6,582	6,582	-	6,582	
Issuance of shares pursuant to Dividend Reinvestment Plan	183,076	970,302	-	-	-	-	-	-	-	-	-	-	1,153,378	-	-	1,153,378
At 30 June 2013	7,615,851	5,162,898	4,351,182	139,104	(562,307)	(563)	(33)	291,306	(194,660)	56,421	1,464,049	11,972,265	30,295,513	200,000	793,423	31,288,936

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

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

← Attributable to owners of the Parent →

The Group
30 June 2012

	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2012	7,432,775	4,192,596	4,103,591	137,104	174,664	(563)	(30)	729,551	(111,642)	374,332	490,627	8,550,863	26,073,868	200,000	724,429	26,998,297
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,120,355	2,120,355	-	21,402	2,141,757
Other comprehensive income (net of tax)	-	-	(24)	-	(296,860)	-	-	(14,586)	(9,469)	(680)	-	-	(321,619)	-	(7,248)	(328,867)
- financial investments available-for-sales	-	-	-	-	-	-	-	4,917	-	-	-	-	4,917	-	1,832	6,749
- net investment hedge	-	-	-	-	-	-	-	-	(9,449)	-	-	-	(9,449)	-	(61)	(9,510)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(20)	-	-	-	(20)	-	-	(20)
- currency translation difference	-	-	(24)	-	(296,860)	-	-	-	-	(680)	-	-	(297,564)	-	(9,019)	(306,583)
- share of other comprehensive income of associate	-	-	-	-	-	-	-	(19,503)	-	-	-	-	(19,503)	-	-	(19,503)
Total comprehensive income for the period	-	-	(24)	-	(296,860)	-	-	(14,586)	(9,469)	(680)	-	2,120,355	1,798,736	-	14,154	1,812,890
Dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	-	-	-	-	-	(743,277)	(743,277)	-	-	(743,277)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(790)	(790)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	90,377	-	-	-	-	-	-	-	-	(90,377)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	193,186	(193,186)	-	-	-	-
Arising from accretion/(dilution) of equity	-	-	-	-	-	-	-	-	-	-	-	(2,088)	(2,088)	-	8,912	6,824
Share-based payment expense	-	-	-	-	-	-	-	-	-	33,529	-	-	33,529	-	-	33,529
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(20,434)	-	-	(20,434)	-	-	(20,434)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(71,955)	-	-	-	(71,955)	-	-	(71,955)
Arising from staffs resigned under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	2,369	2,369	-	-	2,369
Expiry of Management Equity Scheme	-	-	-	-	-	-	-	-	-	(335,467)	-	335,467	-	-	-	-
At 30 June 2012	7,432,775	4,192,596	4,193,944	137,104	(122,196)	(563)	(30)	714,965	(193,066)	51,280	683,813	9,980,126	27,070,748	200,000	746,705	28,017,453

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

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

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

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

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

MFRS 10 "Consolidated financial statements"

MFRS 11 "Joint arrangements"

MFRS 12 "Disclosures of interests in other entities"

MFRS 13 "Fair value measurement"

Revised MFRS 127 "Separate financial statements"

Revised MFRS 128 "Investments in associates and joint ventures"

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

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

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

Amendment to MFRS 119 "Employee benefits"

Amendment to MFRS 134 "Interim financial reporting"

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

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

- Amendment to MFRS 119 "Employee benefits"

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

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

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

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

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

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

- Amendment to MFRS 134 "Interim financial reporting"

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

A1. BASIS OF PREPARATION (Continued)

- MFRS 13 “Fair value measurement”

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

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

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

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the period ended 30 June 2013:-

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

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

(b) On 22 February 2013, the Company announced that it will be seeking its shareholders' approval at its 56th Annual General Meeting (“AGM”) to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 17 April 2013.

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

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

(e) On 29 January 2013, CIMB Bank Berhad issued 2-year USD45 million senior unsecured floating rate notes (the “Notes”) under its USD 1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on the interest payment date falling in or nearest to January 2015. The coupon rate is calculated based on the 3 month U.S.\$ LIBOR plus a margin of 0.70% per annum and coupon is payable quarterly in arrears.

(f) On 18 January 2013, the Group had announced its proposal to put in place a dividend reinvestment scheme that will allow its shareholders the option to elect to reinvest their cash dividend in new ordinary share (“New CIMB Shares”) (“Dividend Reinvestment Scheme”). The Dividend Reinvestment Scheme (“DRS”) has received the necessary approval from Bursa Securities on 5 February 2013, its shareholders via an Extraordinary General Meeting held on 25 February 2013 and from Bank Negara Malaysia on 25 March 2013.

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

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

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

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

(i) CIMB Bank Berhad issued HKD350 million nominal value 3-year senior unsecured notes (the “Notes”) under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes were issued on 14 March 2013 and will mature on 14 March 2016 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 1.09% per annum payable quarterly in arrears.

(j) CIMB Bank Berhad, acting through its Singapore Branch, issued SGD20 million nominal value 5-year senior unsecured notes (the “Notes”) under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes were issued on 22 March 2013 and will mature on 22 March 2018 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 1.67% per annum payable semi-annually in arrears.

(k) CIMB Bank Berhad, acting through its Labuan Offshore Branch, issued USD20 million nominal value 3-year senior unsecured notes (the “Notes”) under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes were issued on 8 April 2013 and will mature on 8 April 2016. The Notes bear a floating coupon rate of 3 month U.S.\$ LIBOR plus 79 basis points per annum payable quarterly in arrears.

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

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

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

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

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

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

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

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

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

A4. DIVIDENDS PAID

A single tier second interim dividend of 18.38 sen per ordinary share, on 7,432,771,338 ordinary shares amounting to RM1,366,000,000 in respect of the financial year ended 31 December 2012, was approved by the Board of Directors on 17 January 2013. The dividend consists of an electable portion of 18.38 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”) as disclosed in A3(f). Following the completion of the DRS, a total cash dividend of RM212,765,822 was paid on 8 May 2013.

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

A5. STATUS OF CORPORATE PROPOSAL

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

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

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

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

The acquisition of selected equity capital markets and M&A corporate finance businesses in Indonesia, Malaysia, Singapore and Thailand has been completed on 27 April 2012. The acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in China and Hong Kong was completed on 30 June 2012.

On 12 July 2012, the proposed acquisition of the cash equities, equity capital markets and M&A corporate finance businesses of RBS in India had been terminated due to an unexpected legal issue. The acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Australia was completed on 2 November 2012.

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

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

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

The application in respect of the Proposed Transaction has also been submitted to Bank Negara Malaysia on 17 January 2013 and approval obtained on 28 March 2013.

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

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

A5. STATUS OF CORPORATE PROPOSAL (Continued)

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

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

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

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

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

A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2013 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES

A8. FINANCIAL ASSETS HELD FOR TRADING

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

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

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

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

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

Included in the financial investments held-to-maturity of the Group as at 30 June 2013 are 10-year promissory notes of THB209 million (2012: THB263 million) maturing between 2013 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. During the previous financial year, CIMB Bank Thai has recognised a gain of approximately RM133 million arising from the sharing agreement.

A11. LOANS, ADVANCES AND FINANCING

(i) By type

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

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

Included in the Group's loans, advances and financing balances are RM60 million (2012: RM64 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,606 million (2012: RM7,869 million) of its loan exposure using interest rate swaps.

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

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

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

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

(iii) By interest/profit rate sensitivity

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

(iv) By economic purpose

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

A11. LOANS, ADVANCES AND FINANCING (Continued)

(v) By geographical distribution

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

(vi) By residual contractual maturity

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

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

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

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

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

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

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

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

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

A12. OTHER ASSETS

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2013	31 December 2012
	RM'000	RM'000
<u>By type of deposit</u>		
Demand deposits	57,535,647	56,596,258
Savings deposits	30,732,092	29,196,454
Fixed deposits	114,665,508	113,966,142
Negotiable instruments of deposit	5,640,921	3,371,484
Others	49,841,773	44,484,271
	258,415,941	247,614,609
<u>By type of customer</u>		
Government and statutory bodies	9,792,143	11,507,833
Business enterprises	99,851,706	101,297,676
Individuals	97,653,474	92,727,823
Others	51,118,618	42,081,277
	258,415,941	247,614,609
<u>The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:</u>		
One year or less (short term)	115,925,562	112,737,865
More than one year (medium/long term)	4,380,867	4,599,761
	120,306,429	117,337,626

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

A15. OTHER LIABILITIES

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

A16. INTEREST INCOME

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

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

A17. INTEREST EXPENSE

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

A18. NET NON-INTEREST INCOME

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

A19. OVERHEADS

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

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

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

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

(i) DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

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

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,980 million (2012: RM4,126 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

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

(ii) COMMITMENTS AND CONTINGENCIES

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

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

A22. CAPITAL ADEQUACY

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

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

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

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

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

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

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

A22. CAPITAL ADEQUACY (continued)

30 June 2013

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

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

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

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

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

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

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

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

^ CIMB Group Holdings ("CIMBGH") implemented a Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2012. Pursuant to the DRS, CIMBGH intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above. The reinvestment of the excess cash was approved by shareholders on 21 August 2013 and Bank Negara Malaysia on 23 August 2013.

A22. CAPITAL ADEQUACY (continued)

31 December 2012

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

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

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

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

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

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

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

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

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

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

[√] The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2012 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM339 million, RM323 million and RM16 million respectively.

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

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

A23. SEGMENTAL REPORT

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

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

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

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

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

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

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

Business segment reporting

Definition of segments:

Consumer Banking

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

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

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

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

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

Wholesale Banking

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

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

A23. SEGMENTAL REPORT (continued)

Wholesale Banking (continued)

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

Asset Management comprises wholesale fund management and unit trust.

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

Investment

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

Support and others

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

A23. SEGMENTAL REPORT (continued)

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

A23. SEGMENTAL REPORT (continued)

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

A23. SEGMENTAL REPORT (continued)

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

A24. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Determination of fair value and fair value hierarchy

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

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

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

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

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

	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
30 June 2013					
The Group					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	13,343,786	-	13,343,786	-	13,343,786
- Quoted securities	3,007,189	1,940,712	1,066,477	-	3,007,189
- Unquoted securities	7,905,862	-	7,836,277	69,585	7,905,862
Financial investments available-for-sale					
- Money market instruments	5,243,774	-	5,243,774	-	5,243,774
- Quoted securities	6,060,915	454,575	5,606,344	-	6,060,919
- Unquoted securities	20,105,006	-	18,966,034	1,138,972	20,105,006
Derivative financial instruments					
- Trading derivatives	4,751,892	23,640	4,728,254	-	4,751,894
- Hedging derivatives	228,468	23,121	205,348	-	228,469
Total	60,646,892	2,442,048	56,996,294	1,208,557	60,646,899
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	4,968,139	10,390	4,957,748	-	4,968,138
- Hedging derivatives	289,887	-	289,887	-	289,887
Total	5,258,026	10,390	5,247,635	-	5,258,025

	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2012					
The Group					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	16,058,744	-	16,058,744	-	16,058,744
- Quoted securities	2,539,894	1,533,704	1,006,190	-	2,539,894
- Unquoted securities	6,784,638	-	6,718,325	66,313	6,784,638
Financial investments available-for-sale					
- Money market instruments	5,693,269	-	5,693,269	-	5,693,269
- Quoted securities	4,851,401	434,000	4,417,401	-	4,851,401
- Unquoted securities	18,609,847	-	17,436,664	1,173,183	18,609,847
Derivative financial instruments					
- Trading derivatives	3,871,217	20,587	3,850,630	-	3,871,217
- Hedging derivatives	254,690	-	254,690	-	254,690
Total	58,663,700	1,988,291	55,435,913	1,239,496	58,663,700
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	3,686,650	618	3,686,032	-	3,686,650
- Hedging derivatives	396,716	-	396,716	-	396,716
Total	4,083,366	618	4,082,748	-	4,083,366

A24. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair value hierarchy (continued)

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

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

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

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

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

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

A25. OPERATIONS OF ISLAMIC BANKING

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

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

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

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

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

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

A25d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type

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

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

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

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

(ii) By geographical distribution

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

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

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

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

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

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

(v) Movements in the allowance for impaired financing:

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

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

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

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

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

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

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

CIMB Group Holdings ("CIMB Group") Results

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

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

CIMB Group Y-o-Y Results

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

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

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

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

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

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

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

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

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

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

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

CIMB Group Q-on-Q Results

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

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

CIMB Niaga Results

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

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

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

CIMB Thai Results

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

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

CIMB Islamic

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

Geographic Expansion

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

B2. CORPORATE DEVELOPMENTS

The significant corporate developments in 2013 were:

Capital Management

- On 18 January 2013, CIMB Group proposed the establishment of a dividend reinvestment scheme (“DRS”) that would allow shareholders the option to elect to reinvest dividends in new CIMB Group shares. At an EGM on 25 February 2013, CIMB Group shareholders approved the proposed DRS. The proposed DRS received the necessary approvals from Bursa Securities and Bank Negara Malaysia on 5 February 2013 and 25 March 2013 respectively. On 8 May 2013, the Group issued and allotted 183,075,800 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS. The new shares were listed and quoted on the Main Market of Bursa Securities on 9 May 2013.
- On 9 May 2013, CIMB Group announced its intention to resume with the proposal to undertake the dual listing of ordinary shares on the Stock Exchange of Thailand (“SET”). On 30 May 2013, the Securities Commission approved the proposed SET listing. On 10 June 2013, approval was attained from Bursa Malaysia Securities for the proposed SET listing. Upon attaining all necessary approvals, the proposed SET listing is expected to be implemented by end 2013.
- On 13 June 2013, CIMB Bank announced that it had obtained approval from the Securities Commission on 10 June 2013 and from Bank Negara Malaysia on 3 May 2013 for the proposed program to issue up to RM10 billion in Basel 3-compliant Tier 2 subordinated debt.

Mergers and Acquisitions

- On 2 April 2012, CIMB Group entered into a sales and purchase agreement (“SPA”) with The Royal Bank of Scotland (“RBS”) for the proposed acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Australia, China, Hong Kong, India, Taiwan, Indonesia, Malaysia, Singapore and Thailand for GBP88.4 million (approx RM431.8 mil). On 27 April 2012, the acquisition of the businesses in Indonesia, Malaysia, Singapore and Thailand were completed. On 30 June 2012, the acquisition of the businesses in China and Hong Kong was completed. On 12 July 2012, the proposed acquisition of the businesses in India was terminated due to a legal issue arising in connection with the sale of the India Business by RBS. On 2 November 2012, the acquisition of the businesses in Australia was completed. On 28 March 2013, the acquisition of the businesses in Taiwan was completed.
- On 17 January 2013, CIMB Group’s wholly-owned subsidiary, CIG Bhd, entered into an implementation agreement with Renggis Ventures Sdn Bhd (“RVSB”), a wholly-owned subsidiary of Khazanah Nasional, for the proposed sale of a 51%-stake in CIMB Aviva Assurance and CIMB Aviva Takaful to RVSB for RM1.11 billion. On 28 March 2013, Bank Negara Malaysia approved the proposed sale. CIG Bhd entered into a sale and purchase agreement dated 29 March 2013 with RVSB in respect of the disposal. The proposed disposal was completed on 12 April 2013.
- On 8 May 2012 CIMB Bank entered into SPAs with San Miguel Properties, Inc., San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings, Inc. and various minority shareholders in relation to the proposed acquisition of 59.98% of the total issued and paid-up share capital of Bank of Commerce (“Proposed Acquisition”). On 21 June 2013, CIMB Bank announced that the SPAs in relation to the proposed acquisition has lapsed. As an agreement on new terms could not be reached, the parties to the SPAs did not proceed with the proposed acquisition.

Others

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

B2. CORPORATE DEVELOPMENTS (CONTINUED)

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

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

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

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

B4. TAXATION

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	314,630	373,585	676,998	678,981
Deferred tax expense	24,871	(24,134)	(22,606)	(11,071)
Over-accrual in prior years	(24,139)	1,288	(22,910)	1,082
	315,362	350,739	631,482	668,992
Reconciliation				
Profit before taxation	1,386,423	1,469,527	3,104,917	2,810,749
Tax at statutory income tax rate of 25% (2012: 25%)	346,605	367,382	776,229	702,687
Effect of different tax rates in other countries and change in tax rates	(1,846)	665	(1,964)	1,545
Due to income not subject to income tax and expenses not deductible for tax purposes	(5,258)	(18,596)	(119,873)	(36,322)
Over-accrual in prior years	(24,139)	1,288	(22,910)	1,082
	315,362	350,739	631,482	668,992

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

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

B6. REALISED AND UNREALISED PROFITS

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

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 30 June 2013 and 31 December 2012 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group. In addition, the unrealised retained profits of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

B7. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

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

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

Other borrowings**

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

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

Subordinated Notes***

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

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

B8. MATERIAL LITIGATION

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

B9. COMPUTATION OF EARNINGS PER SHARE (EPS)**Basic EPS**

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

a) Basic EPS

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

b) Diluted EPS

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