

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		The Group		
	Note	31 December 2013	31 December 2012	1 January 2012
		RM'000	RM'000	RM'000
			Restated	Restated
ASSETS				
Cash and short-term funds		33,678,882	30,759,899	34,201,968
Reverse repurchase agreements		8,260,504	5,594,278	4,230,482
Deposits and placements with banks and other financial institutions		3,789,019	4,990,331	4,174,012
Financial assets held for trading	A8	23,403,280	25,383,276	13,665,700
Derivative financial instruments	A22	5,020,453	4,083,969	4,231,584
Financial investments available-for-sale	A9	30,334,058	29,207,522	18,417,726
Financial investments held-to-maturity	A10	10,821,493	8,985,294	12,460,832
Loans, advances and financing	A11	228,431,705	202,137,818	183,838,777
Other assets	A12	7,990,355	6,839,640	6,032,926
Tax recoverable		64,578	73,934	139,258
Deferred tax assets		357,250	110,344	78,669
Statutory deposits with central banks		6,361,648	5,264,920	5,084,105
Investment in associates and joint ventures		1,013,482	895,750	1,355,672
Property, plant and equipment		1,546,783	1,534,341	1,458,400
Investment properties		4,000	17,451	8,653
Prepaid lease payments		147,901	159,613	170,564
Goodwill		7,877,463	8,180,586	8,242,489
Intangible assets		1,760,225	1,677,520	1,611,879
		370,863,079	335,896,486	299,403,696
Non-current assets held for sale		49,718	564,674	17,248
TOTAL ASSETS		370,912,797	336,461,160	299,420,944
LIABILITIES AND EQUITY				
Deposits from customers	A13	263,004,302	247,295,039	221,895,460
Deposits and placements of banks and other financial institutions	A14	20,727,845	15,522,591	10,833,001
Repurchase agreements		5,922,788	3,068,039	1,067,946
Financial liabilities designated at fair value	A15	2,132,170	-	-
Derivative financial instruments	A22	6,009,608	4,049,192	4,182,675
Bills and acceptances payable		4,713,219	4,257,257	7,566,691
Other liabilities	A16	8,562,039	7,564,850	6,414,290
Deferred tax liabilities		50,327	132,682	210,146
Current tax liabilities		384,800	322,400	483,820
Bonds and debentures	B7	7,490,265	3,850,660	1,021,702
Other borrowings	B7	7,772,727	7,640,360	6,992,620
Subordinated obligations	B7	12,066,700	12,659,851	10,925,756
Non-cumulative guaranteed and redeemable preference shares		847,447	831,920	881,016
TOTAL LIABILITIES		339,684,237	307,194,841	272,475,123
Ordinary share capital		7,729,346	7,432,775	7,432,775
Reserves		22,542,356	20,860,814	18,590,664
Less: Shares held under trust		(563)	(563)	(563)
Treasury shares, at cost		(41)	(32)	(30)
		30,271,098	28,292,994	26,022,846
Perpetual preference shares		200,000	200,000	200,000
Non-controlling interests		757,462	773,325	722,975
TOTAL EQUITY		31,228,560	29,266,319	26,945,821
TOTAL EQUITY AND LIABILITIES		370,912,797	336,461,160	299,420,944
COMMITMENTS AND CONTINGENCIES	A23	522,489,461	460,550,153	413,228,007
Net assets per share attributable to owners of the Parent (RM)		3.92	3.81	3.50

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 31 DECEMBER 2013

	Note	The Group			
		4th quarter ended 31 December 2013 RM'000	31 December 2012 RM'000	Twelve months ended 31 December 2013 RM'000	31 December 2012 RM'000
Continuing operations					
Interest income	A17	3,786,734	3,462,118	14,677,300	13,540,605
Interest expense	A18	(1,738,406)	(1,554,342)	(6,723,154)	(6,144,725)
Net interest income		2,048,328	1,907,776	7,954,146	7,395,880
Income from Islamic Banking operations	A27(c)	450,148	397,933	1,592,863	1,689,343
Net non-interest income	A19	1,298,653	1,063,622	4,599,624	4,406,590
		3,797,129	3,369,331	14,146,633	13,491,813
Gain/(Loss) on disposal of subsidiaries and associates		89	(41)	525,202	3,012
		3,797,218	3,369,290	14,671,835	13,494,825
Overheads	A20	(2,136,560)	(1,965,978)	(8,457,870)	(7,612,099)
Profit before allowances		1,660,658	1,403,312	6,213,965	5,882,726
Allowance made for impairment losses on loans, advances and financing	A21	(308,491)	(52,324)	(660,607)	(329,098)
Allowance made for impairment losses on other receivables		(20,698)	(4,383)	(38,918)	(31,387)
Allowance written back for commitments and contingencies		-	(1,332)	1,334	13,473
Recoveries from investment management and securities services		11,932	-	11,932	-
Allowance made for other impairment losses		(35,836)	(13,472)	(39,915)	(15,314)
		1,307,565	1,331,801	5,487,791	5,520,400
Share of results of joint ventures		6,798	6,267	55,170	19,263
Share of results of associates		43,692	28,940	306,268	98,648
Profit before taxation		1,358,055	1,367,008	5,849,229	5,638,311
Taxation	B4	(301,405)	(281,756)	(1,240,407)	(1,281,086)
Profit for the period for continuing operations		1,056,650	1,085,252	4,608,822	4,357,225
Discontinuing operations					
Share of results of associate from discontinuing operations (attributable to owners of the Parent)		-	4,368	-	39,582
Profit for the period		1,056,650	1,089,620	4,608,822	4,396,807
Profit for the period attributable to :					
Owners of the Parent		1,038,267	1,081,598	4,540,403	4,344,776
Non-controlling interests		18,383	8,022	68,419	52,031
		1,056,650	1,089,620	4,608,822	4,396,807
Earnings per share (sen):					
- Basic					
From continuing operations	B9(a)	13.5	14.1	60.0	58.0
From discontinuing operations	B9(a)	-	0.5	-	0.5
		13.5	14.6	60.0	58.5
- 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 31 DECEMBER 2013

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Profit for the period	1,056,650	1,089,620	4,608,822	4,396,807
Other comprehensive income:				
Continuing operations				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	74,413	(32,651)	74,413	(32,651)
Currency translation difference	2,011	-	2,011	-
	76,424	(32,651)	76,424	(32,651)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(16,707)	59,206	(852,747)	87,547
- Net gain/(loss) from change in fair value	34,216	199,366	(778,348)	440,874
- Realised gain transferred to statement of income on disposal and impairment	(85,106)	(145,006)	(291,730)	(390,306)
- Income tax effects	5,297	6,474	194,369	42,490
- Currency translation difference	28,886	(1,628)	22,962	(5,511)
Net investment hedge	(677)	25,427	(130,221)	82,222
Hedging reserve - cash flow hedge	(523)	(12)	(10,885)	(45)
- Net loss from change in fair value	(3,476)	(12)	(13,838)	(45)
- Income tax effects	2,953	-	2,953	-
Exchange fluctuation reserve	(548,314)	(135,994)	(1,258,753)	(1,069,673)
Share of other comprehensive (expense)/income of associates and joint ventures	(11,680)	2,799	(6,467)	(13,505)
	(577,901)	(48,574)	(2,259,073)	(913,454)
Total other comprehensive expense for the period, net of tax for continuing operations	(501,477)	(81,225)	(2,182,649)	(946,105)
Total comprehensive income for the period	555,173	1,008,395	2,426,173	3,450,702
Total comprehensive income for the period attributable to:				
Owners of the Parent	548,353	995,711	2,401,087	3,413,350
Non-controlling interests	6,820	12,684	25,086	37,352
	555,173	1,008,395	2,426,173	3,450,702
Total comprehensive income for the period attributable to owners of the Parent arising from:				
- Continuing operations	548,353	991,343	2,401,087	3,373,768
- Discontinuing operations	-	4,368	-	39,582
	548,353	995,711	2,401,087	3,413,350

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 31 DECEMBER 2013

Attributable to owners of the Parent

The Group
31 December 2013

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	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	Investments available-for-sale RM'000	Other reserves RM'000	Shares-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
Effect of adopting MFRS 11	-	-	-	-	325	-	-	-	-	-	-	-	325	-	(1,129)	(1,129)
Effect of adopting MFRS 119	-	-	-	-	-	-	-	-	(73,743)	-	-	(10,255)	325	-	(1,454)	(1,129)
1 January 2013, as restated	7,432,775	4,192,596	4,306,464	137,104	(876,172)	(563)	(32)	800,965	(149,444)	59,459	1,173,577	11,216,265	28,292,994	200,000	773,325	29,366,319
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	4,540,403	4,540,403	-	68,419	4,608,822
Other comprehensive income (net of tax)	-	-	(297)	-	(1,230,805)	-	-	(843,674)	(65,193)	653	-	(2,139,316)	(2,139,316)	-	(43,333)	(2,182,649)
- financial investments available-for-sales	-	-	-	-	-	-	-	(837,207)	(65,193)	-	-	(837,207)	(837,207)	-	(15,540)	(852,747)
- net investment hedge	-	-	-	-	-	-	-	-	(130,221)	-	-	(130,221)	(130,221)	-	511	(130,221)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(11,396)	-	-	(11,396)	(11,396)	-	-	(10,885)
- re-measurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- currency translation difference	-	-	(297)	-	(1,230,805)	-	-	76,424	-	653	-	(1,230,449)	76,424	-	(28,304)	(1,258,753)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	-	-	-	(6,467)	-	-	-	(6,467)	(6,467)	-	-	(6,467)
Total comprehensive income for the period	-	-	(297)	-	(1,230,805)	-	-	(843,674)	(65,193)	653	-	4,540,403	2,401,087	-	25,086	2,426,173
Dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,366,143)	(1,366,143)	-	-	(1,366,143)
Dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(97,632)	(97,632)	-	-	(97,632)
- single tier interim dividend	-	-	-	-	-	-	-	-	-	-	-	(97,632)	(97,632)	-	-	(97,632)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	(10,144)	(10,144)	-	-	(10,144)
Transfer to statutory reserve	-	-	626,878	-	-	-	-	-	-	-	570,306	(626,878)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	(570,306)	-	-	-	-
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,369)	(39,369)	
EOP for staff resigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(1,631)	(1,631)	-	-	(1,631)
Purchase of treasury shares	-	-	-	-	-	-	(9)	-	-	-	-	(9)	(9)	-	-	(9)
Share-based payment expense	-	-	-	-	-	-	-	-	-	97,493	-	97,493	97,493	-	-	97,493
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	61,460	-	(55,963)	-	-	5,497	-	-	5,497
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to Dividend Reinvestment Plan	296,571	1,639,924	-	-	-	-	-	-	(118,333)	-	-	-	(118,333)	-	-	(118,333)
At 31 December 2013	7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,763,883	12,215,358	30,271,098	200,000	757,462	31,228,560

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2013

	Attributable to owners of the Parent															
	Share capital	Share premium-ordinary shares	Statutory reserve	Capital reserve	Exchange fluctuation reserve	Shares held under trust	Treasury shares	Revaluation reserve - financial investments available-for-sale	Other reserves	Share-based payment reserve	Regulatory reserve	Retained earnings	Total	Perpetual preference shares	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group																
31 December 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
At 1 January 2012, as previously reported																
Effect of adopting MFRS 11					325								325		(1,129)	(1,129)
Effect of adopting MFRS 119															(1,454)	(1,454)
At 1 January 2012, as restated	7,432,775	4,192,596	4,103,591	137,104	174,989	(563)	(30)	729,551	(111,642)	374,332	490,627	8,540,608	26,022,846	200,000	722,975	26,945,821
Profit for the financial period												4,344,776	4,344,776		52,031	4,396,807
Other comprehensive income (net of tax)																
- financial investments available-for-sale					(1,051,161)			71,414	49,360	(1,011)			(931,427)		(14,678)	(946,105)
- net investment hedge								84,919					84,919		2,628	87,547
- hedging reserve - cash flow hedge									82,056				82,056		166	82,222
- re-measurement of post employment benefits obligations									(45)				(45)			(45)
- currency translation difference									(32,651)				(32,651)			(32,651)
- share of other comprehensive expense of associate and joint ventures										(1,011)			(1,052,201)			(1,069,673)
Total comprehensive income for the period								(13,505)					(13,505)			(13,505)
Dividend for the financial year ended												4,344,776	4,344,776			4,344,776
31 December 2011																
- single tier second interim dividend																
Dividend for the financial year ending																
31 December 2012																
- single tier interim dividend																
Non-controlling interest share of dividend																
Transfer to statutory reserve			202,902													
Transfer to regulatory reserve											682,950					
Arising from (dilution)/accretion of equity interests in subsidiaries																
Rights issue of a subsidiary																
EOP for staff resigned																
Purchase of treasury shares																
Share-based payment expense																
Shares released under Equity Ownership Plan																
Purchase of shares in relation to Equity Ownership Plan																
Expiry of Management Equity Scheme																
At 31 December 2012	7,432,775	4,192,596	4,306,464	137,104	(876,172)	(563)	(32)	800,965	(149,444)	59,459	1,173,577	11,216,265	28,292,994	200,000	773,325	29,566,319

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 31 DECEMBER 2013

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
		Restated
Profit before taxation		
- From continuing operations	5,849,229	5,638,311
- From discontinued operations	-	39,582
	5,849,229	5,677,893
Adjustments for non-operating and non-cash items	(377,064)	(230,220)
	5,472,165	5,447,673
Operating profit before changes in working capital		
Net changes in operating assets	(27,790,106)	(32,106,384)
Net changes in operating liabilities	27,042,835	29,814,136
	(747,271)	(2,292,248)
Cash flows generated from operations	4,724,894	3,155,425
Taxation paid	(1,565,509)	(1,451,419)
	3,159,385	1,704,006
Net cash flows generated from operating activities		
Net cash flows used in investing activities	(3,197,232)	(7,701,412)
Net cash flows from financing activities	2,695,164	4,106,377
	2,657,317	(1,891,029)
Net increase/(decrease) in cash and cash equivalents during the financial period		
Effects of exchange rate changes	261,666	(1,551,040)
Cash and short-term funds at beginning of the financial period	30,759,899	34,201,968
Cash and short-term funds at end of the financial period	33,678,882	30,759,899
Statutory deposits with Bank Indonesia*	(3,741,377)	(4,060,668)
Monies held in trust	(30,429)	(29,786)
Cash and cash equivalents at end of the financial period	29,907,076	26,669,445

* 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 year ended 31 December 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:

- MFRS 10 "Consolidated financial statements" and MFRS 11 "Joint arrangements"

MFRS 10 replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'. MFRS 11 requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and no material differences were found for any of the investments except for the following:

(i) CIMB Bank now consolidates the silo of Merdeka Kapital Berhad ("MKB"), arising from the securitisation transaction on CIMB Bank's hire purchases receivables to MKB; and

(ii) The Group now consolidates special purposes vehicles - SP Charitable Trust and SP Charitable Trust Two.

Certain investments of the Group have also been or reclassified from associates and subsidiaries to joint ventures in accordance with MFRS 11 principle. As required under MFRS 10 and MFRS 11, the change in policy has been applied retrospectively. The impact of the change in accounting policy to the prior period presented is disclosed in Note A28.

- 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 impact of the change in accounting policy to the prior period presented is disclosed in Note A28.

- 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.

A1. BASIS OF PREPARATION (Continued)

- 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.

- 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 A26.

The Group and the Company have early adopted the following amendment to published standard for the financial year beginning 1 January 2013:

- Amendment to MFRS 136 “Recoverable amount disclosures for non-financial assets” (effective from 1 January 2014)

It clarifies that disclosure of recoverable amount is required for an asset or cash generating unit when an impairment loss has been recognised or reversed during the period. When the recoverable amount of impaired assets is based on fair value less costs of disposal, additional information about fair value measurement is required. This amendment removes the unintended requirement to disclose the recoverable amount for a cash-generating unit (containing goodwill or indefinite lived intangible assets) when no impairment loss has been recognised or reversed during the period.

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 year ended 31 December 2013:-

(a) From 21 January 2013 to 31 December 2013 the Company purchased 1,199 of its own shares from the open market at an average market price of RM7.41 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM9,000.

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 issued USD45 million 2-year 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 is payable quarterly in arrears.

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

(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.

The entitlement date pursuant to the interim dividend and the corresponding DRS 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 second 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 shares.

The entitlement date pursuant to Interim Dividend and the corresponding DRS was fixed for 2 October 2013. The Group had, on 30 October 2013, issued and allotted 113,495,493 new ordinary shares of RM1.00 each in New CIMB Shares, pursuant to the DRS which applies to the Single Tier First Interim Dividend for the financial year ending 31 December 2013. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 31 October 2013. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 7,729,345,939 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 year, CIMB Thai Bank issued various unsecured structured debentures amounted to THB5.1 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 the year end, CIMB Thai Bank issued various unsecured structured debentures amounted to THB1,632 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 - 5.0% 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 and subsequent to financial year, CIMB Thai Bank has early redeemed structured debentures amounted to THB1,298 million and THB905 million respectively.

(m) 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.

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

(n) 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. Upon attaining all necessary approvals, the proposed SET listing is expected to be implemented by end 2013. On 15 November 2013, the Group submitted an application to the SC for a 6-month extension to complete the proposed SET listing.

(o) CIMB Bank Berhad issued HKD775 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 29 August 2013 and will mature on 29 August 2016 (subject to adjustment in accordance with the modified following business convention). The Notes bear a floating coupon rate of 3 month HIBOR plus 56 basis points per annum payable quarterly in arrears.

(p) On 1 August 2013, CIMB Bank has successfully set up a Basel 3 Compliant Tier 2 Subordinated Debt Issuance Programme of up to RM10.0 Billion in nominal value ("Basel 3 Subordinated Debt Programme"). The Basel 3 Subordinated Debt Programme was approved by Securities Commission on 10 June 2013.

CIMB Bank has on 13 September 2013 completed the inaugural issuance of a RM750 million Subordinated Debt under the Basel 3 Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM750 million tranche at 4.80% per annum with a maturity of 10 years non-callable at the end of year 5.

CIMB Bank has on 16 October 2013 completed the second issuance of a RM300 million Subordinated Debt under the Basel 3 Subordinated Debt Programme. The Subordinated Debt was issued as a single tranche of RM300 million at 4.77% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the Subordinated Debts on the call dates shall be subject to Bank Negara Malaysia's approval. There is no step up coupon after call dates. The proceeds of the Subordinated Debts shall be made available to CIMB Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by CIMB Bank.

The RM1.05 billion Subordinated Debt qualifies as Tier II capital for the purpose of the total capital ratio computation.

(q) CIMB Niaga, has issued 2-year Series A, 3-year Series B and 5-year Series C Senior Bond ("the bonds") of IDR285 billion, IDR315 billion and IDR850 billion respectively, totalling IDR1.450 trillion on 20 November 2013. The bonds will mature on 20 November 2015, 20 November 2016 and 20 November 2018 for Series A, Series B and Series C respectively. The bonds bear fixed coupon rate of 8.75% per annum, 9.15% per annum and 9.75% per annum for Series A, Series B and Series C respectively payable quarterly in arrears from the date of issuance.

(r) PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has fully redeemed IDR152,000 million bonds on 2 December 2013.

(s) On 13 January 2014, the Group announced its undertaking of a private placement pursuant to the shareholders' mandate for the issuance of CIMBGH Shares under Section 132D of the Companies Act, 1965 obtained at the Group's Annual General Meeting held on 17 April 2013. Pursuant to the private placement, 500 million new CIMBGH shares were issued, representing 6.08% of the enlarged issued and paid-up share capital of the Group as at 31 December 2013, to domestic and foreign investors. The private placement was completed on 23 January 2014 and successfully raised gross proceeds of RM 3.55 billion.

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 RM1,366,143,362 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.

A single tier first interim dividend of 12.82 sen per ordinary share, on 7,615,847,038 ordinary shares amounting to RM976,351,583 in respect of the financial year ended 31 December 2013, was approved by the Board of Directors on 30 July 2013. The dividend consists of an electable portion of 12.82 sen which can be elected to be reinvested in new ordinary shares in accordance with the DRS as disclosed in A3(f). Following the completion of the DRS, a total cash dividend of RM193,232,679 was paid on 30 October 2013.

The Directors have proposed a single tier second interim dividend of 11.00 sen per ordinary share, on 7,729,345,939 ordinary shares amounting to RM850 million in respect of financial year ended 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.

A5. STATUS OF CORPORATE PROPOSAL (Continued)

(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"), and 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.

(d) CIMB Securities International Pte Ltd, a wholly-owned indirect subsidiary of CIMB Group, has on 22 January 2014 disposed its 99.6% shareholding in CIMB Securities International (Thailand) Public Company Limited ("CSIT") ("Disposal") to a third party. The Disposal was completed on 22 January 2014.

A6. EVENTS DURING THE REPORTING PERIOD

(a) 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.

(b) 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.

(c) On 28 June 2013, CIMB Strategic Assets Sdn Bhd ("CIMBSA"), a wholly-owned subsidiary of the Group has entered into a joint venture with HLF 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.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 December 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	
	31 December 2013	31 December 2012
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	422,188	310,623
Cagamas bonds	14,891	-
Khazanah bonds	-	16,914
Malaysian Government treasury bills	75,075	215,116
Bank Negara Malaysia monetary notes	3,638,918	7,647,761
Negotiable instruments of deposit	1,874,343	2,929,556
Bankers' acceptances and Islamic accepted bills	345,728	584,737
Credit-linked notes	49,347	46,291
Other Government's securities	4,197,517	3,574,330
Commercial papers	362,189	320,059
Government investment issues	106,451	413,357
	11,086,647	16,058,744
Quoted securities:		
<i>In Malaysia:</i>		
Shares	1,533,392	1,056,010
<i>Outside Malaysia:</i>		
Shares	114,456	2,452
Private and Islamic debt securities	325,660	387,834
Other Government bonds	1,100,785	621,390
Bank Indonesia certificates	546,404	-
Investment linked funds	497,482	472,208
	4,118,179	2,539,894
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	5,324,359	4,886,688
Shares	6,716	6,544
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	2,791,654	1,822,141
Shares	66,332	59,769
Unit trust	9,393	9,496
	8,198,454	6,784,638
Total financial assets held-for-trading	23,403,280	25,383,276

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	656,270	860,826
Cagamas bonds	239,735	290,288
Khazanah bonds	322,874	400,350
Other Government securities	254,035	104,099
Other Government treasury bills	27,052	49,398
Bank Negara Malaysia Monetary Notes	-	497,386
Government investment issues	2,518,856	3,480,923
Commercial papers	-	9,999
	4,018,822	5,693,269
Quoted securities:		
<i>In Malaysia:</i>		
Shares	221,771	20,476
Unit trusts	163,834	134,276
<i>Outside Malaysia:</i>		
Shares	27	289
Private and Islamic debt securities	1,586,488	1,212,714
Other Government bonds	4,611,523	3,211,801
Unit trusts	86,798	292,873
	6,670,441	4,872,429
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	13,629,307	13,982,613
Shares	1,080,282	1,003,666
Loan stocks	10,433	18,507
Property funds	189	194
<i>Outside Malaysia:</i>		
Shares	51,720	75,903
Private equity and unit trust funds	81,083	88,291
Private and Islamic debt securities	5,057,923	3,758,795
Loan stocks	1,672	1,889
	19,912,609	18,929,858
	30,601,872	29,495,556
Allowance for impairment loss:		
Private debt securities	(100,236)	(115,716)
Quoted shares	(15,988)	(12,464)
Quoted bonds	(5,650)	(8,423)
Unquoted shares	(135,121)	(134,972)
Unit trusts	(386)	(1,898)
Loan stocks	(10,433)	(14,561)
	(267,814)	(288,034)
Total financial investments available-for-sale	30,334,058	29,207,522

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	802,446	-
Cagamas bonds	160,997	4,834
Other government securities	780,810	754,593
Other government treasury bills	16,830	-
Bank Negara Malaysia Monetary Notes	9,845	9,719
Khazanah bonds	66,736	-
Malaysian Government investment issues	808,104	20,686
	2,645,768	789,832
Quoted securities		
<i>Outside Malaysia</i>		
Private debt securities	1,930,753	2,560,527
Islamic bonds	6,789	18,519
Other Government bonds	501,824	177,690
Bank Indonesia certificates	155,219	150,745
	2,594,585	2,907,481
Unquoted securities		
<i>In Malaysia</i>		
Private debt securities	4,479,105	3,654,055
Loan stocks	27,388	28,813
Danaharta Urus Sdn Bhd ("DUSB") bonds	-	130,139
<i>Outside Malaysia</i>		
Private debt securities	1,116,035	1,485,557
	5,622,528	5,298,564
	10,862,881	8,995,877
Accretion of discount net of amortisation of premium	(8,516)	30,746
Less : Allowance for impairment losses	(32,872)	(41,329)
Total financial investments held-to-maturity	10,821,493	8,985,294

Included in the financial investments held-to-maturity of the Group as at 31 December 2013 are 10-year promissory notes of THB9 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 financial year, CIMB Bank Thai has recognised a gain of approximately RM113 million (2012: RM133 million) arising from the sharing agreement.

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
At amortised cost		
Overdrafts	5,659,427	5,981,019
Term loans/financing		
- Housing loans/financing	56,905,328	52,299,880
- Syndicated term loans	13,911,828	9,288,422
- Hire purchase receivables	14,428,652	12,772,502
- Lease receivables	142,147	205,565
- Factoring receivables	22,312	19,007
- Other term loans/financing	88,843,150	79,003,082
Bills receivable	9,239,224	3,720,725
Trust receipts	2,077,961	2,389,242
Claims on customers under acceptance credits	4,942,558	5,010,728
Staff loans *	756,729	685,699
Credit card receivables	6,440,933	5,690,695
Revolving credits	28,830,969	28,966,355
Share margin financing	2,354,659	2,309,686
Other loans	1,665	432
Gross loans, advances and financing	234,557,542	208,343,039
Fair value changes arising from fair value hedge	140,453	360,979
	234,697,995	208,704,018
Less: Allowance for impairment losses		
- Individual impairment allowance	(3,005,066)	(3,270,343)
- Portfolio impairment allowance	(3,261,224)	(3,295,857)
	(6,266,290)	(6,566,200)
Total net loans, advances and financing	228,431,705	202,137,818

* Included in staff loans of the Group are loans to Directors amounting to RM8,409,959 (2012: RM2,275,218).

Included in the Group's loans, advances and financing balances are RM57 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 RM8,182 million (2012: RM7,869 million) of its loan exposure using interest rate swaps.

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Gross loan hedged	8,181,776	7,869,471
Fair value changes arising from fair value hedges	140,453	360,979
	8,322,229	8,230,450

The fair value loss of interest rate swaps in these hedge transaction as at 31 December 2013 was RM101 million (2012: RM311 million).

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

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Domestic banking financial institutions	1,078,983	1,321,349
Domestic non-bank financial institutions		
- stockbroking companies	10,210	10,009
- others	2,572,679	1,807,723
Domestic business enterprises		
- small medium enterprises	31,258,050	29,702,223
- others	48,095,116	48,220,165
Government and statutory bodies	11,885,181	12,883,567
Individuals	111,963,768	96,771,514
Other domestic entities	2,020,750	2,661,053
Foreign entities	25,672,805	14,965,436
Gross loans, advances and financing	234,557,542	208,343,039

(iii) By interest/profit rate sensitivity

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Fixed rate		
- Housing loans	1,786,148	1,944,961
- Hire-purchase receivables	14,414,027	12,765,401
- Other fixed rate loans	41,358,703	41,206,674
Variable rate		
- BLR plus	109,822,385	101,437,673
- Cost plus	31,039,295	25,595,375
- Other variable rates	36,136,984	25,392,955
Gross loans, advances and financing	234,557,542	208,343,039

(iv) By economic purpose

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Personal use	8,441,137	7,242,619
Credit card	6,440,933	5,690,695
Purchase of consumer durables	170,550	25,342
Construction	8,023,104	7,276,301
Residential property (Housing)	57,390,465	52,491,785
Non-residential property	17,866,777	15,963,686
Purchase of fixed assets other than land and building	14,251,738	14,901,632
Mergers and acquisitions	5,410,650	1,987,139
Purchase of securities	15,139,766	12,214,573
Purchase of transport vehicles	19,742,044	18,720,872
Working capital	65,766,696	54,674,264
Other purposes	15,913,682	17,154,131
Gross loans, advances and financing	234,557,542	208,343,039

A11. LOANS, ADVANCES AND FINANCING (Continued)

(v) By geographical distribution

	The Group	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Malaysia	140,849,113	125,727,508
Indonesia	45,941,706	48,347,157
Thailand	18,495,506	15,243,168
Singapore	19,056,385	13,423,878
United Kingdom	1,152,021	934,931
Hong Kong	636,761	1,119,775
Other countries	8,426,050	3,546,622
Gross loans, advances and financing	234,557,542	208,343,039

(vi) By residual contractual maturity

	The Group	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Within one year	61,219,942	49,322,168
One year to less than three years	23,303,174	28,500,116
Three years to less than five years	31,614,934	23,576,875
Five years and more	118,419,492	106,943,880
Gross loans, advances and financing	234,557,542	208,343,039

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

	The Group	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Personal use	252,938	244,752
Credit card	94,765	39,687
Purchase of consumer durables	289	204
Construction	1,180,289	1,226,694
Residential property (Housing)	1,540,293	1,645,152
Non-residential property	258,780	338,853
Purchase of fixed assets other than land and building	438,895	416,280
Purchase of securities	186,441	193,583
Purchase of transport vehicles	314,470	338,661
Working capital	2,373,246	2,678,973
Other purpose	752,863	804,978
Gross impaired loans, advances and financing	7,393,269	7,927,817

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

	The Group	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Malaysia	4,452,536	5,078,112
Indonesia	1,458,612	1,335,882
Thailand	1,219,287	1,225,674
Singapore	58,585	45,764
United Kingdom	3,636	2,310
Other countries	200,613	240,075
Gross impaired loans, advances and financing	7,393,269	7,927,817

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
At 1 January	7,927,817	9,804,681
Classified as impaired during the year	3,451,780	3,111,369
Reclassified as not impaired during the year	(1,591,922)	(1,818,922)
Amount written back in respect of recoveries	(1,223,557)	(1,263,113)
Amount written off	(1,239,233)	(2,129,372)
Reclassification from unwinding income	50,870	210,839
Loans/financing converted to securities	-	(13,219)
Exchange fluctuation	17,514	25,554
At 31 December	7,393,269	7,927,817
Ratio of gross impaired loans to gross loans, advances and financing	3.15%	3.81%

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

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	3,270,343	3,988,345
Net allowance made during the year	179,523	164,322
Amount written off	(440,126)	(895,452)
Allowance (written back)/made and charged to deferred assets	(959)	1,221
Amount transferred from portfolio impairment allowance	1,043	22,111
Loans/financing converted to securities	-	(13,219)
Unwinding income	46,595	85,234
Exchange fluctuation	(51,353)	(82,219)
At 31 December	3,005,066	3,270,343
<u>Portfolio impairment allowance</u>		
At 1 January	3,295,857	3,964,876
Net allowance made during the year	858,902	600,195
Amount transferred to individual impairment allowance	(1,043)	(22,111)
Amount transferred to allowance for impairment losses on other receivables	-	(28,786)
Amount written off	(735,157)	(1,221,111)
Allowance written back and charged to deferred assets	258	(1,510)
Unwinding income	(31,518)	69,404
Exchange fluctuation	(126,075)	(65,100)
At 31 December	3,261,224	3,295,857
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	2.28%	2.32%

A12. OTHER ASSETS

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Due from brokers and clients net of allowance for doubtful debts	2,044,742	1,905,758	1,352,950
Other debtors, deposits and prepayments net of allowance for doubtful debts	3,163,529	2,775,848	2,438,275
Due from jointly controlled entity	1,059,473	1,285,914	1,371,367
Due from insurers, brokers and reinsurers	26,026	33,271	28,716
Option premium receivable	193,721	246,723	249,461
Deferred assets	83,018	103,524	131,204
Foreclosed properties net of allowance for impairment losses	187,787	178,713	167,765
Collateral pledged for derivative transactions	1,232,059	309,889	293,188
	7,990,355	6,839,640	6,032,926

A13. DEPOSITS FROM CUSTOMERS

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
<u>By type of deposit</u>			
Demand deposits	60,469,052	56,596,258	51,191,447
Savings deposits	30,209,802	29,196,454	25,380,012
Fixed deposits	110,777,319	113,966,142	98,257,823
Negotiable instruments of deposit	6,419,989	3,371,484	3,020,467
Others	55,128,140	44,164,701	44,045,711
	263,004,302	247,295,039	221,895,460
<u>By type of customer</u>			
Government and statutory bodies	8,681,578	11,507,833	12,579,786
Business enterprises	107,210,108	100,978,106	96,535,916
Individuals	92,638,301	92,727,823	84,078,467
Others	54,474,315	42,081,277	28,701,291
	263,004,302	247,295,039	221,895,460

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

One year or less (short term)	113,783,781	114,049,386	98,006,686
More than one year (medium/long term)	3,413,527	3,288,240	3,271,604
	117,197,308	117,337,626	101,278,290

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		
	31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Licensed banks	16,745,660	10,147,812	6,418,399
Licensed finance companies	223,121	405,675	129,555
Licensed investment banks	755,900	437,756	200,041
Bank Negara Malaysia	795,996	1,988,428	372,677
Other financial institutions	2,207,168	2,542,920	3,712,329
	20,727,845	15,522,591	10,833,001

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

One year or less (short term)	20,552,792	14,377,936	9,679,066
More than one year (medium/long term)	175,053	1,144,655	1,153,935
	20,727,845	15,522,591	10,833,001

A15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Deposits from customers - structured investments	2,132,170	-

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS139. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

Included in the above are individual and domestic other non bank financial institution customers deposits with contractual amount due on maturity amounting to RM2,253,559,000 and RM151,118,000 respectively.

The carrying amount of the Group at 31 December 2013 of financial liabilities designated at fair value were RM272,507,000 lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A16. OTHER LIABILITIES

	The Group		
	31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Due to brokers and clients	1,904,117	1,730,672	1,275,520
Expenditure payable	2,000,789	1,849,179	1,530,272
Provision for legal claims	82,783	86,801	128,254
Sundry creditors	1,054,029	809,560	881,454
Insurance fund - life and takaful insurance business	54,894	51,277	45,397
Allowance for commitments and contingencies	16,823	17,711	33,061
Post employment benefit obligations	279,160	337,922	343,369
Credit card expenditure payable	162,088	222,557	125,537
Call deposit borrowing	926,272	456,832	436,242
Others	2,081,084	2,002,339	1,615,184
	8,562,039	7,564,850	6,414,290

A17. INTEREST INCOME

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income	3,038,163	2,751,689	11,614,486	10,809,389
- Unwinding income [^]	15,703	31,503	97,301	140,015
Money at call and deposit placements with financial institutions	113,274	181,449	619,485	571,901
Reverse repurchase agreements	80,715	41,432	323,632	157,942
Financial assets held for trading	139,264	38,372	485,227	342,539
Financial investments available-for-sale	301,215	263,172	1,142,158	896,330
Financial investments held-to-maturity	100,716	89,961	350,604	390,585
Others	3,748	7,447	13,199	16,317
	3,792,798	3,405,025	14,646,092	13,325,018
Accretion of discounts less amortisation of premiums	(6,064)	57,093	31,208	215,587
	3,786,734	3,462,118	14,677,300	13,540,605

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

A18. INTEREST EXPENSE

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	36,940	44,241	160,130	144,367
Deposits from other customers	1,347,593	1,186,098	5,040,837	4,835,399
Repurchase agreements	40,676	10,093	189,930	32,085
Bonds and debentures	54,902	31,686	200,468	79,037
Subordinated obligations	132,961	154,053	582,840	564,087
Financial liabilities designated at fair value	11,927	-	40,368	-
Negotiable certificates of deposits	16,853	28,441	127,430	99,960
Other borrowings	80,162	67,474	304,877	270,061
Others	16,392	32,256	76,274	119,729
	1,738,406	1,554,342	6,723,154	6,144,725

A19. NET NON-INTEREST INCOME

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(a) Net fee income and commission income:				
Commissions	136,352	128,927	581,786	517,216
Fee on loans, advances and financing	130,302	132,207	479,267	463,879
Portfolio management fees	8,679	7,896	31,688	20,948
Service charges and fees	148,264	121,340	555,634	528,455
Corporate advisory fees	39,179	76,075	118,135	143,695
Guarantee fees	21,740	14,133	67,043	48,880
Other fee income	70,029	69,091	310,390	289,795
Placement fees	21,083	52,209	68,924	96,053
Underwriting commission	34,388	23,072	82,775	35,168
Fee and commission income	610,016	624,950	2,295,642	2,144,089
Fee and commission expense	(117,945)	(108,413)	(427,359)	(415,647)
Net fee and commission income	492,071	516,537	1,868,283	1,728,442
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	10,092	7,256	30,422	33,785
- Financial investments available-for-sale	1,803	5,231	12,834	14,437
<i>Outside Malaysia</i>				
- Financial assets held for trading	677	489	2,080	1,664
- Financial investments available-for-sale	1,509	468	17,072	11,760
	14,081	13,444	62,408	61,646
(c) Net (loss)/gain arising from financial assets held for trading	(176,381)	33,095	(320,001)	99,764
- realised	(57,764)	(47,171)	(114,909)	60,820
- unrealised	(118,617)	80,266	(205,092)	38,944
(d) Net gain/(loss) arising from derivative financial instruments	126,771	144,197	544,755	624,416
- realised	300,181	419,094	807,702	841,896
- unrealised	(173,410)	(274,897)	(262,947)	(217,480)
(e) Net gain/(loss) arising from fair value liability through profit or loss	53,812	-	227,886	-
- realised	(10,009)	-	(36,089)	-
- unrealised	63,821	-	263,975	-
(f) Net (loss)/gain arising from hedging derivatives	(15,498)	26,165	(36,839)	(26,912)
(g) Net gain from sale of financial investments available-for-sale	74,952	92,612	280,508	388,868
(h) Net gain/(loss) from maturity of financial investment held-to-	82,251	(62)	126,917	35,581
(i) Income from assets management and securities services	54,516	43,943	206,414	181,992
(j) Brokerage income	123,031	96,041	534,010	385,959
(k) Other non-interest income:				
Foreign exchange gain/(loss)	209,925	(34,104)	487,029	302,738
Rental income	3,167	2,753	11,908	9,597
Gain on disposal of property, plant and equipment/assets held for sale	24,982	8,059	38,300	14,868
Gain on disposal of leased assets	38	168	38	168
Gain on revaluation of investment properties	1,021	4,755	1,021	4,755
Underwriting surplus before management expenses	9,788	(1,001)	22,558	9,753
Share of gain from recovery of impaired loans	113,190	-	113,190	133,464
Loss on disposal of foreclosed properties	(16,759)	(4,534)	(40,827)	(9,387)
Other non-operating income	123,695	121,554	472,066	460,878
	469,047	97,650	1,105,283	926,834
Total other operating income	1,298,653	1,063,622	4,599,624	4,406,590

A20. OVERHEADS

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	951,406	869,918	3,642,831	3,285,005
- Pension cost	61,039	71,668	278,293	252,957
- Mutual separation scheme	137,164	-	217,164	-
- Overtime	8,082	6,793	33,170	32,157
- Staff incentives and other staff payments	30,359	44,224	171,035	182,813
- Medical expenses	25,468	25,589	95,878	88,648
- Others	110,556	162,698	530,776	475,047
	1,324,074	1,180,890	4,969,147	4,316,627
Establishment costs				
- Depreciation of property, plant and equipment	74,462	87,598	343,360	345,663
- Amortisation of prepaid lease payments	2,849	3,106	11,802	12,642
- Rental	101,192	91,105	380,127	333,261
- Repair and maintenance	119,741	75,822	404,443	309,778
- Outsourced services	45,942	30,499	176,961	215,782
- Security expenses	27,090	26,325	103,929	95,943
- Others	58,047	66,059	242,072	218,739
	429,323	380,514	1,662,694	1,531,808
Marketing expenses				
- Sales commission	2,009	3,163	9,718	15,844
- Advertisement	67,879	66,136	290,215	268,810
- Others	32,353	26,018	95,594	71,739
	102,241	95,317	395,527	356,393
Administration and general expenses				
- Amortisation and impairment of intangible assets	(10,814)	71,294	277,304	262,112
- Legal and professional fees	38,938	34,482	157,564	178,418
- Stationery	21,584	22,861	80,080	82,921
- Communication	36,781	34,808	150,038	154,339
- Incidental expenses on banking operations	11,880	9,720	36,206	39,875
- Insurance	51,153	46,403	208,494	179,975
- Others	131,400	89,689	520,816	509,631
	280,922	309,257	1,430,502	1,407,271
	2,136,560	1,965,978	8,457,870	7,612,099

A21. ALLOWANCE MADE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	146,940	66,910	179,523	164,322
- Portfolio impairment allowance	245,393	94,359	858,902	600,195
Impaired loans, advances and financing:				
- recovered	(89,040)	(113,611)	(403,839)	(442,195)
- written off	5,198	4,666	26,021	6,776
	308,491	52,324	660,607	329,098

A22. 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 31 December 2013			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	15,535,868	238,332	(245,114)
- Up to 1 year	12,621,248	201,431	(142,366)
- More than 1 year to 3 years	831,402	18,567	(21,322)
- More than 3 years	2,083,218	18,334	(81,426)
Currency swaps	74,588,373	891,838	(984,888)
- Up to 1 year	73,927,701	858,684	(979,138)
- More than 1 year to 3 years	391,499	13,487	(3,224)
- More than 3 years	269,173	19,667	(2,526)
Currency spot	7,270,147	6,317	(12,801)
- Up to 1 year	7,270,147	6,317	(12,801)
Currency options	3,605,527	97,774	(88,128)
- Up to 1 year	2,629,363	34,023	(24,965)
- More than 1 year to 3 years	520,621	12,429	(12,424)
- More than 3 years	455,543	51,322	(50,739)
Cross currency interest rate swaps	33,767,451	1,098,021	(1,043,097)
- Up to 1 year	3,956,556	100,069	(144,281)
- More than 1 year to 3 years	11,912,611	213,787	(392,459)
- More than 3 years	17,898,284	784,165	(506,357)
	134,767,366	2,332,282	(2,374,028)
<u>Interest rate derivative</u>			
Interest rate swaps	263,828,147	2,063,089	(1,541,162)
- Up to 1 year	71,813,536	96,482	(109,301)
- More than 1 year to 3 years	111,752,273	600,116	(573,553)
- More than 3 years	80,262,338	1,366,491	(858,308)
Interest rate futures	4,646,388	12,418	(199)
- Up to 1 year	3,734,506	10,901	(162)
- More than 1 year to 3 years	911,882	1,517	(37)
Interest rate options	598,180	1,701	(7,776)
- Up to 1 year	359,691	108	(5,157)
- More than 1 year to 3 years	238,489	1,593	(2,619)
	269,072,715	2,077,208	(1,549,137)
<u>Equity related derivatives</u>			
Index futures	43,473	-	(755)
- Up to 1 year	43,473	-	(755)
Equity options	7,332,980	103,070	(1,401,984)
- Up to 1 year	2,670,549	59,227	(823,089)
- More than 1 year to 3 years	1,983,267	15,312	(541,463)
- More than 3 years	2,679,164	28,531	(37,432)
Equity swaps	812,041	17,113	(172,249)
- Up to 1 year	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)
- More than 3 years	634,235	3,587	(3,597)
	8,188,494	120,183	(1,574,988)
<u>Commodity related derivatives</u>			
Commodity swaps	1,961,518	106,882	(105,681)
- Up to 1 year	1,850,789	79,803	(79,308)
- More than 1 year to 3 years	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)
Commodity options	238,781	158,512	(48,376)
- Up to 1 year	73,965	1,086	(944)
- More than 1 year to 3 years	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)
	2,200,299	265,394	(154,057)
<u>Credit related contract</u>			
Credit default swaps	7,656,021	38,265	(89,176)
- Up to 1 year	3,144,871	1,493	(63,846)
- More than 1 year to 3 years	2,180,546	15,731	(10,541)
- More than 3 years	2,330,604	21,041	(14,789)
<u>Hedging derivatives</u>			
Interest rate swaps	19,335,113	182,117	(219,736)
- Up to 1 year	21,526	41	(55)
- More than 1 year to 3 years	3,942,730	77,097	(25,010)
- More than 3 years	15,370,857	104,979	(194,671)
Currency forward	190,863	-	(4,646)
- Up to 1 year	190,863	-	(4,646)
Cross currency interest rate swaps	2,224,201	5,004	(43,840)
- Up to 1 year	326,652	-	(19,187)
- More than 1 year to 3 years	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)
	21,750,177	187,121	(268,222)
Total derivative assets/(liabilities)	443,635,072	5,020,453	(6,009,608)

A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	The Group		
	Principal amount	Fair values	Liabilities
At 31 December 2012	RM'000	Assets RM'000	RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	13,542,140	170,004	(171,271)
- Up to 1 year	10,297,294	67,972	(104,824)
- More than 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)
- Up to 1 year	53,461,234	219,441	(191,879)
- More than 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)
- Up to 1 year	5,559,618	2,491	(3,729)
Currency options	1,592,825	7,455	(6,494)
- Up to 1 year	1,592,825	7,455	(6,494)
Cross currency interest rate swaps	20,868,765	578,385	(339,913)
- Up to 1 year	3,511,121	137,088	(87,179)
- More than 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	251,594,657	2,076,142	(1,675,990)
- Up to 1 year	36,432,806	71,625	(68,101)
- More than 1 year to 3 years	161,514,518	700,612	(680,522)
- More than 3 years	53,647,333	1,303,905	(927,367)
Interest rate futures	8,199,677	20,571	(606)
- Up to 1 year	4,571,511	8,894	(551)
- More than 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)
- Up to 1 year	290,000	862	(1,788)
- More than 1 year to 3 years	170,000	489	(3,959)
- More than 3 years	2,018,652	49	(8,536)
	262,272,986	2,098,113	(1,690,879)
<u>Equity related derivatives</u>			
Index futures	1,245,997	15,325	(15,336)
- Up to 1 year	713,516	2,616	(2,627)
- More than 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)
- Up to 1 year	3,355,279	524,471	(941,504)
- More than 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)
- Up to 1 year	163,152	11,675	(12,565)
- More than 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	-
- Up to 1 year	135	15	-
Commodity options	521,350	141,739	(141,752)
- Up to 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	4,306,161	8,881	(84,792)
- Up to 1 year	2,445,962	819	(59,782)
- More than 1 year to 3 years	1,064,578	3,488	(9,653)
- More than 3 years	795,621	4,574	(15,357)
<u>Hedging derivatives</u>			
Interest rate swaps	18,488,500	240,707	(384,450)
- Up to 1 year	1,088,711	10,360	(3,697)
- More than 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	-
- Up to 1 year	208,663	203	-
Cross currency interest rate swaps	991,873	13,780	(12,266)
- More than 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)	392,709,087	4,083,969	(4,049,192)

A2.2. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 1 January 2012			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	11,664,292	152,198	(172,128)
- Up to 1 year	9,407,525	107,872	(126,346)
- More than 1 year to 3 years	971,908	40,641	(22,110)
- More than 3 years	1,284,859	3,685	(23,672)
Currency swaps	38,210,727	412,086	(328,753)
- Up to 1 year	37,870,738	394,071	(324,315)
- More than 1 year to 3 years	128,276	6,806	(4,081)
- More than 3 years	211,713	11,209	(357)
Currency spot	3,185,666	2,100	(2,329)
- Up to 1 year	3,185,666	2,100	(2,329)
Currency options	2,246,845	9,030	(14,226)
- Up to 1 year	2,246,845	9,030	(14,226)
Cross currency interest rate swaps	16,993,262	535,129	(393,016)
- Up to 1 year	3,516,246	90,581	(130,104)
- More than 1 year to 3 years	6,199,649	255,084	(106,253)
- More than 3 years	7,277,367	189,464	(156,659)
	72,300,792	1,110,543	(910,452)
<u>Interest rate derivative</u>			
Interest rate swaps	243,180,308	2,676,238	(2,306,442)
- Up to 1 year	32,606,090	85,636	(60,632)
- More than 1 year to 3 years	131,899,720	1,010,775	(1,050,691)
- More than 3 years	78,674,498	1,579,827	(1,195,119)
Interest rate futures	11,930,771	31,861	(2,279)
- Up to 1 year	5,734,380	10,485	(2,279)
- More than 1 year to 3 years	4,844,425	17,375	-
- More than 3 years	1,351,966	4,001	-
Interest rate options	150,000	10,407	(4,549)
- More than 1 year to 3 years	100,000	9,730	(4,542)
- More than 3 years	50,000	677	(7)
	255,261,079	2,718,506	(2,313,270)
<u>Equity related derivatives</u>			
Index futures	17,121	1	(132)
- Up to 1 year	17,121	1	(132)
Equity options	8,651,175	60,008	(392,563)
- Up to 1 year	1,839,406	50,392	(290,103)
- More than 1 year to 3 years	3,087,134	351	(69,162)
- More than 3 years	3,724,635	9,265	(33,298)
Equity swaps	525,927	416	(385)
- More than 3 years	525,927	416	(385)
	9,194,223	60,425	(393,080)
<u>Commodity related derivatives</u>			
Commodity swaps	203,200	48,048	(48,048)
- Up to 1 year	34,947	10,075	(10,075)
- More than 1 year to 3 years	168,253	37,973	(37,973)
Commodity futures	80,961	4,456	(5,498)
- Up to 1 year	44,312	3,730	(3,663)
- More than 1 year to 3 years	36,649	726	(1,835)
Commodity options	39,642	782	(863)
- Up to 1 year	38,235	684	(845)
- More than 1 year to 3 years	1,407	98	(18)
	323,803	53,286	(54,409)
<u>Credit related contract</u>			
Credit default swaps	1,755,333	31,642	(38,577)
- Up to 1 year	158,850	24	-
- More than 1 year to 3 years	839,249	3,613	(10,290)
- More than 3 years	757,234	28,005	(28,287)
<u>Hedging derivatives</u>			
Interest rate swaps	14,221,710	257,182	(472,290)
- Up to 1 year	20,911	318	(329)
- More than 1 year to 3 years	1,163,570	32,874	(10,503)
- More than 3 years	13,037,229	223,990	(461,458)
Cross currency interest rate swaps	71,131	-	(597)
- More than 3 years	71,131	-	(597)
	14,292,841	257,182	(472,887)
Total derivative assets/(liabilities)	353,128,071	4,231,584	(4,182,675)

A22. 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 31 December 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM5,020 million (31 December 2012: RM4,084 million; 1 January 2012: RM4,232 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.

A23. 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>	31 December 2013	31 December 2012	1 January 2012
	Principal Amount RM'000	Principal Amount RM'000 Restated	Principal Amount RM'000 Restated
<u>Credit-related</u>			
Direct credit substitutes	5,558,842	4,466,153	4,159,637
Certain transaction-related contingent items	5,673,446	6,084,990	5,464,748
Short-term self-liquidating trade-related contingencies	4,027,282	2,597,320	2,549,245
Obligations under underwriting agreement	163,500	-	226,887
Irrevocable commitments to extend credit			
- maturity not exceeding one year	52,400,282	47,395,370	36,370,852
- maturity exceeding one year	8,617,352	5,834,498	6,710,863
Miscellaneous commitments and contingencies	2,413,685	1,462,735	4,617,704
Total credit-related commitments and contingencies	78,854,389	67,841,066	60,099,936
<u>Treasury-related</u>			
<u>Foreign exchange related contracts</u>			
- up to one year	100,922,530	74,207,227	55,646,664
- more than one year to five years	29,082,502	17,555,418	12,201,742
- more than five years	7,177,397	4,864,528	4,523,518
	137,182,429	96,627,173	72,371,924
<u>Interest rate related contracts</u>			
- up to one year	75,929,258	72,510,913	58,069,887
- more than one year to five years	184,333,773	163,344,871	172,458,666
- more than five years	27,820,397	44,202,135	38,159,983
	288,083,428	280,057,919	268,688,536
<u>Equity related contracts</u>			
- up to one year	2,847,171	3,943,985	1,852,206
- more than one year to five years	3,732,189	4,655,934	4,949,209
- more than five years	1,609,135	1,693,398	2,392,808
	8,188,495	10,293,317	9,194,223
<u>Credit related contracts</u>			
- up to one year	3,144,871	2,445,962	317,700
- more than one year to five years	3,812,772	2,256,998	1,868,224
- more than five years	1,022,778	306,770	363,660
	7,980,421	5,009,730	2,549,584
<u>Commodity related contracts</u>			
- up to one year	1,924,754	530,785	105,003
- more than one year to five years	275,545	190,163	218,801
	2,200,299	720,948	323,804
Total treasury-related commitments and contingencies	443,635,072	392,709,087	353,128,071
	522,489,461	460,550,153	413,228,007

A24. 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 regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets 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 with retail exposures on Advance IRB approach and non-retail exposures on Foundation 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) which has regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel II.

The risk-weighted assets of CIMB Investment Bank Group are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach. The components of eligible regulatory capital are 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) which has regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel II.

The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand (BOT) requirements and are computed in accordance with 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 Standardised Approach (SA) 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 regulatory compliance ratios of CIMB Bank PLC refers to Solvency 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.

A24. CAPITAL ADEQUACY (Continued)

31 December 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*
Common equity tier 1 ratio	10.215% # ^	9.905%	9.907%	8.704% # ^	25.300%	N/A	N/A
Tier 1 ratio	12.117% # ^	10.201%	9.907%	10.180% # ^	25.300%	12.993%	N/A
Total capital ratio	13.475% # ^	14.020%	14.082%	13.498% # ^	25.300%	15.378%	20.045%
After deducting proposed dividend							
Common equity tier 1 ratio	9.649% ^	9.905%	9.907%	8.274% ^	25.300%	N/A	N/A
Tier 1 ratio	11.552% ^	10.201%	9.907%	9.750% ^	25.300%	12.993%	N/A
Total capital ratio	12.910% ^	14.020%	14.082%	13.068% ^	25.300%	15.378%	20.045%

(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	109,355,392	18,769,614	17,250,730	145,845,320	1,208,453	41,585,173	638,964
Market risk	12,107,705	620,945	1,363,788	13,826,815	58,618	410,116	-
Operational risk	11,115,336	1,866,592	1,168,022	14,615,092	758,001	5,028,579	-
Large exposure risk	423,320	-	-	423,320	-	-	-
	133,001,753	21,257,151	19,782,540	174,710,547	2,025,072	47,023,868	638,964

(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	4,131,410	1,000,000	1,053,119	4,131,410	100,000	433,774	147,465
Other reserves	15,810,362	1,600,902	998,423	18,954,705	469,418	5,723,758	(21,440)
Qualifying non-controlling interests	-	-	-	243,991	-	-	-
Common Equity Tier I capital before regulatory adjustments	19,941,772	2,600,902	2,051,542	23,330,106	569,418	6,157,532	126,025
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(4,890,179)	(964)	-	-
Intangible assets	(852,787)	(11,080)	-	(874,518)	-	-	(1,613)
Deferred tax assets	(212,431)	(25,566)	(91,698)	(263,926)	(48,914)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	-	-	-	(47,931)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,921)	-	-
Shortfall of eligible provisions to expected losses	(151,434)	-	-	(282,726)	-	-	-
Others	(1,584,536)	(322,814)	-	(1,811,720)	(271)	-	(710)
Common Equity Tier I capital after regulatory adjustments	13,585,509	2,105,442	1,959,844	15,207,037	512,348	6,109,601	123,702
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	-	-	-	48,180	-	-	-
Additional Tier I capital before and after regulatory adjustments	2,530,620	63,000	-	2,578,800	-	-	-
Total Tier I Capital	16,116,129	2,168,442	1,959,844	17,785,837	512,348	6,109,601	123,702
Tier II capital							
Subordinated notes	6,050,000	765,000	539,424	6,050,000	-	691,874	-
Redeemable preference shares	29,740	-	-	29,740	9	-	-
Qualifying capital instruments held by third parties	-	-	-	30,471	-	-	-
Portfolio impairment allowance & Regulatory reserve	207,315	46,857	61,837	486,766	1,996	446,988	4,380
Others	-	-	224,760	-	-	30,887	-
Tier II capital before regulatory adjustments	6,287,055	811,857	826,021	6,596,977	2,005	1,169,749	4,380
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,480,601)	-	-	(800,439)	(8,926)	(47,931)	-
Total Tier II capital	1,806,454	811,857	826,021	5,796,538	-	1,121,818	4,380
Total capital base	17,922,583	2,980,299	2,785,865	23,582,375	512,348	7,231,419	128,082
Less :							
Proposed dividends	(752,000)	-	-	(752,000)	-	-	-
Total capital base (net of proposed dividend)	17,170,583	2,980,299	2,785,865	22,830,375	512,348	7,231,419	128,082

Interim dividend for financial year ending 31 December 2013 was paid in September 2013.

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2013 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM245 million, RM220 million and RM25 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 Berhad ("CIMBGH") recently completed its second Dividend Reinvestment Scheme ("DRS") of which RM783 million was reinvested into new CIMBGH shares. Pursuant to the completion of DRS, CIMBGH reinvested cash dividend surplus of RM400 million and additional cash of RM735 million into CIMB Bank via rights issue which was completed on 30 December 2013.

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2013. Pursuant to the completion of DRS, CIMBGH intend to reinvest the excess cash dividend into the Bank which would increase the capital adequacy ratio of the Group and the Bank above those stated above. The second interim dividend was approved by the Board and Bank Negara Malaysia on 11 February 2014 and 21 February 2014 respectively.

A24. 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% # ^	18.58%	12.25%	N/A
Risk-weighted capital ratio	15.53% # ^	13.27%	16.21%	15.58% # ^	18.63%	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)	(56,000)	-	-
Total capital base (net of proposed dividend)	18,390,759	2,939,795	2,689,754	24,225,321	435,396	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.

A25. 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 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 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 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.

A25. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

Advisory offers financial advisory services to corporations, advising issuance of equity and equity-linked products, debt restructuring, 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 focus 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.

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Investment RM'000	Support and others RM'000	
31 December 2013						
Net interest income	5,337,867	45,239	2,211,567	363,052	(3,579)	7,954,146
- external income/(expense)	(296,480)	55,960	93,188	168,807	(21,475)	-
- inter-segment (expense)/income						
Income from Islamic Banking operations	5,041,387	101,199	2,304,755	531,859	(25,054)	7,954,146
Net non-interest income	887,234	41,831	572,715	83,813	7,270	1,592,863
Gain on disposal of subsidiaries and associates	1,865,656	993,297	1,140,454	583,228	16,989	4,599,624
	-	-	-	525,202	-	525,202
Net income/(expense)	7,794,277	1,136,327	4,017,924	1,724,102	(795)	14,671,835
Overheads	(4,939,727)	(926,711)	(1,330,488)	(1,199,119)	(61,825)	(8,457,870)
of which:						
- Depreciation of property, plant and equipment	(248,725)	(42,762)	(39,823)	(9,747)	(2,303)	(343,360)
- Amortisation of prepaid lease payments	(318)	(147)	(19)	(11,314)	(4)	(11,802)
- Amortisation and impairment of intangible assets	(111,218)	(10,555)	(17,678)	(136,494)	(1,359)	(277,304)
Profit/(loss) before allowances	2,854,550	209,616	2,687,436	524,983	(62,620)	6,213,965
Allowance (made)/written back for impairment losses on loans, advances and financing	(554,593)	(915)	(106,580)	3,180	(1,699)	(660,607)
Allowance (made)/written back for losses on other receivables	(20,541)	(7,517)	(1,090)	(7,321)	(2,449)	(38,918)
Allowance written back for commitments and contingencies	-	-	1,334	-	-	1,334
Recoveries written back from investment management and securities services	-	-	-	11,932	-	11,932
Allowance written back/(made) for other impairment losses	-	22	4,328	(44,572)	307	(39,915)
Segment results	2,279,416	201,206	2,585,428	488,202	(66,461)	5,487,791
Share of results of joint ventures	4,750	504	-	49,916	-	55,170
Share of results of associates	-	649	-	305,619	-	306,268
Profit/(loss) before taxation	2,284,166	202,359	2,585,428	843,737	(66,461)	5,849,229
% of profit before taxation	39.1	3.5	44.2	14.4	(1.2)	100.0
Taxation						(1,240,407)
Profit for the period for continuing operations						4,608,822
Discontinued operations						
Share fo results of association from discontinuing operations	-	-	-	-	-	-
Profit for the period						4,608,822

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Corporate Banking, and Markets RM'000	Investment and others RM'000	
31 December 2012						
Net interest income						
- external income/(expense)	4,930,324	(8,678)	2,238,149		228,612	7,395,880
- inter-segment (expense)/income	(173,123)	71,275	(23,526)		158,389	(33,015)
Income from Islamic Banking operations						
Net non-interest income	4,757,201	62,597	2,214,623		387,001	7,395,880
Gain on disposal of subsidiaries and associates	829,626	140,873	679,584		54,191	1,689,343
	1,578,469	962,982	1,317,711		471,843	4,406,590
	-	-	-		3,012	3,012
Net income	7,165,296	1,166,452	4,211,918		916,047	13,494,825
Overheads	(4,960,849)	(862,215)	(1,245,149)		(411,714)	(7,612,099)
of which:						
- Depreciation of property, plant and equipment	(211,636)	(43,990)	(37,272)		(9,702)	(345,663)
- Amortisation of prepaid lease payments	(34)	(90)	-		(12,220)	(12,642)
- Amortisation of intangible assets	(130,535)	(5,600)	(13,893)		(89,944)	(262,112)
Profit/(loss) before allowances	2,204,447	304,237	2,966,769		504,333	5,882,726
Allowance (made)/written back for impairment losses on loans, advances and financing						
	(147,281)	2,628	(175,188)		(9,762)	(329,098)
Allowance (made)/written back for losses on other receivables	(20,811)	(1,920)	693		(2,765)	(31,387)
Allowance written back for commitments and contingencies	14,507	-	(1,330)		296	13,473
Allowance written back/(made) for other impairment losses	16	-	(830)		(17,461)	(15,314)
Segment results	2,050,878	304,945	2,790,114		474,641	5,520,400
Share of results of joint ventures	4,349	(1,126)	-		17,143	20,366
Share of results of associates	-	602	-		96,943	97,545
Profit/(loss) before taxation	2,055,227	304,421	2,790,114		588,727	5,638,311
% of profit before taxation	36.5	5.4	49.5		10.4	(1.8)
Taxation						(1,281,086)
Profit for the period for continuing operations						4,357,225
Discontinued operations						
Share fo results of association from discontinuing operations	-	-	-		39,582	39,582
Profit for the period						4,396,807

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Investment RM'000	Support and others RM'000	
31 December 2013						
Group						
Segment assets	158,218,637	8,385,303	164,604,277	23,730,533	2,257,392	357,196,142
Investment in associates and joint ventures	158,307	14,210	-	835,797	5,168	1,013,482
Unallocated assets	158,376,944	8,399,513	164,604,277	24,566,330	2,262,560	358,209,624
Total assets	158,376,944	8,399,513	164,604,277	24,566,330	2,262,560	370,912,797
Segment liabilities	147,808,940	8,047,357	153,635,835	11,780,227	12,551,777	333,824,136
Unallocated liabilities	-	-	-	-	-	5,860,101
Total liabilities	147,808,940	8,047,357	153,635,835	11,780,227	12,551,777	339,684,237
Other segment items						
Incurred capital expenditure	467,804	132,866	70,479	32,016	173,547	876,712
Investment in joint ventures	158,306	4,149	-	147,080	-	309,535
Investment in associates	-	10,062	-	688,715	5,170	703,947

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Investment RM'000	Support and others RM'000	
31 December 2012						
Group						
Segment assets	139,499,694	7,071,918	154,347,328	22,436,466	764,555	324,119,961
Investment in associates and joint ventures	153,557	6,615	-	731,060	4,518	895,750
Unallocated assets	139,653,251	7,078,533	154,347,328	23,167,526	769,073	325,015,711
Total assets	139,653,251	7,078,533	154,347,328	23,167,526	769,073	336,461,160
Segment liabilities	144,974,579	4,630,196	133,303,326	12,517,548	6,360,110	301,785,759
Unallocated liabilities	-	-	-	-	-	5,409,082
Total liabilities	144,974,579	4,630,196	133,303,326	12,517,548	6,360,110	307,194,841
Other segment items						
Incurred capital expenditure	465,038	119,767	38,556	12,697	191,684	827,742
Investment in joint ventures	153,557	1,989	-	150,297	-	305,843
Investment in associates	-	4,626	-	580,761	4,520	589,907

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Corporate Banking, Treasury and Markets RM'000	Investment and others RM'000	
1 January 2012						
Group						
Segment assets	125,862,975	5,139,362	145,486,222	9,526,414	1,081,474	287,096,447
Investment in associates and joint ventures	657,611	3,114	-	690,403	4,544	1,355,672
	126,520,586	5,142,476	145,486,222	10,216,817	1,086,018	288,452,119
Unallocated assets	-	-	-	-	-	10,968,825
Total assets	126,520,586	5,142,476	145,486,222	10,216,817	1,086,018	299,420,944
Segment liabilities	134,241,328	2,350,267	123,330,140	3,090,307	5,725,398	268,737,440
Unallocated liabilities	-	-	-	-	-	3,737,683
Total liabilities	134,241,328	2,350,267	123,330,140	3,090,307	5,725,398	272,475,123
Other segment items						
Incurred capital expenditure	406,286	68,159	38,710	34,633	215,759	763,547
Investment in joint ventures	149,208	3,114	-	176,368	-	328,690
Investment in associates	508,403	-	-	514,035	4,544	1,026,982

A26. 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 31 December 2013 and 31 December 2012.

		Fair Value			
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013					
The Group					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	11,086,647	-	11,086,647	-	11,086,647
- Quoted securities	4,118,179	2,155,444	1,962,735	-	4,118,179
- Unquoted securities	8,198,454	-	8,125,406	73,048	8,198,454
Financial investments available-for-sale					
- Money market instruments	4,018,822	-	4,018,822	-	4,018,822
- Quoted securities	6,648,417	456,056	6,192,361	-	6,648,417
- Unquoted securities	19,664,798	-	18,387,885	1,276,913	19,664,798
Derivative financial instruments					
- Trading derivatives	4,833,332	12,418	4,771,239	49,675	4,833,332
- Hedging derivatives	187,121	-	187,121	-	187,121
Total	58,755,770	2,623,918	54,732,216	1,399,636	58,755,770
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	5,741,386	2,314	4,795,921	943,151	5,741,386
- Hedging derivatives	268,222	-	268,222	-	268,222
Total	6,009,608	2,314	5,064,143	943,151	6,009,608
		Fair Value			
	Carrying amount	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	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	3,829,279	20,587	3,808,692	-	3,829,279
- Hedging derivatives	254,690	-	254,690	-	254,690
Total	58,621,762	1,988,291	55,393,975	1,239,496	58,621,762
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	3,652,476	618	3,651,858	-	3,652,476
- Hedging derivatives	396,716	-	396,716	-	396,716
Total	4,049,192	618	4,048,574	-	4,049,192

A26. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Determination of fair value and fair value hierarchy (Continued)

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

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

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

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

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

31 December 2013 The Group	Financial assets held for trading		Financial Assets available-for-sale		Financial Liabilities	
	Unquoted securities	Derivative financial instruments	Unquoted securities	Derivative financial instruments	Total	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	66,313	-	1,173,185	-	1,239,498	-
Total gains recognised in Statement of Income	2,387	251	(41,647)	-	(39,009)	195
Total losses recognised in Other Comprehensive Income	-	-	74,075	-	74,075	-
Purchases	-	49,424	77,553	49,424	126,977	943,051
Sales	-	-	(19,966)	-	(19,966)	(95)
Settlements	-	-	(4,270)	-	(4,270)	-
Transfers out of Level 3 to Level 1	-	-	(5,780)	-	(5,780)	-
Exchange fluctuation	4,348	-	23,763	-	28,111	-
At 31 December	73,048	49,675	1,276,913	49,675	1,399,636	943,151

Total gains recognised in Statement of Income relating to assets held on 31 December under "net non-interest income"
 Total gains recognised in Other Comprehensive Income relating to assets held on 31 December under "revaluation reserves"
 Change in unrealised gain/loss recognised in profit or loss relating to assets held on 31 December under "net non-interest income"

During the year, the transfer out of Level 3 of RM5,780,000 to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

A26. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)Determination of fair value and fair value hierarchy (Continued)

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

	Financial Assets		Total
	Financial assets held for trading	Financial investments	
	Unquoted securities	Quoted and Unquoted securities	
31 December 2012	RM'000	RM'000	RM'000
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

A27. OPERATIONS OF ISLAMIC BANKING

A27a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	The Group	
Note	31 December 2013 RM'000	31 December 2012 RM'000
ASSETS		
Cash and short-term funds	8,558,114	7,418,491
Reverse repurchase agreements	18,645	-
Deposits and placements with banks and other financial institutions	730,415	873,775
Financial assets held for trading	3,329,824	6,252,944
Islamic derivative financial instruments	271,201	261,629
Financial investments available-for-sale	1,783,107	3,296,450
Financial investments held-to-maturity	1,040,933	1,075,590
Financing, advances and other financing/loans	A27(d) 37,851,664	36,002,810
Deferred tax assets	25,241	11,070
Amount due from related companies	2,208,774	1,108,894
Amount due from holding company	1,183,069	823,727
Statutory deposits with Bank Negara Malaysia	1,436,747	1,104,097
Property, plant and equipment	9,485	10,680
Other assets	588,654	524,408
Goodwill	136,000	136,000
Intangible assets	14,225	7,328
TOTAL ASSETS	59,186,098	58,907,893
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	A27(e) 41,186,141	38,903,965
Deposits and placements of banks and other financial institutions	7,296,029	11,428,893
Islamic derivative financial instruments	294,760	382,290
Amount due to holding company	115,538	864,717
Amount due to related companies	671,062	3,776
Provision for taxation and zakat	17,978	138,568
Other liabilities	4,181,097	2,452,580
Financial liabilities designated at fair value	A27(f) 146,216	-
Subordinated Sukuk	856,722	863,557
TOTAL LIABILITIES	54,765,543	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	3,285,874	2,735,080
	4,411,124	3,860,330
Non-controlling interests	9,431	9,217
TOTAL EQUITY	4,420,555	3,869,547
TOTAL LIABILITIES AND EQUITY	59,186,098	58,907,893

A27b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	505,351	564,191	2,312,485	2,143,277
Net income derived from investment of shareholders' funds	188,854	105,732	331,899	462,277
Allowance (made)/written back for impairment losses on financing, advances and other financing/loans	(59,267)	11,407	(147,768)	(90,179)
Allowance (made)/written back for impairment losses on other receivables	(301)	214	(565)	217
Total distributable income	634,637	681,544	2,496,051	2,515,592
Income attributable to depositors	(244,057)	(271,990)	(1,051,521)	(916,211)
Total net income	390,580	409,554	1,444,530	1,599,381
Other operating expenses	(138,521)	(148,338)	(580,501)	(526,729)
Profit before allowances	252,059	261,216	864,029	1,072,652
Allowance (made)/written back for impairment losses	(21)	34	(3,538)	(16)
Profit before taxation	252,038	261,250	860,491	1,072,636
Taxation	(58,872)	(60,836)	(205,422)	(255,418)
Profit for the period	193,166	200,414	655,069	817,218
Profit for the period attributable to:				
Owners of the Parent	192,902	200,005	653,946	815,796
Non-controlling interests	264	409	1,123	1,422
	193,166	200,414	655,069	817,218

A26c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	193,166	200,414	655,069	817,218
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(9,948)	12,159	(40,545)	17,630
- Net gain/(loss) from change in fair value	3,143	15,299	(35,825)	27,000
- Realised gain transferred to income statement on disposal and impairment	(16,410)	(266)	(20,303)	(6,815)
- Income tax effects	3,319	(2,874)	15,583	(2,555)
Exchange fluctuation reserve	(2,079)	(400)	(7,787)	(2,763)
Other comprehensive (expense)/income for the period, net of tax	(12,027)	11,759	(48,332)	14,867
Total comprehensive income for the period	181,139	212,173	606,737	832,085
Total comprehensive income for the period attributable to:				
Owners of the Parent	181,178	212,178	606,828	834,335
Non-controlling interests	(39)	(5)	(91)	(2,250)
	181,139	212,173	606,737	832,085
Income from Islamic operations (per page 2)				
Total net income	390,580	409,554	1,444,530	1,599,381
Add: Allowance made/(written back) for impairment losses on financing, advances and other financing/loans	59,267	(11,407)	147,768	90,179
Add: Allowance made/(written back) for impairment losses on other receivables	301	(214)	565	(217)
	450,148	397,933	1,592,863	1,689,343

A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost		
Cash line	478,132	471,590
Term financing	34,606,165	33,448,752
Bills receivable	2,885	3,766
Trust receipts	66,615	80,151
Claims on customers under acceptance credits	370,754	340,687
Staff financing	2	3
Revolving credits	2,393,009	1,575,218
Credit card receivables	121,966	112,543
Share margin financing	200,937	182,099
Other financing	33,551	72,641
Gross financing, advances and other financing/loans	38,274,016	36,287,450
Fair value changes arising from fair value hedge	40,548	222,909
	38,314,564	36,510,359
Less: Allowance for impairment losses		
- Individual impairment allowance	(48,093)	(127,290)
- Portfolio impairment allowance	(414,807)	(380,259)
	(462,900)	(507,549)
Net financing, advances and other financing/loans	37,851,664	36,002,810

(a) During the financial period, the Group has undertaken fair value hedges on RM6,350 million (31 December 2012: RM6,500 million) financing using profit rate swaps.

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Gross financing hedged	6,350,000	6,500,000
Fair value changes arising from fair value hedges	40,548	222,909
	6,390,548	6,722,909

The fair value loss on profit rate swaps in the hedge transaction as at 31 December 2013 were RM67 million (31 December 2012: RM247 million).

(ii) By geographical distribution

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	35,523,792	33,312,865
Indonesia	1,847,307	2,495,884
Singapore	902,917	386,429
Other countries	-	92,272
Gross financing, advances and other financing/loans	38,274,016	36,287,450

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

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	310,151	304,128
Indonesia	65,277	47,274
Other countries	-	92,271
Gross impaired financing, advances and other financing/loans	375,428	443,673

A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
At 1 January	443,673	472,632
Classified as impaired during the year	493,410	411,956
Reclassified as not impaired during the year	(192,703)	(159,073)
Reclassification from unwinding income	-	10,109
Amount recovered	(127,800)	(73,013)
Amount written off	(237,366)	(211,891)
Exchange fluctuation	(3,786)	(7,047)
At 31 December	<u>375,428</u>	<u>443,673</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>0.98%</u>	<u>1.22%</u>

(v) Movements in the allowance for impaired financing:

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Individual impairment allowance		
At 1 January	127,290	139,775
Allowance made during the year	(12,569)	34,150
Amount written off	(100,377)	(50,675)
Unwinding income	-	4,090
Exchange fluctuation	33,749	(50)
At 31 December	<u>48,093</u>	<u>127,290</u>
Portfolio impairment allowance		
At 1 January	380,259	428,666
Allowance made during the year	205,711	112,112
Amount written off	(136,989)	(162,602)
Amount transferred to conventional operations	2,715	-
Unwinding income	-	6,019
Exchange fluctuation	(36,889)	(3,936)
At 31 December	<u>414,807</u>	<u>380,259</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>2.21%</u>	<u>2.18%</u>

A27e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Savings deposit		
Wadiah	1,734,338	1,527,782
Mudharabah	711,650	634,512
	<u>2,445,988</u>	<u>2,162,294</u>
Demand deposit		
Wadiah	3,439,690	3,638,360
Qard	11,854	1,875
Mudharabah	4,793,196	4,240,189
	<u>8,244,740</u>	<u>7,880,424</u>
Term deposit		
Commodity Murabahah	5,652,819	7,685,855
Negotiable Islamic Debt Certificate (NIDC)	5,934,040	3,481,754
Mudharabah	414,592	1,111,567
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	5,519,448	2,370,187
Short term money market deposit-i	15,344,867	13,447,095
Wakalah	14,841,946	13,327,631
Wadiah	502,921	119,464
General investment account	3,200,189	3,721,959
Mudharabah	3,200,189	3,721,959
Specific investment account	338,070	483,823
Mudharabah	337,655	483,823
Murabahah	415	-
	<u>30,469,985</u>	<u>28,820,486</u>
Others	25,428	40,761
Qard	25,428	40,761
	<u>41,186,141</u>	<u>38,903,965</u>
(ii) By maturity structures of term deposit		
Within one year	29,683,955	27,749,455
One year to less than three years	68,248	189,331
Three years to less than five years	383,128	434,327
Five years and more	334,654	447,373
	<u>30,469,985</u>	<u>28,820,486</u>
(iii) By type of customer		
Government and statutory body	4,881,479	6,547,784
Business enterprises	17,828,677	14,616,989
Individuals	5,388,521	6,225,821
Others	13,087,464	11,513,371
	<u>41,186,141</u>	<u>38,903,965</u>

A27f. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Deposits from customers - structured investments	146,216	-

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

Included in the above are individual and domestic other non-bank financial institution customers deposits with contractual amount due on maturity amounting to RM3,562,000 and RM151,118,000 respectively.

The carrying amount of the Group as at 31 December 2013 of financial liabilities designated at fair value were RM8,464,000 lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A28. CHANGE IN COMPARATIVES

A28 (a) Change in accounting policies

During the year, the Group has changed the following accounting policies upon adoption of the new accounting standards, and amendments to published standards:

- (i) Consolidation of deemed separate entities - to comply with MFRS 10 "Consolidated Financial Statements"
- (ii) Reclassification of certain investments from associate and subsidiary to joint ventures - to comply with MFRS 11 "Joint Arrangements"
- (iii) Employee benefits - to comply with Amendment to MFRS 119 "Employee Benefits"

A28 (b) Other reclassifications

Certain comparatives were restated to conform to the current year's presentation. There was no significant impact to the financial performance and ratios to the financial year ended 31 December 2012 and 1 January 2012.

A28 (c) The impact of the above on the financial statements of the Group are set out as follows:

- (i) Impact on the Group's consolidated statement of financial position as at 31 December 2012 and 1 January 2012:

	Balance as at 31 December 2012				As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS10&11 RM'000	Effect of adoption MFRS119 RM000	Other reclassification RM000	
Assets					
Cash and short term funds	30,763,061	(3,162)	-	-	30,759,899
Reverse repurchase agreements	5,594,278	-	-	-	5,594,278
Derivative financial instruments	4,125,907	(41,938)	-	-	4,083,969
Other assets	7,392,298	(552,658)	-	-	6,839,640
Investment in associates and joint ventures	893,716	2,034	-	-	895,750
Total assets	337,056,884	(595,724)	-	-	336,461,160
Liabilities					
Deposits from customers	243,970,307	(319,570)	-	3,644,302	247,295,039
Deposits and placements of banks and other financial institutions	21,402,758	-	-	(5,880,167)	15,522,591
Repurchase agreements	3,068,039	-	-	-	3,068,039
Derivative financial instruments	4,083,366	(34,174)	-	-	4,049,192
Other liabilities	7,479,226	1,626	83,998	-	7,564,850
Bonds and debentures	3,350,499	500,161	-	-	3,850,660
Other borrowings	5,586,698	(182,203)	-	2,235,865	7,640,360
Subordinated obligations	13,220,286	(560,435)	-	-	12,659,851
Total liabilities	307,705,438	(594,595)	83,998	-	307,194,841
Equity					
Reserves	20,944,487	325	(83,998)	-	20,860,814
Non-controlling interests	774,779	(1,454)	-	-	773,325

A28. CHANGE IN COMPARATIVES (Continued)

A28 (c) The impact of the above on the financial statements of the Group are set out as follows (Continued):

(i) Impact on the Group's consolidated statement of financial position as at 31 December 2012 and 1 January 2012 (Continued):

	Balance as at 1 January 2012				
	As previously reported	Effect of adopting MFRS10&11	Effect of adoption MFRS119	Other reclassification	As restated
	RM'000	RM'000	RM000	RM000	RM'000
Assets					
Cash and short term funds	34,203,978	(2,010)	-	-	34,201,968
Derivative financial instruments	4,274,073	(42,489)	-	-	4,231,584
Other assets	6,518,355	(485,429)	-	-	6,032,926
Investment in associates and joint ventures	1,353,638	2,034	-	-	1,355,672
Total assets	299,948,838	(527,894)	-	-	299,420,944
Liabilities					
Deposits from customers	221,933,142	(37,682)	-	-	221,895,460
Deposits and placements of banks and other financial institutions	12,964,309	-	-	(2,131,308)	10,833,001
Derivative financial instruments	4,217,291	(34,616)	-	-	4,182,675
Other liabilities	6,362,943	-	51,347	-	6,414,290
Bonds and debentures	521,225	500,477	-	-	1,021,702
Other borrowings	5,324,032	(462,720)	-	2,131,308	6,992,620
Subordinated obligations	11,417,980	(492,224)	-	-	10,925,756
Total liabilities	272,950,541	(526,765)	51,347	-	272,475,123
Equity					
Reserves	18,641,686	325	(51,347)	-	18,590,664
Non-controlling interests	724,429	(1,454)	-	-	722,975

(ii) Impact on the Group's consolidated statement of income for the year ended 31 December 2012:

	Amount for the financial year ended 31 December 2012			
	As previously reported	Effect of adopting MFRS10&11	Effect of adopting MFRS119	As restated
	RM000	RM'000	RM000	RM000
Share of results of joint ventures	16,025	3,238	-	19,263
Share of results of associates	101,886	(3,238)	-	98,648

(iii) Impact on the Group's consolidated statement of comprehensive income for the year ended 31 December 2012:

	Amount for the financial year ended 31 December 2012			
	As previously reported	Effect of adopting MFRS10&11	Effect of adopting MFRS119	As restated
	RM000	RM'000	RM000	RM000
Remeasurement of post employment benefits obligation	-	-	(32,651)	(32,651)

A28. CHANGE IN COMPARATIVES (Continued)

A28 (c) The impact of the above on the financial statements of the Group are set out as follows (Continued):

(iv) Impact on the Group's consolidated statement of changes in equity as at 31 December 2012 and 1 January 2012:

	Balances as at 31 December 2012			As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS10&11 RM'000	Effect of adopting MFRS 119 RM'000	
Exchange fluctuation reserves	(876,497)	325	-	(876,172)
Other reserves	(75,701)	-	(73,743)	(149,444)
Retained earnings	11,226,520	-	(10,255)	11,216,265
Non-controlling interests	774,779	(1,454)	-	773,325

	Balance as at 1 January 2012			As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS10&11 RM'000	Effect of adopting MFRS 119 RM'000	
Exchange fluctuation reserves	174,664	325	-	174,989
Other reserves	(111,642)	-	(41,092)	(152,734)
Retained earnings	8,550,863	-	(10,255)	8,540,608
Non-controlling interests	724,429	(1,454)	-	722,975

(v) Impact on the Group's consolidated statement of cash flows as at 31 December 2012:

	Amount for the financial year ended 31 December 2012			As restated RM000
	As previously reported RM000	Effect of adopting MFRS10&11 RM'000	Effect of adopting MFRS119 RM000	
Net cash flows generated from operating activities	2,021,706	(285,048)	(32,652)	1,704,006
Net cash flows from financing activities	3,789,830	316,547	-	4,106,377
Cash and short-term funds at beginning of the financial year	34,203,978	(2,010)	-	34,201,968
Cash and short-term funds at end of the financial year	30,763,061	(3,162)	-	30,759,899
Cash and cash equivalents at end of the financial year	26,672,607	(3,162)	-	26,669,445

A29. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Outstanding credit exposures with connected parties	9,815,718	14,386,434
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.24%	5.29%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	-

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") reported a record net profit of RM4.54 billion for Financial Year 2013 ("FY13"), representing a 4.5% year-on-year ("Y-o-Y") growth and equivalent to net earnings per share ("EPS") of 60.0 sen and net return on average equity ("ROE") of 15.5%. The Group announced a second interim dividend of 11.0 sen in the form of cash or an optional Dividend Reinvestment Scheme ("DRS"). For FY13, the total dividends amounted to 23.82 sen or RM1.826 billion, translating to a dividend payout ratio of 40% of FY13 profits.

For the fourth quarter FY13 ("4Q13") alone, the Group's net profit of RM1.038 billion was 2.3% lower than 3Q13, and 4.1% lower compared to its 4Q12 net profit of RM1.082 billion.

The 2013 operating environment was far more challenging than expected, especially in Indonesia and regional financial markets, so the Group is pleased with its overall performance. With the decline in contribution from CIMB Niaga and markets businesses, other divisions stepped up well. The Group's earnings complexion improved as regional consumer and corporate banking accounted for 67% of core PBT compared to 59% in 2012 and earning assets grew 15.5% year (excluding foreign exchange fluctuations). A lot of foundation work was completed this year to reduce structural costs, enhance systems, optimize internal synergies, especially across countries, and strengthen our franchise in new markets."

CIMB Group Y-o-Y Results

For FY13, CIMB Group's revenues were 8.7% higher Y-o-Y at RM14.672 billion, with net interest income growing by 6.8%. Non-interest income was 12.3% higher Y-o-Y, although it would have grown 1.3% Y-o-Y after excluding the RM515 million gain from the sale of the 51% interest in CIMB Aviva in 1Q13. Over the year the Rupiah declined 15% against the Ringgit and reduced translated Indonesian income by an average of 8.1%.

The Group's profit before tax ("PBT") was 3.0% higher at RM5.849 billion, but would be 2.2% lower after excluding the one-off gain and RM217 million inorganizational restructuring charges.

The Group's regional Consumer Bank PBT expanded by 11.2% Y-o-Y to RM2.285 billion, representing 41% of Group core PBT (from 36% in FY12). PBT from the Malaysian consumer operations rose 6.0% Y-o-Y as good revenue growth and cost reductions were partially offset by lower provision write-backs. It was a good year for the Singapore consumer operations which posted its maiden full-year pre-tax profit of RM20 million. The consumer banking operations' PBT in Indonesia rose by 28.2% Y-o-Y despite the weaker Rupiah, due to strong non-interest income growth from bancaassurance and foreign exchange products. The Thai consumer operations posted a RM16 million loss for FY13 despite strong asset growth due to higher provisions.

The Group's Regional Wholesale Banking PBT declined by 9.9% Y-o-Y to RM2.788 billion, as the volatile credit markets and slower treasury flows brought about the 21.0% Y-o-Y decline in Treasury & Markets PBT to RM1.157 billion. Investment Banking PBT declined by 33.6% Y-o-Y to RM202 million as 2012 was a bumper year for Malaysian IPOs. Corporate Banking showed good progress as its PBT was 7.8% higher Y-o-Y at RM1.429 billion with steady lending growth in all markets bar Indonesia and lower provisions. Corporate Banking contribution to Group core PBT increased to 26% from 23% in FY12 while Treasury & Markets and Investment Banking contribution dropped to 20% and 4% respectively.

Investments PBT was 46.7% higher Y-o-Y at RM776 million mainly due to the net RM298 million gain arising from the sale of the 51% interest in CIMB Aviva less organizational restructuring charges.

Non-Malaysian core PBT was lower at 39% in FY13 from 41% in FY12. CIMB Niaga's PBT rose 0.8% Y-o-Y to IDR5,832 billion but its contribution to the Group declined 7.3% Y-o-Y to RM1,766 million due to the Rupiah depreciation. Thailand's PBT contribution to the Group grew by 40.3% Y-o-Y at RM336 million with better performance at both CIMB Thai and CIMB Securities Thailand. Total PBT contribution from Singapore increased 49.9% to RM232 million as CIMB Bank Singapore continued to grow very strongly.

Total Group gross loans and credit (excluding the declining bad bank loan book) expanded 13.0% and 12.2% Y-o-Y respectively. After adjusting for foreign exchange fluctuations, the Group's total gross loans and credit were 16.5% and 15.5% higher Y-o-Y respectively. Commercial banking loans increased 18.5% while retail loans and corporate loans grew 13.3% and 10.0% respectively. From a geographical perspective, Singapore gross loans growth was strongest at 69.1% while Thailand and Indonesia expanded by 23.2% and 8.0% respectively, in local currency terms. Malaysia loans were 12.3% higher Y-o-Y.

The Group's total deposits grew by 7.3% Y-o-Y but were 10.2% higher Y-o-Y after excluding foreign exchange fluctuations. This was primarily driven by the 9.5% expansion in corporate and treasury deposits. Commercial banking and retail deposits posted a 6.0% and 5.7% Y-o-Y growth respectively. Geographically, deposit growth was strongest in Singapore at 36.1%. The Group's CASA rose by 5.8% while the CASA ratio stood at 34.2% from 34.7% in FY12. Overall net interest margins were lower at 2.85% from 3.07% last year mainly due to the higher Rupiah deposit costs.

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

The Group's total loan impairment of RM660 million in FY13 was 100.6% higher than the RM329 million in FY12 due to an uptick in provisioning in CIMB Thai, significantly lower recoveries and write-backs, as well as the exceptionally low level of provisions in the Malaysian consumer bank in 2012. The Group's total credit charge was 0.28% for FY13, well below its original estimate of 0.4%.

The Group's FY13 gross impairment ratio improved to 3.2% from 3.8% in FY12, with an allowance coverage (including regulatory reserve) of 108.3%. The Group's cost to income ratio was higher at 57.6% compared to 56.4% in FY12 from the one-off organisational restructuring charges and new acquisitions.

As at 31 December 2013, CIMB Group's total capital ratio stood at 13.7% while its Common Equity Tier 1 (CET 1) capital ratio stood at 8.1%, just above its internal target of 8%, due to the impact of the Rupiah depreciation. On 13 January 2014 the Group undertook a private placement of new equity raising RM3.55 billion and lifting its proforma CET 1 to 9.5%.

CIMB Group Q-on-Q Results

The Group's 4Q13 revenues of RM3.797 billion was 9.0% higher than 3Q13, lifting pre-provision profits up by 16.4% but net profit was 2.3% lower Q-o-Q at RM1.038 billion owing to a 54.0% Q-o-Q increase in loan impairment. Net interest income was 0.8% higher but non-interest income grew a stronger 26.6% Q-o-Q. Overheads rose 3.8% Q-o-Q.

The Group's Consumer Banking PBT was 3.2% lower Q-o-Q, at RM572 million, as higher provisions and lower recoveries at the Malaysia consumer bank brought about a 5.0% Q-o-Q PBT decline. However, Wholesale Banking PBT grew 7.0% Q-o-Q to RM705 million as Investment Banking PBT improved on the back of stronger deal flows. Treasury & Markets PBT rose by 7.5% Q-o-Q while Corporate Banking was 1.2% lower. PBT from Investments declined 40.4% Q-o-Q due to the gains recognized in 3Q13 from the Tune Insurance Holdings Berhad listing. CIMB Niaga's contribution fell 9.0% Q-o-Q as the Rupiah continued to decline.

CIMB Niaga Results

On 18 February 2014, CIMB Niaga reported a FY13 net profit of IDR4,282 billion, a 1.2% Y-o-Y increase, with a FY13 net ROE of 17.7%. Several sharp hikes in interest rates and various new liquidity rules resulted in a 53bp drop in the bank's net interest margins ("NIM") and at the same time the bank prudently slowed down its loan growth to 8.0% (compared to a CAGR of 17.1% over the previous 5 years and industry average of 18.7% up to November 2013).

Sequentially, the 4Q13 net profit was relatively unchanged compared to 3Q13. The FY12 loan loss charge of 0.8% was flat versus FY12.

The Gross NPL of 2.2% as at end-December 2013 was slightly better than the 2.3% in FY12. CIMB Niaga's loan loss coverage (based on BI definition) stood at 118.5% as at end-FY13 compared to 114.2% as at end-FY12.

CIMB Niaga's core capital and risk-weighted capital ratios stood at 13.0% and 15.4% respectively as at 31 December 2013.

CIMB Thai Results

On 17 January 2014, CIMB Thai announced a 14.1% Y-o-Y growth in FY13 net profit to THB1,490 million. The growth was underpinned by healthy loan growth, relatively stable NIMs and stronger non-interest income. Loan loss charge for FY13 increased to 1.6% from 1.0% the previous year as CIMB Thai lifted its loan loss coverage ratio to 107.8% from 85.1% at the end of 2012 in anticipation of more difficult operating conditions.

CIMB Thai's 4Q13 net profit rose 27.0% to THB530 million on the back of the THB1,101 million share of recoveries from bad loans managed by the Thai Asset Management Company ("TAMC").

As at 31 December 2013, CIMB Thai's Tier 1 and total capital ratios were at 9.9% and 14.1% respectively. CIMB Thai's net NPL ratio fell to 1.5% compared to 2.0% as at 31 December 2012.

CIMB Islamic

CIMB Islamic's Y-o-Y PBT decreased by 8.3% Y-o-Y to RM491 million due to lower Islamic capital markets activity. CIMB Islamic's gross financing assets grew 6.6% Y-o-Y, accounting for 15.1% of total Group loans. Total deposits grew by 9.1% Y-o-Y to RM38.5 billion.

Geographic Expansion

In 2013, the Group expanded its investment banking presence to Korea, Taiwan and India to complete its APAC platform. The Group did not proceed with its proposed acquisition of Bank of Commerce in the Philippines.

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

Market Shares and other highlights

The Group retained its overall leadership of investment banking in Malaysia and ASEAN. These include being number 1 across almost all segments of the Malaysian debt and equity capital markets, number 1 brokerage in Singapore, and number 2 brokerage in Indonesia. The Group made significant advances in equity capital markets and brokerage in APAC and was acknowledged by International Financing Review (“IFR”) as the Best Domestic Bank in Asia for establishing itself as a leading Asian IB in APAC. 2013 was the first year CIMB won “best deal” awards in 4 countries– Australia, Indonesia, Malaysia and Taiwan.

In Consumer Banking, the Group made market share advances in selective areas most notably in credit cards in Indonesia and Malaysia; SME, ASB loans and wealth management products in Malaysia and commercial loans in Singapore. In Malaysia and Indonesia, CIMB has positioned itself as a leader in digital banking, launching a series of innovative products and service propositions including CIMB Niaga's Rekening Ponsel and CIMB Bank Malaysia's KWIK account and Plug & Pay.

Other highlights for 2013 were the successful completion of the Mutual Separation Scheme in Malaysia which saw staff count reduce by 1,217 and the implementation of 1Platform, the Group's region-wide new core banking system, in Malaysia, which was completed in February 2014.

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 (“BNM”) 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 (“SC”) 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 15 November 2013, the Group submitted an application to the SC for a 6-month extension to complete the proposed SET listing.
- On 13 June 2013, CIMB Bank announced that it had obtained approval from the SC on 10 June 2013 and from BNM on 3 May 2013 for the proposed program to issue up to RM10 billion in Basel 3-compliant Tier 2 subordinated debt. On 13 September 2013, CIMB Bank completed the inaugural issuance of RM750 million subordinated debt under the program. On 16 October 2013, CIMB Bank completed the second issuance of RM300 million subordinated debt under the program.
- On 13 September 2013, CIMB Group received approval from Bursa Securities for the proposed single tier first interim dividend in respect for FY13 applicable for the DRS. On 30 October 2013, the Group issued & allotted 113,495,493 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 31 October 2013.
- On 13 January 2013, CIMB Group undertook a private placement of 500 million new ordinary shares at an issue price of RM7.10 per share. The issuance represented 6.08% of the enlarged issued and paid-up share capital of CIMB Group and raised a total amount of RM3.55 billion. The new shares were listed and quoted on the Main Market of Bursa Securities on 23 January 2014.

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.

B2. CORPORATE DEVELOPMENTS (CONTINUED)

- On 17 January 2013, CIMB Group's wholly-owned subsidiary, CIG Bhd, entered into an implementation agreement with Renggis Ventures SdnBhd ("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, BNM approved the proposed sale. CIG Bhd entered into a SPA 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 had 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 began 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 SdnBhd incorporated a 50:50 joint venture with HLF Principal Investments (L) Limited, to establish and manage a private equity fund known as Bangsar Capital Holdings (L) Limited.

- 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 medium term note ("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 29 August 2013, MARC assigned a 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 1 October 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 1 October 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 1 October 2013, RAM Ratings reaffirmed the long and short-term ratings of AAA and P1 for CIMB Investment Bank. The long term rating has a stable outlook.

- On 1 October 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.

- On 8 November 2013, Moody's assigned A1/P-1 local currency deposit ratings to CIMB Bank and reaffirmed CIMB Bank's foreign currency deposits ratings at A3/P-2, both with stable outlook.

B2. CORPORATE DEVELOPMENTS (CONTINUED)

- On 8 November 2013, Moody's assigned a local currency deposit & issuer rating A1/P-1 to CIMB Islamic Bank, and a foreign currency deposits & issuer rating of A3/P-2, both with stable outlook.
- On 20 November 2013, Moody's affirmed the local and foreign currency ratings of CIMB Bank and CIMB Islamic of A1/P1 and A3/P2. Moody's further affirmed CIMB Bank Labuan Branch's foreign currency senior unsecured debt at A3 and foreign currency senior unsecured MTN at (P)A3. CIMB Bank Singapore Branch's local currency senior unsecured debt is affirmed at A3, and foreign currency senior unsecured MTN at (P)A3. All the long-term foreign currency ratings are revised to positive from stable; all other ratings remain on stable outlook.
- On 27 November 2013, Standard and Poor's revised four Malaysian Banks to negative outlook in view of rising housing prices and elevated household debt levels, CIMB Group Holding was one of the entities.
- On 9 December 2013, Standard and Poor's reaffirmed CIMB Bank's Issuer Credit Rating long term of A- and short term A-2. Both ratings carried a stable outlook.
- On 9 December 2013, Standard and Poor's reaffirmed CIMB Group Holdings Issuer Credit Rating long term of BBB- and short term of A-3. The rating outlook is negative.
- On 10 December 2013, Fitch Ratings 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 National Long Term Rating of AAA(idn) on Senior Unsecured Bonds.
- On 12 January 2014, Moody's affirmed the CIMB Niaga's bank financial strength rating (BFSR) of D, which maps to a ba2 baseline credit assessment.
- On 15 January 2014, Moody's assigned a first time rating on CIMB Thai long-term local/foreign currency deposit and issuer ratings of Baa2/P2.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

2014 will be a fascinating year. In global terms, the Group is in an era of unprecedented transition - potentially massive capital flow back from emerging to developed markets, shift in growth momentum from east to west, and so on. These trends will impact countries differently and in the region, Indonesia had it hardest in 2013 while so far, the prognosis for 2014 is weakest for Thailand as the situation is compounded by domestic political turmoil. Malaysia and Singapore are expected to show higher GDP growth on the back of stronger exports but have to contend with inflationary pressures which will impact consumer demand. Indonesia seems to be showing signs of stabilization but growth is expected to slow and industry NPLs rise in 2014.

After being surprised by the Indonesian Rupiah and interest rates last year, the Group hope that it has positioned the firm better for 2014. The Group's capital position is now strong, its earning asset base grew well last year and operating foundations have been improved. Furthermore, the Group have already mobilised to manage asset quality more closely.

The Group will continue to grow strongly in Singapore, recover some momentum in Indonesia and grow steadily in Malaysia. In Thailand, the Group will need to be very focused and agile to navigate the uncertain environment. With the completion of the APAC platform, markets permitting, IB will do better as a whole and do not expect regional treasury markets to be as challenging as they were in 2013.

Following the enlargement of its capital base and given the uncertain environment, the Group has set a ROE range of 13.5-14.0% for 2014.

B4. TAXATION

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	412,411	421,423	1,407,927	1,437,484
Deferred tax expense	(131,350)	(54,658)	(161,900)	(73,615)
Over-accrual in prior years	20,344	(85,009)	(5,620)	(82,783)
	301,405	281,756	1,240,407	1,281,086

Reconciliation

Profit before taxation	1,358,055	1,367,008 *	5,849,229	5,638,311 *
Tax at statutory income tax rate of 25% (2012: 25%)	339,513	341,752	1,462,307	1,409,578
Effect of different tax rates in other countries and change in tax rates	(181,235)	(108,957)	(179,529)	(101,747)
Due to income not subject to income tax and expenses not deductible for tax purposes	122,783	133,970	(36,751)	56,038
Over-accrual in prior years	20,344	(85,009)	(5,620)	(82,783)
	301,405	281,756	1,240,407	1,281,086

* Includes profit from discontinued operations

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	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Total retained earnings of the Group and subsidiaries		
- Realised	12,070,506	9,835,615
- Unrealised	182,063	330,623
	12,252,569	10,166,238
Total share of retained earnings from associates		
- Realised	627,592	322,064
- Unrealised	1,290	550
Total share of retained earnings from jointly controlled entities		
- Realised	101,803	46,633
- Unrealised	1	1
	12,983,255	10,535,486
Consolidation adjustments	(767,897)	680,779
Total group retained earnings as per consolidated financial statements	12,215,358	11,216,265

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 31 December 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. BORROWINGS AND DEBT SECURITIES

	The Group		
	31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Bonds and debentures*			
Unsecured			
One year or less (short term)	2,116,464	704,273	-
More than one year (medium/long term)	5,373,801	3,146,387	1,021,702
	7,490,265	3,850,660	1,021,702

* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR5,398,000 million, IDR denominated notes equivalent to IDR600,000 million, HKD denominated bonds equivalent to HKD3,138 million, USD denominated bonds equivalent to USD415 million, THB denominated debentures equivalent to THB21,092 million and SGD denominated bonds equivalent to SGD20 million. The IDR denominated bonds of IDR152,000 million was fully redeemed on 2 December 2013.

Other borrowings**

Unsecured			
One year or less (short term)	1,631,620	1,059,251	1,501,215
More than one year (medium/long term)	6,141,107	6,581,109	5,491,405
	7,772,727	7,640,360	6,992,620

** Included in other borrowings for the current period is USD denominated syndicated term loans of USD100,000,000, which was fully settled on 2 December 2013.

Subordinated obligations***

Unsecured			
More than one year (medium/long term)	12,066,700	12,659,851	10,925,756
	12,066,700	12,659,851	10,925,756

*** Included in subordinated notes for current period are IDR denominated Subordinated Notes of IDR2,980,000,000,000 and THB denominated Subordinated Notes of THB9,044,000,000. The Subordinated Notes of RM1,500,000,000 was fully redeemed with callable maturity 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)**a) 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.

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Net profit for the financial period after non-controlling interests				
- from continuing operations	1,038,267	1,042,016	4,540,403	4,305,194
- from discontinued operation	-	39,582	-	39,582
	1,038,267	1,081,598	4,540,403	4,344,776
Weighted average number of ordinary shares in issue				
- proforma ('000)	7,692,333	7,432,771	7,570,924	7,432,772
Basic earnings per share (expressed in sen per share)				
- from continuing operations	13.5	14.1	60.0	58.0
- from discontinued operation	-	0.5	-	0.5
	13.5	14.6	60.0	58.5

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.