

CIMB GROUP HOLDINGS BERHAD (50841-W)

Financial Statements Two Thousand Thirteen



financial
statements
two
thousand
thirteen

INTO *A New Era*

CIMB Group is moving into a new era. We have moved to our new headquarters at Malaysia's high-tech transport hub, Kuala Lumpur Sentral. This coincides with the completion of our 1Platform core banking system in Singapore, Thailand and Malaysia and the completion of our Asia Pacific investment banking network. We are also emerging as a leading digital consumer bank in ASEAN.

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**INTO A NEW ERA OF
CONNECTIVITY**

CIMB Group connects to ASEAN and the world through KL Sentral, Malaysia's high-tech transport hub

Five Year Group Financial Highlights

001

Key Highlights	Financial Year Ended 31 December				
	MFRS Framework		FRS Framework		
	2013 RM'000	2012* RM'000	2011** RM'000	2010** RM'000	2009** RM'000
Consolidated Statement of Income					
Operating income	14,671,835	13,494,825	12,122,029	11,878,203	10,483,151
Overheads	8,457,870	7,612,099	6,629,912	6,613,304	5,551,847
Profit before allowances	6,213,965	5,882,726	5,492,117	5,264,899	4,931,304
Allowance for impairment losses on loans, advances and financing	660,607	329,098	487,343	607,176	1,022,605
Profit before taxation	5,849,229	5,677,893 [^]	5,203,142	4,626,717	3,791,293
Net profit for the financial year	4,540,403	4,344,776	4,030,798	3,500,803	2,786,232
Consolidated Statement of Financial Position					
Gross loans, advances and financing	234,557,542	208,343,039	191,393,201	167,479,371	148,878,514
Total assets	370,912,797	336,461,160	299,737,840	269,018,947	239,781,199
Deposits from customers ^{^^}	265,408,979	247,295,039	221,933,142	199,845,664	178,882,336
Total liabilities	339,684,237	307,194,841	272,874,680	244,715,748	217,134,485
Shareholders' funds	30,271,098	28,292,994	25,936,470	23,229,966	20,345,014
Commitments and contingencies	522,489,461	460,550,153	414,197,407	349,069,257	322,892,443
Financial Ratios (%)					
Common equity tier 1 ratio (CIMB Bank) [#]	9.6	n/a	n/a	n/a	n/a
Tier 1 ratio (CIMB Bank) [#]	11.6	n/a	n/a	n/a	n/a
Total capital ratio (CIMB Bank) [#]	12.9	n/a	n/a	n/a	n/a
Core capital ratio (CIMB Bank) [#]	n/a	12.4	14.5	13.9	14.8
Risk-weighted capital ratio (CIMB Bank) [#]	n/a	15.5	16.8	14.8	15.1
Return on average equity	15.5	16.0	16.4	16.2	14.9
Return on average total assets	1.28	1.37	1.42	1.38	1.25
Net interest margin	2.85	3.07	3.12	3.34	3.28
Cost to income ratio	57.6	56.4	54.7	55.7	53.0
Gross impaired/non-performing loans to gross loans	3.2	3.8	5.1	6.1	5.0
Allowance coverage ratio	84.8	82.8	81.1	81.1	90.8
Loan loss charge	0.28	0.16	0.25	0.36	0.69
Loan deposit ratio	88.4	84.2	86.2	83.8	83.2
Net tangible assets per share (RM)	2.67	2.47	2.15	1.81	3.09
Book value per share (RM)	3.92	3.81	3.49	3.13	5.76
CASA ratio	34.2	34.7	34.2	32.7	31.7
Other Information					
Earnings per share (sen)					
– basic	60.0	58.5	54.2	48.7	39.5
Gross dividend per share (sen)	23.15 ^{^^^}	23.38	22.00	26.08	18.50
Dividend payout ratio (%)	40	40	41	55	23
Number of shares in issue ('000)	7,729,346	7,432,775	7,432,775	7,432,775	3,531,766
Weighted average number of shares in issue ('000)	7,570,924	7,432,772	7,432,772	7,186,034	7,059,934
Non Financial Highlights					
Share price at year-end (RM)	7.62	7.63	7.44	8.50	12.84
Number of employees	40,804	41,993	40,244	36,984	35,922

For financial year 2013, CIMB Bank's capital adequacy ratios is based on revised guideline on capital adequacy framework issued by BNM on 28 November 2012, which took effect beginning 1 January 2013. The revised guideline is in compliance with BASEL III. The comparative capital adequacy ratios were based on capital adequacy framework which was in compliance with Basel II

* The comparatives have been restated to reflect the adoption of MFRS 10, MFRS 11 and MFRS 119

** The comparatives are before adoption of MFRS 1

[^] Profit before taxation is inclusive of discontinuing operations

^{^^} Include structured investments classified as "Financial liabilities designated as fair value"

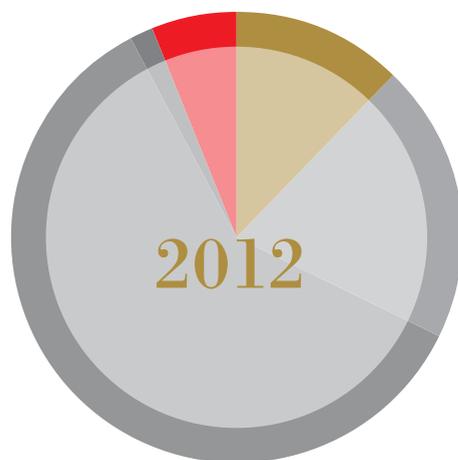
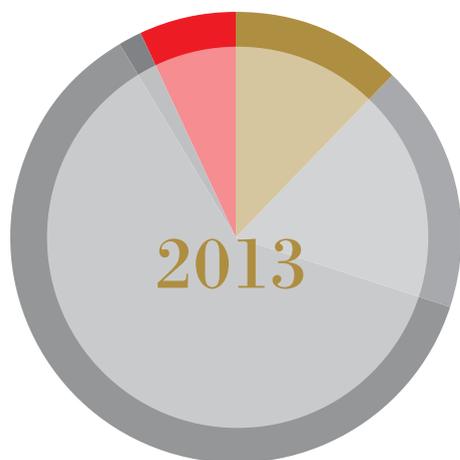
^{^^^} Based on the enlarged 8,229,341,531 ordinary shares, arising from the issuance of 500 million new ordinary shares pursuant to the private placement exercise completed in January 2014

[#] The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial year ended 31 December 2013/31 December 2012

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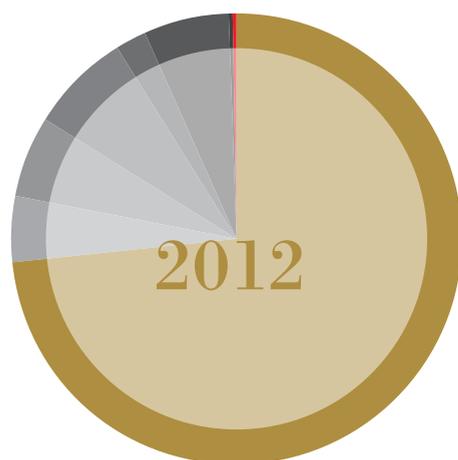
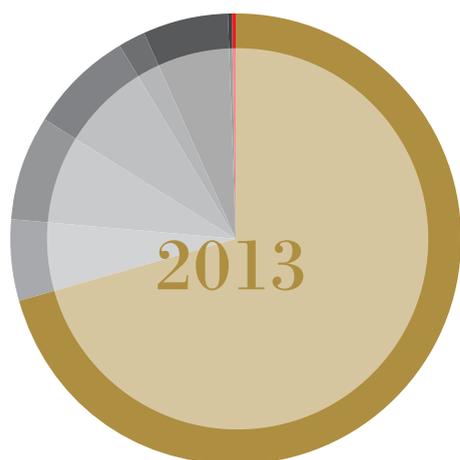
Simplified Group Statements of Financial Position

Assets



2013	2012	
12.3%	12.3%	● Cash and balances with banks and reverse repurchase agreements
17.7%	20.1%	● Portfolio of financial investments
61.6%	60.1%	● Loans, advances and financing
1.7%	1.6%	● Statutory deposits with central banks
6.7%	6.0%	● Other assets (including intangible assets)

Liabilities & Equity



2013	2012	
70.9%	73.5%	● Deposits from customers
5.6%	4.6%	● Deposits from banks
7.7%	6.0%	● Bills and acceptances payable and other liabilities
7.4%	7.2%	● Debt securities issued and other borrowed funds
2.1%	2.2%	● Share capital
6.1%	6.2%	● Reserves
0.1%	0.1%	● Preference shares
0.2%	0.2%	● Non-controlling interests

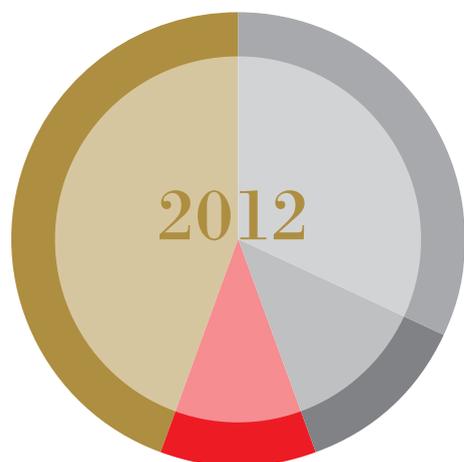
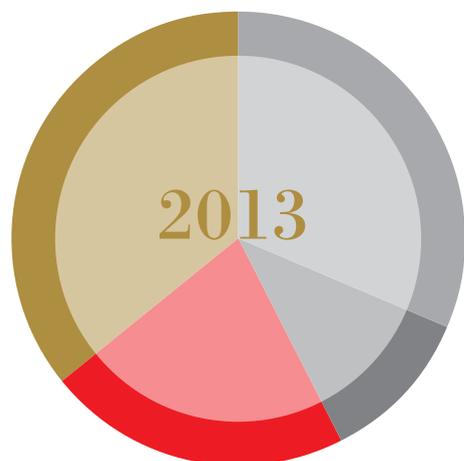
Key Interest Bearing Assets and Liabilities

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RM million	As at 31 Dec RM' million	FY13 Effective interest rate %	Interest income/ expense RM' million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	37,468	2.08	875
Financial assets held for trading	23,403	2.58	635
Financial investments available-for-sale	30,334	3.92	1,203
Financial investments held-to-maturity	10,821	4.32	388
Loans, advances and financing	228,432	6.42	13,721
Interest bearing liabilities:			
Deposits from customers and financial liabilities designated at fair value	265,136	2.30	6,127
Deposits and placements of banks and other financial institutions	20,728	1.77	251
Bonds, debentures and other borrowings	15,263	3.79	507
Subordinated notes	12,067	4.98	625

RM million	As at 31 Dec RM' million	FY12 Effective interest rate %	Interest income/ expense RM' million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	35,750	1.92	818
Financial assets held for trading	25,383	2.61	621
Financial investments available-for-sale	29,208	3.92	967
Financial investments held-to-maturity	8,985	4.70	485
Loans, advances and financing	202,138	6.49	12,780
Interest bearing liabilities:			
Deposits from customers and financial liabilities designated at fair value	247,295	2.27	5,733
Deposits and placements of banks and other financial institutions	15,523	2.19	233
Bonds, debentures and other borrowings	11,491	3.48	350
Subordinated notes	12,660	4.96	594

Value Added Statements



2013	2012	
31.52%	32.12%	To Employees: Personnel costs
11.11%	12.39%	To the Government: Taxation
21.60%	11.29%	To Providers of Capital: Dividends paid to shareholders Non-controlling interest
35.80%	44.20%	To Reinvest to the Group: Depreciation Retained profit

Value added

Net interest income	7,954,146	7,395,880
Income from Islamic banking operations	1,592,863	1,689,343
Non-interest income	5,124,826	4,409,602
Overheads excluding personnel costs and depreciation	(3,145,363)	(2,950,863)
Allowances for impairment losses on loans, advances and financing	(660,607)	(328,044)
Other allowances written back/(made)	(65,567)	(33,228)
Share of results of jointly controlled entities	55,170	20,366
Share of results of associates	306,268	137,127

Value added available for distribution

	2013 RM'000	2012 RM'000
Value added		
Net interest income	7,954,146	7,395,880
Income from Islamic banking operations	1,592,863	1,689,343
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Overheads excluding personnel costs and depreciation	(3,145,363)	(2,950,863)
Allowances for impairment losses on loans, advances and financing	(660,607)	(328,044)
Other allowances written back/(made)	(65,567)	(33,228)
Share of results of jointly controlled entities	55,170	20,366
Share of results of associates	306,268	137,127
Value added available for distribution	11,161,736	10,340,183

Distribution of Value Added

To employees:		
Personnel costs	3,517,935	3,321,563
To the Government:		
Taxation	1,240,407	1,281,086
To providers of capital:		
Dividends paid to shareholders	2,342,495	1,114,916
Minority interest	68,419	52,031
To reinvest to the Group:		
Depreciation	343,360	345,663
Retained profit	3,649,120	4,224,924

Value added available for distribution

Value added available for distribution	11,161,736	10,340,183
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Quarterly Financial Performance

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RM'000	2013			
	Q1	Q2	Q3	Q4
Operating revenue	3,945,320	3,444,227	3,485,070	3,797,218
Net interest income	1,896,624	1,975,551	2,033,643	2,048,328
Net non-interest income	1,670,457	1,084,196	1,071,431	1,298,742
Overheads	(2,219,589)	(2,042,431)	(2,059,290)	(2,136,560)
Profit before taxation	1,718,494	1,386,423	1,386,257	1,358,055
Net profit attributable to equity holders of the Company	1,386,178	1,054,267	1,061,691	1,038,267
Earning per share (sen)	18.65	13.98	13.94	13.50
Dividend per share (sen)	–	12.82	–	10.33

RM'000	2012			
	Q1	Q2	Q3	Q4
Operating revenue	3,255,553	3,325,606	3,544,376	3,369,290
Net interest income	1,737,678	1,864,760	1,885,666	1,907,776
Net non-interest income	1,141,996	1,008,915	1,195,110	1,063,581
Overheads	(1,792,473)	(1,846,553)	(2,007,095)	(1,965,978)
Profit before taxation	1,341,222	1,469,527	1,495,768	1,371,376
Net profit attributable to equity holders of the Company	1,010,667	1,109,688	1,142,823	1,081,598
Earning per share (sen)	13.60	14.93	15.38	14.55
Dividend per share (sen)	–	5.00	–	18.38

Analysis of Financial Statements

ANALYSIS OF STATEMENTS OF INCOME

(RM'mil)	FY12	FY11	Y-o-Y
Net interest income	8,791	7,947	10.6%
Non-interest income	4,704	4,175	12.7%
Operating income	13,495	12,122	11.3%
Overhead expenses	(7,612)	(6,630)	14.8%
PPOP	5,883	5,492	7.1%
Loan impairment	(329)	(487)	(32.4%)
Other provisions	(33)	47	n.a.
Share of JV / Associates	157	151	4.0%
PBT *	5,678	5,203	9.1%
Net profit	4,345	4,031	7.8%
EPS (sen)	58.4	54.2	7.7%

* Includes discontinued operations

A) Net interest income

The Group's net interest income (NII) grew by 6.8% Y-o-Y to RM9.4 billion in FY13 from RM8.8 billion in FY12 predominantly underpinned by a 12.2% expansion in total credit (gross loans excluding the bad bank, AFS and HTM) which was partially offset by a 22bps decline in NIMs. The overall credit growth was also impacted by the generally weaker regional currencies versus the Ringgit, resulting in lower translated NII. Regionally, loans growth was strongest in Thailand and Singapore, off lower bases, and within the commercial and selected consumer banking segments.

B) Non-interest income

Total net non-interest income for the Group increased by RM577.0 million (12.3% Y-o-Y growth) to RM5.3 billion in FY13. The improvement was attributed to the RM515.0 million gain arising from the disposal of the Group's interest in CIMB Aviva during the year. Excluding this, Group non-interest income would have been weaker Y-o-Y due to: 1) the higher base for the Investment Banking division in 2012 which was buoyed by several large transactions, as well as 2) the upheaval in global capital markets in mid-2013 which resulted in a slowdown in deal flows and a more challenging fixed income environment which translated to a slower performance at the Corporate Banking and Treasury Markets division. Consumer non-interest income sustained a strong upward momentum on the back of increased cross-selling and data mining activity.

C) Overhead expenses

The Group's total overhead expenses stood at RM8.5 billion, an 11.1% Y-o-Y increase from RM7.6 billion in FY12. The increase was attributed to a combination of normal business expansion plans, the one-off mutual separation scheme which was concluded in 4Q13 and the full-year effect of costs related to the expansion of the Group's APAC IB businesses. As such, the higher overhead expenses were unsurprisingly driven by a 15.1% rise in personnel cost, whilst the other significantly smaller segments witnessed better restraint – establishment (+8.6%), marketing (+11.2%) and admin & general (+1.6%). The Group's cost to income ratio rose to 57.6% compared to 56.4% in FY12.

D) Allowance for Provisions and Impairments

Total net impairment allowances for losses on loans, advances and financing of RM660.6 million in FY13 doubled from the RM329.1 million recorded in FY12. This is principally due to much lower base in FY12 which had a large amount of loan recoveries from the bad bank and a normalisation of loan impairment in FY13. Given this scenario, the Group's total credit charge stood at 0.28% with a gross impairment ratio of 3.2% in FY13.

E) Net profits

For the 12-month period in 2013, the Group posted a net profit of RM4.5 billion, representing a 4.5% Y-o-Y growth underpinned by the 8.7% expansion in revenues, which was partially offset by the 11.1% increase in overheads and doubling of impairment allowances during the year. As a result, the Group's net EPS came in at 60.0 sen compared to 58.5 sen in FY12.

SIGNIFICANT MOVEMENT IN STATEMENT OF FINANCIAL POSITION

	31 December 2013 RM'000	31 December 2012 RM'000
Assets		
Cash and balances with banks and reverse repurchase agreements	45,728,405	41,344,508
Portfolio of financial investments	69,579,284	67,660,061
Loans, advances and financing	228,431,705	202,137,818
Statutory deposits with central banks	6,361,648	5,264,920
Other assets (including intangible assets)	20,811,755	20,053,853
Total assets	370,912,797	336,461,160
Liabilities		
Deposits from customers	265,136,472	247,295,039
Deposits from banks and other financial institutions	20,727,845	15,522,591
Bills and acceptances payable and other liabilities	26,490,229	20,226,340
Debts securities issued and other borrowed funds	27,329,692	24,150,871
Total liabilities	339,684,237	307,194,841

[^] Inclusive of financial liabilities designated at fair value

A) Total Assets

CIMB Group's total assets increased by RM34.5 billion or 10.2% higher at RM370.9 billion over the 12-month period ended 31 December 2013. The increase was attributed to the 13.0% growth or RM26.3 billion in loans, advances and financing, 15.6% or RM5.5 billion expansion in other assets, 2.8% or RM1.9 billion increase in financial investments as well as the 9.5% or RM2.9 billion rise in cash and short term deposit.

B) Total Loans, Advances and Financing

The Group's loans, advances and financing stood at RM228.4 billion on a net basis as at end 31 December 2013, representing a 13.0% Y-o-Y growth respectively. This was supported by a 12.3% expansion in

Malaysian gross loans. Gross loans from Thailand and Singapore expanded by 23.2% and 69.1% respectively, while Indonesia gross loans rose 8.0% in local currency terms. Corporate gross loans increased 10.0% while retail gross loans and commercial banking gross loans grew 13.3% and 18.5% respectively. The Group's gross impaired loans ratio saw a marked improvement to 3.2% as at end-2013 compared to 3.8% as at a year previously.

C) Financial Investments Portfolio (includes derivatives)

The Financial Investment Portfolio grew by a small RM1.9 billion or 2.8% given the weaker fixed income markets during the year. This segment mainly consists of Financial investments at fair value through

profit or loss, Financial investments available-for-sale and Financial investments held-to-maturity. The increase arose from an increase in our holdings in money market instruments, private debt securities and derivative financial instruments, partially offset by mark-to-market losses for some investments.

D) Total Liabilities

The Group's total liabilities were 10.6% higher at RM339.7 billion, representing a RM32.5 billion attributed to the continued increase in deposit from customers, deposits and placement with banks and other financial institutions and other liabilities.

E) Total Deposits from Customers

Total Group deposits, inclusive of structured investments recognised under financial liabilities designated at fair value, grew by 7.2% Y-o-Y or RM17.8 billion driven by a 9.5% Y-o-Y (or RM9.7 billion) expansion in Corporate and Treasury deposits. Retail and commercial banking deposits rose by 5.7% and 6.0% respectively. Geographically, deposit growth was strongest in Singapore at 36.1% from a relatively low base, while Malaysian deposits expanded at 5.9%. Indonesia and Thailand deposits grew 8.4% and 12.6% Y-o-Y respectively. The Group's CASA ratio was lower at 34.2% compared to 34.7% last year while overall net interest margin was marginally lower at 2.85% from 3.07% in FY12.

F) Deposits and placements of banks and other financial institutions

The increase of RM5.2 billion or 33.5% Y-o-Y in deposits and placements of banks and other financial institution is part of the normal business of the Group in accessing the money market and interbank market.

Capital Management

OVERVIEW

CIMB Group has always maintained a strong capital position that consistently ensures a robust capital structure to meet the requirements of its various stakeholders, including customers, shareholders, regulators and external rating agencies. This has enabled the Group to firmly support the demands for capital for organic growth of its core businesses through economic cycles including market shocks and stressed conditions, take advantage of opportunities in strategic acquisitions as well as new businesses, tap the capital markets to enhance and diversify sources of capital, and provide a stable dividend payout to its shareholders.

The Group's capital management practice is underpinned by a capital management framework with the following objectives:

- To maintain a strong capital base to meet regulatory capital requirements at all times.
- To maintain adequate levels of capital to optimise returns to shareholders through providing sustainable return on equity and stable dividend payout.
- To retain optimal levels of capital to support the organic growth of core businesses and expansion into new businesses.
- To maintain strong credit ratings from external rating agencies.
- To maintain a robust capital base to be able to withstand stress scenarios.
- To remain flexible to take advantage of strategic acquisitions to enhance the Group's franchise value.
- To allocate appropriate levels of capital to business units and subsidiaries to optimise return on capital.
- To ensure a capital position that is able to meet the requirements of various other stakeholders of the Group (e.g. customers, corporate responsibility commitments, etc.).

The Group's regulated banking entities have always maintained a set of internal targets which provide a strong buffer above the minimum regulatory requirements. The table below shows the relevant capital ratios of each of the regulated banking entities of the Group in comparison to the minimum level required by the respective central banks under Basel III framework.

Capital Ratios (After Proposed Dividend)	Common Equity Tier 1		Tier 1		Total Capital	
	As at 31 December 2013	Minimum Regulatory Ratio	As at 31 December 2013	Minimum Regulatory Ratio	As at 31 December 2013	Minimum Regulatory Ratio
	CIMB Bank *	9.649%	3.50%	11.552%	4.50%	12.910%
CIMB Islamic	9.905%	3.50%	10.201%	4.50%	14.020%	8.00%
CIMB Investment Bank	26.364%	3.50%	26.364%	4.50%	26.364%	8.00%
CIMB Niaga **	N/A	N/A	12.993%	N/A	15.378%	8.00%
CIMB Thai	9.907%	4.50%	9.907%	6.00%	14.082%	8.50%

* CIMB Group Holdings ("CIMBGH") announced that it would implement a Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2013. Pursuant to the DRS, CIMBGH intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

** CIMB Niaga's capital ratios are computed based on Basel II as per Bank Indonesia's requirements.

KEY INITIATIVES

Following are the key capital management initiatives that were undertaken during the financial year:

- CIMBGH continued to offer the Dividend Reinvestment Scheme (DRS) to its shareholders in 2013, allowing the Group to accumulate RM1.94 billion of capital during the year.
- CIMBGH reinvested RM1.00 billion of capital into CIMB Bank via subscription of ordinary shares in CIMB Bank pursuant to the implementation of the DRS at CIMBGH
- CIMBGH received total cash consideration of RM1.06 billion via CIG and SBB Berhad, arising from the sale of its entire 51% stake in CIMB Aviva. As a result, CIMBGH was able to release RM235 million of capital which would otherwise be subject to full capital deduction against total capital.
- CIMB Bank exercised its call option on RM1.5 billion of Tier 2 subordinated debt on its callable date in March 2013.
- CIMB Bank issued RM1.05 billion of Basel III compliant Tier 2 subordinated debt out of the newly set up RM10.0 Billion Basel III Compliant Tier 2 Subordinated Debt Issuance Programme.

The Group continuously assesses the potential of capital relief and RWA optimisation initiatives to further strengthen its capital position, wherever possible, taking into consideration the costs involved against the expected capital benefits. The Group also continues to graduate from the Standardised Approach of accounting for its RWA to the Internal Ratings Based Approach by product which better reflects the risk profile. The Group also continues to enhance its capital allocation across its various entities to optimise the distribution of capital resources, with due consideration to the compliance of local regulatory requirements.

KEY RATINGS UPDATES

CIMB Bank

On 12 June 2013, both RAM and MARC assigned long-term ratings of AA1 and AA+ respectively to CIMB Bank's RM10 billion Tier 2 subordinated debt programme, being the first Basel III compliant Tier 2 subordinated debt instruments to be issued in Malaysia.

On 20 November 2013, Moody's Investor Services assigned positive outlook to ratings of nine Malaysian financial institutions, including CIMB Bank and CIMB Islamic, following its revision of Malaysia's A3 sovereign rating outlook to positive from stable.

CIMB Islamic

On 11 November 2013, CIMB Islamic was awarded credit ratings of A1/P-1 for domestic currency and A3/P-2 for foreign currency by Moody's Investors Services (Moody's). This marks the first international rating by Moody's on CIMB Islamic, and the first rating on a Malaysian Islamic bank by an international rating agency.

CIMB Group Holdings

On 27 November 2013, Standard & Poors (S&P) revised its outlook on the Malaysian banking sector in view of rising house prices and elevated household debt levels in Malaysia. As a result, the rating outlook of CIMB Group Holdings together with three other Malaysian banks were revised to negative from stable.

2013

Financial Calendar

THURSDAY

7 FEBRUARY 2013

Notice of Extraordinary General Meeting (EGM) for proposed establishment of Dividend Reinvestment Scheme (DRS)

MONDAY

25 FEBRUARY 2013

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2012

MONDAY

25 FEBRUARY 2013

EGM

FRIDAY

22 MARCH 2013

Notice of 56th Annual General Meeting (AGM) and issuance of Annual Report for the financial year ended 31 December 2012

FRIDAY

29 MARCH 2013

Notice of book closure for single tier interim dividend of 18.38 sen per share for the financial year ended 31 December 2012

TUESDAY

9 APRIL 2013

Date of entitlement for the single tier interim dividend of 18.38 sen per share for the financial year ended 31 December 2012

WEDNESDAY

17 APRIL 2013

56th AGM

WEDNESDAY

8 MAY 2013

Payment of the single tier interim dividend of 18.38 sen per share for the financial year ended 31 December 2012

THURSDAY

9 MAY 2013

Additional listing of 183,075,800 new ordinary shares of RM1.00 each, pursuant to the DRS

TUESDAY

21 MAY 2013

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2013

MONDAY

26 AUGUST 2013

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2013

FRIDAY

20 SEPTEMBER 2013

Notice of book closure for the single tier interim dividend of 12.82 sen per share for the financial year ended 31 December 2013

WEDNESDAY

2 OCTOBER 2013

Date of entitlement for the single tier interim dividend of 12.82 sen per share for the financial year ended 31 December 2013

WEDNESDAY

30 OCTOBER 2013

Payment of the single tier interim dividend of 12.82 sen per share for the financial year ended 31 December 2013

THURSDAY

31 OCTOBER 2013

Additional listing of 113,495,493 new ordinary shares of RM1.00 each, pursuant to the DRS

MONDAY

18 NOVEMBER 2013

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2013

Statement of Directors' Responsibilities

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In Relation to Financial Statements

Pursuant to paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and as required by Companies Act, 1965 (the 'Act'), the Directors are responsible to ensure that the financial statements prepared for each financial year, give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows for the year then ended. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2013, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring the Group and the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors have a general duty to take such steps as are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

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Directors' Report

for the financial year ended 31 December 2013

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year is investment holding. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit after taxation attributable to:		
– Owners of the Parent	4,540,403	2,126,943
– Non-controlling interests	68,419	–
	4,608,822	2,126,943

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2012 were as follows:

	RM'000
In respect of the financial year ended 31 December 2012:	
Dividend on 7,432,771,238 ordinary shares, paid on 8 May 2013	
– single tier second interim dividend of 18.38 sen per ordinary share, consists of cash portion of 2.86 sen per ordinary shares and an electable portion of 15.52 sen per ordinary shares which was reinvested in new ordinary shares	1,366,143
In respect of the financial year ended 31 December 2013:	
Dividend on 7,615,847,038 ordinary shares, paid on 30 October 2013	
– single tier first interim dividend of 12.82 sen per ordinary shares, consists of cash portion of 2.54 sen per ordinary shares and an electable portion of 10.28 sen per ordinary shares which was reinvested in new ordinary shares	976,352

DIVIDENDS (CONTINUED)

The Directors have proposed a single-tier second interim dividend of 10.33[^] sen per ordinary share, on 8,229,341,531[^] ordinary shares amounting to RM850 million in respect of the financial year ended 31 December 2013. The single-tier second interim dividend was approved by the Board of Directors on 11 February 2014.

The proposed dividend consists of an electable portion of 10.33[^] sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme ("DRS") as disclosed in Note 28(b) to the Financial Statements.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2013.

[^] On 25 February 2014 the Company announced a single-tier interim dividend of 11.00 sen per ordinary share based on the share capital as at 31 December 2013 of 7,729,341,531 ordinary shares. Pursuant to the completion of the private placement in January 2014 of 500 million new ordinary shares which increased the share capital to 8,229,341,531 ordinary shares, the single-tier second interim dividend translates to 10.33 sen per ordinary share.

RESERVES, PROVISIONS AND ALLOWANCES

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

ISSUANCE OF SHARES

During the financial year, the Company increased it issued and paid up capital by RM296,571,293 via:

- (a) Issuance of 183,075,800 new ordinary shares of RM1.00 each arising from the DRS relating to electable portion of the second interim dividend of 18.38 sen in respect of financial year ended 31 December 2012, as disclosed in Note 41(a) to the Financial Statements;
- (b) Issuance of 113,495,493 new ordinary shares of RM1.00 each arising from the DRS relating to electable portion of the first interim dividend of 12.82 sen in respect of financial year ended 31 December 2013, as disclosed in Note 41(b) to the Financial Statements.

SHARE BUY-BACK AND CANCELLATION

The shareholders of the Company, had via an ordinary resolution passed at the Annual General Meeting held on 17 April 2013, approved the Company's plan and mandate to authorise the Directors of the Company to buy back up to 10% of its existing paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company bought back 1,199 shares, as stated in Note 31(b) to the Financial Statements, at an average price of RM7.41 per share from the open market using internally generated funds. As at 31 December 2013, there were 4,408 ordinary shares held as treasury shares. Accordingly, the adjusted issued and paid-up share capital of the Company with voting rights as at 31 December 2013 was 7,729,341,531 shares.

The shares purchased are held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

SHARE-BASED EMPLOYEE BENEFIT PLAN

The Group's employee benefit schemes are explained in Note 43 to the Financial Statements.

BAD AND DOUBTFUL DEBTS, AND FINANCING

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 48 and Note 54 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made.

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DIRECTORS

The Directors of the Company who have held office since the date of the last report and at the date of this report are as follows:

Tan Sri Dato' Md Nor bin Md Yusof
Dato' Sri Mohamed Nazir bin Abdul Razak
Dato' Zainal Abidin bin Putih
Dato' Hamzah bin Bakar
Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Dato' Robert Cheim Dau Meng
Glenn Muhammad Surya Yusuf
Watanan Petersik
Katsumi Hatao (retired on 25 February 2014)

In accordance with Article 76 of the Articles of Association, the following Directors retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election:

Tan Sri Dato' Md Nor bin Md Yusof
Dato' Sri Mohamed Nazir bin Abdul Razak

Dato' Hamzah bin Bakar, being over the age of seventy is required to be re-appointed, pursuant to Section 129(6) of the Companies Act, 1965, as Director of the Company. Dato' Hamzah bin Bakar had notified the Company that he will not be seeking re-appointment at the forthcoming AGM and accordingly will retire at the conclusion of the forthcoming AGM pursuant to Section 129(2) of the Companies Act, 1965.

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES

According to the Register of Directors' Shareholdings, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the Company and its related corporations during the financial year are as follows:

	No. of ordinary shares of RM1 each			
	As at 1 January	Acquired/ Granted	Disposed	As at 31 December
CIMB Group Holdings Berhad				
Direct interest				
Tan Sri Dato' Md Nor bin Md Yusof	400,000	–	–	400,000
* Dato' Sri Mohamed Nazir bin Abdul Razak	51,784,281	391,700 ^(a)	–	52,175,981
^ Dato' Zainal Abidin bin Putih	110,000	1,857 ^(b)	–	111,857
# Dato' Robert Cheim Dau Meng	180,644	45,377 ^(a)	–	226,021

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (CONTINUED)

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

	No. of ordinary shares of RM1 each			
	As at 1 January	Acquired/ granted	Disposed	As at 31 December
* Dato' Azlina binti Abdul Aziz	4,000,000	–	–	4,000,000
^ Datin Jasmine binti Abdullah Heng	20,000	371 ^(b)	–	20,371
^ Mohamad Ari Zulkarnain bin Zainal Abidin	10,000	–	–	10,000
# Cheim Tat Seng	46,522	29,857 ^(a)	–	76,379

(a) Shares granted under Equity Ownership Plan ("EOP") and acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS").

(b) Shares acquired by way of the exercise of DRS.

	Debentures held			
	As at 1 January	Acquired/ Granted	Disposed	As at 31 December
CIMB Group Holdings Berhad				
– Subordinated Fixed Rate Notes				
Dato' Robert Cheim Dau Meng	RM1,000,000	–	–	RM1,000,000
PT Bank CIMB Niaga Tbk				
– Subordinated Notes				
Dato' Sri Mohamed Nazir bin Abdul Razak	IDR4,500,000,000	–	–	IDR4,500,00,000
Dato' Robert Cheim Dau Meng	IDR1,000,000,000	–	–	IDR1,000,000,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures in the Company, or shares, options over shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 38 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Management Equity Scheme and Equity Ownership Plan (see Note 43 to the Financial Statements) as disclosed in this Report.

2013 BUSINESS PLAN AND STRATEGY

In 2013, the Group reinforced its position within the ASEAN universal banking space with the completion of the Asia Pacific investment banking platform. This tied in well with the corporate theme for the year, “Network CIMB”, which sought to deliver seamless and value-added cross-border services and benefits to both consumer and corporate clients across the franchise. CIMB has now positioned itself as a major Asia Pacific-based intermediary for both ASEAN-Asia and Asia-to-Asia banking, trade and deal flows. Concurrently, the follow through results from the refreshments and organisational changes made under “CIMB 2.0” from the previous year continued the service improvement and product innovation drive across the Group.

2013 was a relatively tumultuous year for the banking industry and capital markets, both within the region as well as globally. As such, we maintain our cautious and prudent stance through the year in terms of asset growth and deposit accumulation, whilst placing greater emphasis on risk and asset quality management. The Group also placed increased emphasis on capital management in 2013 with various capital optimisation initiatives which included the disposal of our 51% interest in CIMB Aviva and introduction of the Dividend Reinvestment Scheme (DRS). Implementation of the 1Platform core banking system in Malaysia was crucial as the Group increased focus on digital banking initiatives to raise productivity and operational efficiency going forward.

The Group posted a revenue and profit before tax (PBT) of RM14.7 billion and RM5.8 billion, an increase of 8.7% and 3.0% respectively year on year (Y-o-Y) mainly due to a stronger performance at consumer banking. This translated to a net return on equity (ROE) of 15.5%. Net interest income grew 6.8% Y-o-Y to RM9.4 billion on the back of a steady loans and credit growth partially offset by lower net interest margins (NIM). Non-interest income expanded by 12.3% largely due to the RM515 million gain from sale of the 51% interest in CIMB Aviva.

The regional consumer PBT expanded by 11.2% Y-o-Y to RM2.3 billion led by the Malaysian and Indonesian consumer operations which grew 6.0% and 28.2% Y-o-Y respectively. The Singapore consumer operations had a good year with maiden full-year profits, while the Thai consumer operations posted a loss due to higher provisions. PBT for regional Wholesale Banking declined by 9.9% Y-o-Y to RM2.8 billion due to the volatile credit markets and slower treasury flows. Corporate Banking showed good progress with steady lending growth in all markets bar Indonesia and lower provisions. CIMB Niaga’s PBT rose 0.8% Y-o-Y to IDR5,832 billion driven by continued loans growth and strong non-interest income partially offset by lower NIMs. CIMB Thai’s PBT declined 15.6% to THB1.4 billion from higher provisions, while CIMB Singapore’s PBT rose 49.9% to RM232 million.

Excluding the bad bank, the Group’s total gross loans and credit (excluding financial investments available-for-sale and financial investments held-to-maturity) expanded 13.0% and 12.2% Y-o-Y respectively. After adjusting for foreign exchange fluctuations, the Group’s total gross loans and credit increased by 16.5% and 15.5% Y-o-Y respectively. Commercial banking loans increased 18.5% while retail loans and corporate loans grew 13.3% and 10.0% respectively. Total Group deposits grew by 7.3% Y-o-Y but were 10.2% higher Y-o-Y after excluding foreign exchange fluctuations. The Group’s CASA ratio stood at 34.2% from 34.7% last year while overall net interest margin was marginally lower at 2.85% from 3.07% in FY12.

The Group’s allowances for impairment losses were 100.6% higher at RM660 million in FY13 compared to RM329 million in FY12. The Group’s total credit charge was 0.28%. The Group’s gross impairment ratio improved to 3.2% for FY13 from 3.8% as at 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.

The Group kept to its 40% dividend payout policy by declaring total FY13 dividends amounting to RM1.8 billion or 23.15 sen per share. This was paid in two interim dividend payouts of 12.82 sen (paid in September 2013) and 10.33 sen, to be paid by April 2014 via the option of either cash or via a DRS.

OUTLOOK FOR 2014

CIMB's corporate theme for 2014 is "Differentiating CIMB" – a return to the basics of why customers choose one service provider over another as technology, customer mindsets and regulatory frameworks all change. This means a deep analysis of the right messages to amplify in CIMB's advertising and sales pitches. This means a clear look at areas of past excellence and future innovation in service and product quality, division by division. "Network CIMB" will continue as a priority, after the success in 2013 of multi-country investment banking deals and cross-border corridor activities. Other priorities include CIMB culture development, transaction banking, cost management, capital & liability management and performance measurement.

Whilst the outlook appears more positive than 2013, the Group is cautiously optimistic on growth prospects against the backdrop of a challenging external environment. We have set ourselves a ROE target of 13.5%-14% in light of our newly recapitalized balance sheet, underscored by a 14% loan growth in 2014. We foresee a moderate recovery in Indonesia and strong growth both in Singapore and in our expanded investment banking franchise. Expectations for Thailand are somewhat dampened by political instabilities, but we expect steady growth in our Malaysian consumer business and our Corporate Banking and Treasury Markets operations. We will keep an eagle eye on asset quality across all business lines and geographies, and will maintain our target dividend payout ratio of 40% for 2014. The completion of our private placement in early 2014 means that the Group is now sufficiently capitalised to face challenges ahead and well positioned to react quickly as and when opportunities arise.

RATINGS BY EXTERNAL RATING AGENCY

Details of the rating of the Company and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
RAM Holdings	October 2013	1. Long-term Financial Institution Rating	AA1	Stable
		2. Short-term Financial Institution Rating	P1	
		3. RM3.0 billion Subordinated Notes Programme	AA3	
		4. RM6.0 billion Conventional and Islamic Commercial	AA1	
		5. Papers/Medium-term Notes Programme		
Standard & Poor's Rating Services (S&P)	December 2013	1. Long-term Foreign Rating	BBB-	Negative
		2. Short-term Foreign Rating	A-3	
		3. Long-term Local Rating	BBB-	Negative
		4. Short-term Local Rating	A-3	
		5. Long-term Local ASEAN Rating	axBBB+	
		6. Short-term Local ASEAN Rating	axA-2	

BOARD SHARIAH COMMITTEE

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

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the CIMB Group Holding Berhad. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

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

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

The members of the Board Shariah Committee are as follows:

1. Sheikh Professor Dr. Mohammad Hashim Kamali
2. Sheikh Nedham Mohamed Saleh Yaqobi
3. Sheikh Dr. Haji Mohd Na’im bin Haji Mokhtar
4. Sheikh Associate Professor Dr. Shafaai bin Musa
5. Sheikh Dr. Yousef Abdullah Al Shubaily
6. Professor Dr. Noor Inayah Yaakub

The Board hereby affirms based on advice of the Board Shariah Committee that the Group’s Islamic banking and finance operations has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

ZAKAT OBLIGATIONS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR END

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

AUDITORS

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

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



Tan Sri Dato' Md Nor bin Md Yusof
Chairman



Dato' Sri Mohamed Nazir bin Abdul Razak
Managing Director

Kuala Lumpur
7 March 2014

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Statement by Directors

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

We, Tan Sri Dato' Md Nor bin Md Yusof and Dato' Sri Mohamed Nazir bin Abdul Razak, being two of the Directors of CIMB Group Holdings Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 028 to 355 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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



Tan Sri Dato' Md Nor bin Md Yusof
Chairman



Dato' Sri Mohamed Nazir bin Abdul Razak
Managing Director

Kuala Lumpur
7 March 2014

Statutory Declaration

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

I, Kim Kenny, being the officer primarily responsible for the financial management of CIMB Group Holdings Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 028 to 355 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Kim Kenny

Subscribed and solemnly declared by the abovenamed
Kim Kenny at Kuala Lumpur before me, on 7 March 2014.

Commissioner for Oath



205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

Board Shariah Committee's Report

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

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

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

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

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

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

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

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

We continue to acknowledge that in 2013 the emplaced system of internal control established in 2012 to meet the newly instituted enterprise wide Shariah governance framework by Bank Negara Malaysia is still relatively new with a lot of rooms for further improvement although significant progress has been made in the year. On balance, we are satisfied that the Management has put in place the appropriate level of control as required by us.

All in all, the Management of the Group is responsible and accountable to the Board to ensure that the Islamic banking and finance businesses of CIMB Group are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal and external controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Group has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us except for 4 incidences of Shariah non-compliance at CIMB Islamic.

Nature of non-compliance	Number
Failure to comply with Shariah requirement as set by Bank Negara Malaysia	2
Failure to comply with Shariah requirement set by the Board Shariah Committee	2

Arising from the identified incidences, the Management had, following direction from us, provided an amount totalling RM366,144.90 over the course of the year, representing all the relevant income realised from the non-shariah compliant activities.

Various rectification and control measures were instituted to ensure the non-recurrence of such Shariah non-compliance activities including but not limited to the following:

1. Updating CIMB Islamic and where relevant the Group's procedures and processes in the affected activities to reflect the Shariah requirements.
2. Enhance CIMB Islamic and where relevant the Group's technology used in the affected activities to ensure specific facilitation of Shariah requirements.
3. Removed any element that does not comply with Shariah requirements in CIMB Islamic's business communication immediately.

Over and above these specific measures, we have also directed the Management to undertake more training sessions, courses and briefings aimed at building stronger and deeper understanding amongst the Group's employee on Shariah application in the financial activities undertaken by the Group and its subsidiaries as well as to infuse the right culture for Shariah compliance amongst them.

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2013 that were presented to us were done in compliance with Shariah;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. All earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

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

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Bank for the year ended 31 December 2013 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee



Sheikh Professor Dr. Mohammad Hashim Kamali
Member



Sheikh Associate Professor Dr. Shafai bin Musa
Member

Kuala Lumpur
7 March 2014

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Independent Auditors' Report

to the members of CIMB Group Holdings Berhad
Company No: 50841-W
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Group Holdings Berhad on pages 028 to 354, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory Notes, as set out on Note 1 to 58.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the Financial Statements.
- (c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Company's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 59 on page 355 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the Financial Statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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



PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants



Dato' Mohammad Faiz Bin Mohammad Azmi
(2025/03/14(J))
Chartered Accountant

Consolidated Statements of Financial Position

as at 31 December 2013

	Note	31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
ASSETS				
Cash and short-term funds	2	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	3,789,019	4,990,331	4,174,012
Financial assets held for trading	4	23,403,280	25,383,276	13,665,700
Derivative financial instruments	7	5,020,453	4,083,969	4,231,584
Financial investments available-for-sale	5	30,334,058	29,207,522	18,417,726
Financial investments held-to-maturity	6	10,821,493	8,985,294	12,460,832
Loans, advances and financing	8	228,431,705	202,137,818	183,838,777
Other assets	9	7,990,355	6,839,640	6,032,926
Tax recoverable		64,578	73,934	139,258
Deferred tax assets	10	357,250	110,344	78,669
Statutory deposits with central banks	11	6,361,648	5,264,920	5,084,105
Investment in associates	13	703,947	589,907	1,026,982
Investment in joint ventures	14	309,535	305,843	328,690
Property, plant and equipment	15	1,546,783	1,534,341	1,458,400
Investment properties	16	4,000	17,451	8,653
Prepaid lease payments	17	147,901	159,613	170,564
Goodwill	18	7,877,463	8,180,586	8,242,489
Intangible assets	19	1,760,225	1,677,520	1,611,879
		370,863,079	335,896,486	299,403,696
Non-current assets held for sale	53	49,718	564,674	17,248
Total assets		370,912,797	336,461,160	299,420,944
LIABILITIES				
Deposits from customers	20	263,004,302	247,295,039	221,895,460
Deposits and placements of banks and other financial institutions	21	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	22	2,132,170	–	–
Derivative financial instruments	7	6,009,608	4,049,192	4,182,675
Bills and acceptances payable		4,713,219	4,257,257	7,566,691
Other liabilities	23	8,562,039	7,564,850	6,414,290
Current tax liabilities		384,800	322,400	483,820
Deferred tax liabilities	10	50,327	132,682	210,146
Bonds and debentures	25	7,490,265	3,850,660	1,021,702
Other borrowings	26	7,772,727	7,640,360	6,992,620
Subordinated obligations	27	12,066,700	12,659,851	10,925,756
Non-cumulative guaranteed and redeemable preference shares	29(a), 29(b)	847,447	831,920	881,016
Total liabilities		339,684,237	307,194,841	272,475,123

	Note	31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
EQUITY				
Capital and reserves attributable to owners of the Parent				
Ordinary share capital	28	7,729,346	7,432,775	7,432,775
Reserves	30	22,542,356	20,860,814	18,590,664
Less: Shares held under trust	31(a)	(563)	(563)	(563)
Treasury shares, at cost	31(b)	(41)	(32)	(30)
		30,271,098	28,292,994	26,022,846
Perpetual preference shares	29(c)	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	46	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

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Consolidated Statements of Income

for the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000 Restated
Continuing operations			
Interest income	32	14,677,300	13,540,605
Interest expense	33	(6,723,154)	(6,144,725)
Net interest income		7,954,146	7,395,880
Income from Islamic banking operations	56	1,592,863	1,689,343
Net non-interest income	34	5,124,826	4,409,602
		14,671,835	13,494,825
Overheads	35	(8,457,870)	(7,612,099)
Profit before allowances		6,213,965	5,882,726
Allowance made for impairment losses on loans, advances and financing	36	(660,607)	(329,098)
Allowance made for impairment losses on other receivables		(38,918)	(31,387)
Allowance written back for commitments and contingencies	23	1,334	13,473
Recoveries from investment management and securities services		11,932	–
Allowance made for other impairment losses	37	(39,915)	(15,314)
		5,487,791	5,520,400
Share of results of joint ventures	14	55,170	19,743
Share of results of associates	13	306,268	98,168
Profit before taxation		5,849,229	5,638,311
Taxation			
– Company and subsidiaries	39	(1,240,407)	(1,281,086)
Profit for the year from continuing operations		4,608,822	4,357,225
Discontinuing operations			
Share of results of associates from discontinued operations (attributable to owners of the Parent)		–	39,582
Profit for the financial year		4,608,822	4,357,225
Profit attributable to:			
Owners of the Parent		4,540,403	4,344,776
Non-controlling interests		68,419	52,031
		4,608,822	4,396,807
Earnings per share attributable to ordinary equity holders of the Parent (sen)			
– Basic			
From continuing operations	40	60.0	58.0
From discontinuing operations	40	–	0.5
		60.0	58.5

Consolidated Statements of Comprehensive Income

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for the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000 Restated
Profit for the financial year		4,608,822	4,396,807
Other comprehensive income/(expenses):			
Continuing operations			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation		74,413	(32,651)
– Currency translation difference		2,011	–
		76,424	(32,651)
Items that may be reclassified subsequently to profit or loss			
Revaluation reserve-financial investments available-for-sale		(852,747)	87,547
– Net gain from change in fair value		(778,348)	440,874
– Realised gain transferred to statement of income on disposal and impairment		(291,730)	(390,306)
– Income tax effects		194,369	42,490
– Currency translation difference		22,962	(5,511)
Net investment hedge		(130,221)	82,222
Hedging reserve-cash flow hedge		(10,885)	(45)
– Net gain from change in fair value		(13,838)	(45)
– Income tax effects		2,953	–
Exchange fluctuation reserve		(1,258,753)	(1,069,673)
Share of other comprehensive expense of			
– associate		(725)	–
– joint ventures		(5,742)	(13,505)
		(2,259,073)	(913,454)
Other comprehensive expense during the financial year, net of tax from continuing operations		(2,182,649)	(946,105)
Total comprehensive income for the financial year		2,426,173	3,450,702
Total comprehensive income attributable to:			
Owners of the Parent		2,401,087	3,413,349
Non-controlling interests		25,086	37,353
		2,426,173	3,450,702
Total comprehensive income for the period attributable to owners of the Parent arising from:			
– Continuing operations		2,401,087	3,373,767
– Discontinuing operation		–	39,582
		2,401,087	3,413,349

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Company Statements of Financial Position

as at 31 December 2013

	Note	31 December 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and short-term funds	2	69,573	135,075
Derivative financial instruments	7	3,940	10,712
Loans, advances and financing	8	71	95
Other assets	9	45,272	2,459
Tax recoverable		37,636	43,441
Amount owing by subsidiaries net of allowance for doubtful debts of RM2,225,852 (2012: RM775,423)	42	788	4,238
Investment in subsidiaries	12	20,719,439	18,930,222
Investment in associates	13	3,834	3,834
Property, plant and equipment	15	7,464	28,717
Investment properties	16	490	508
		20,888,507	19,159,301
Non-current assets held for sale	53	7,862	–
Total assets		20,896,369	19,159,301
LIABILITIES			
Derivative financial instruments	7	–	8,892
Other liabilities	23	5,027	1,408
Amount owing to subsidiaries	42	222	–
Deferred tax liabilities	10	1,998	2,127
Other borrowings	26	3,823,855	3,802,565
Subordinated notes	27	2,141,402	2,141,378
Total liabilities		5,972,504	5,956,370
EQUITY			
Share capital	28	7,729,346	7,432,775
Reserves	30	7,194,560	5,770,188
Less: Treasury shares, at cost	31(b)	(41)	(32)
Total equity		14,923,865	13,202,931
Total equity and liabilities		20,896,369	19,159,301
Commitments and contingencies	46	500,000	965,000

Company Statements of Income

for the financial year ended 31 December 2013

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	Note	2013 RM'000	2012 RM'000
Interest income	32	20,039	9,895
Interest expense	33	(268,586)	(260,401)
Net interest expense		(248,547)	(250,506)
Net non-interest income	34	2,397,196	1,873,478
Overheads	35	2,148,649 (16,310)	1,622,972 (9,890)
Profit before taxation		2,132,339	1,613,082
Taxation	39	(5,396)	(258,427)
Net profit after taxation/Profit for the financial year		2,126,943	1,354,655

Company Statements of Comprehensive Income

for the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Profit for the financial year/Total comprehensive income for the financial year		2,126,943	1,354,655

Consolidated Statements of Changes in Equity

for the financial year ended 31 December 2013

		← Attributable to owners of the Parent →															
The Group	Note	Share capital RM'000	Share premium -ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013																	
- as previously reported		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
- Effects of adopting MFRS 10 & 11	54	-	-	-	-	325	-	-	-	-	-	-	-	325	-	(1,454)	(1,129)
- Effects of adopting MFRS 119	54	-	-	-	-	-	-	-	-	(73,743)	-	-	(10,255)	(83,998)	-	-	(83,998)
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	29,266,319
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	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)	-	(43,333)	(2,182,649)	
Financial investments available-for-sale		-	-	-	-	-	-	-	(837,207)	-	-	-	(837,207)	-	(15,540)	(852,747)	
Net investment hedge		-	-	-	-	-	-	-	-	(130,221)	-	-	(130,221)	-	-	(130,221)	
Hedging reserve - cash flow hedge		-	-	-	-	-	-	-	-	(11,396)	-	-	(11,396)	-	511	(10,885)	
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	76,424	-	-	76,424	-	-	76,424	
Currency translation difference		-	-	(297)	-	(1,230,805)	-	-	-	-	653	-	(1,230,449)	-	(28,304)	(1,258,753)	
Share of other comprehensive expense of		-	-	-	-	-	-	-	(725)	-	-	-	(725)	-	-	(725)	
- associate		-	-	-	-	-	-	-	(5,742)	-	-	-	(5,742)	-	-	(5,742)	
- joint venture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the financial year		-	-	(297)	-	(1,230,805)	-	-	(843,674)	(65,193)	653	-	4,540,403	2,401,087	-	25,086	2,426,173
Second interim dividend for the financial year ended 31 December 2012	41	-	-	-	-	-	-	-	-	-	-	-	(1,366,143)	(1,366,143)	-	-	(1,366,143)
First interim dividend for the financial year ended 31 December 2013	41	-	-	-	-	-	-	-	-	-	-	-	(976,352)	(976,352)	-	-	(976,352)
Non-controlling interest share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	(10,144)	(10,144)	

Consolidated Statements of Changes in Equity

for the financial year ended 31 December 2013 (Continued)

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		← Attributable to owners of the Parent →															
The Group	Note	Share capital RM'000	Share premium -ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available -for-sale RM'000	Other reserves RM'000	Share- based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	Total RM'000
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	570,306	(570,306)	-	-	-	-
Issuance of shares pursuant to Dividend Reinvestment Plan	28	296,571	1,639,924	-	-	-	-	-	-	-	-	-	-	1,936,495	-	-	1,936,495
Purchase of treasury shares	31(b)	-	-	-	-	-	-	(9)	-	-	-	-	-	(9)	-	-	(9)
Share-based payment expense	43(b)	-	-	-	-	-	-	-	-	-	97,493	-	-	97,493	-	-	97,493
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	-	(118,333)	-	-	-	(118,333)	-	-	(118,333)
Shares released under EOP		-	-	-	-	-	-	-	-	61,460	(55,963)	-	-	5,497	-	-	5,497
Arising from increase in capital of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,564	8,564
Arising from disposal of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,369)	(39,369)
EOP for staff resigned		-	-	-	-	-	-	-	-	-	-	-	(1,631)	(1,631)	-	-	(1,631)
Total transactions with owners/other equity movements, recognised directly in equity		296,571	1,639,924	626,878	-	-	-	(9)	-	(56,873)	41,530	570,306	(3,541,310)	(422,983)	-	(40,949)	(463,932)
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	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560

Consolidated Statements of Changes in Equity

for the financial year ended 31 December 2012

		← Attributable to owners of the Parent →															
The Group	Note	Share capital RM'000	Share premium -ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments		Share- based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	Total RM'000
									available- for-sale RM'000	Other reserves RM'000							
At 1 January 2012																	
- as previously reported		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
- Effects of adopting MFRS 10 & 11	54	-	-	-	-	325	-	-	-	-	-	-	-	325	-	(1,454)	(1,129)
- Effects of adopting MFRS 119	54	-	-	-	-	-	-	-	-	(41,092)	-	-	(10,255)	(51,347)	-	-	(51,347)
As restated		7,432,775	4,192,596	4,103,591	137,104	174,989	(563)	(30)	729,551	(152,734)	374,332	490,627	8,540,608	26,022,846	200,000	722,975	26,945,821
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	4,344,776	4,344,776	-	52,031	4,396,807
Other comprehensive income (net of tax)		-	-	(29)	-	(1,051,161)	-	-	71,414	49,360	(1,011)	-	(931,427)	-	(14,678)	(946,105)	
Financial investments available-for-sale		-	-	-	-	-	-	-	84,919	-	-	-	-	84,919	-	2,628	87,547
Net investment hedge		-	-	-	-	-	-	-	-	82,056	-	-	-	82,056	-	166	82,222
Hedging reserve - Cash flow hedge		-	-	-	-	-	-	-	-	(45)	-	-	(45)	-	-	(45)	
Remeasurement of post employment benefits obligations		-	-	-	-	-	-	-	-	(32,651)	-	-	(32,651)	-	-	(32,651)	
Currency translation difference		-	-	(29)	-	(1,051,161)	-	-	-	-	(1,011)	-	(1,052,201)	-	(17,472)	(1,069,673)	
Share of other comprehensive expense of - joint venture		-	-	-	-	-	-	-	(13,505)	-	-	-	(13,505)	-	-	(13,505)	
Total comprehensive income for the financial year		-	-	(29)	-	(1,051,161)	-	-	71,414	49,360	(1,011)	-	4,344,776	3,413,349	-	37,353	3,450,702
Second interim dividends for the financial year ended 31 December 2011	41	-	-	-	-	-	-	-	-	-	-	-	(743,277)	(743,277)	-	-	(743,277)

Consolidated Statements of Changes in Equity

for the financial year ended 31 December 2012 (Continued)

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The Group	Note	Attributable to owners of the Parent														Total	
		Share capital RM'000	Share premium -ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000		Non-controlling interests RM'000
First interim dividend for the financial year ended 31 December 2012	41	-	-	-	-	-	-	-	-	-	-	-	(371,639)	(371,639)	-	-	(371,639)
Non-controlling interest share of dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,425)	(1,425)
Transfer to statutory reserve		-	-	202,902	-	-	-	-	-	-	-	-	(202,902)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	682,950	-	(682,950)	-	-	-	-
Purchase of treasury shares	31(b)	-	-	-	-	-	-	(2)	-	-	-	-	-	(2)	-	-	(2)
Share-based payment expense	43(b)	-	-	-	-	-	-	-	-	-	87,962	-	-	87,962	-	-	87,962
Purchase of shares in relation to Equity Ownership Plan ("EOP")		-	-	-	-	-	-	-	(112,770)	-	-	-	-	(112,770)	-	-	(112,770)
Shares released under EOP		-	-	-	-	-	-	-	66,700	(66,308)	-	-	-	392	-	-	392
Arising from (dilution)/accretion of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(7,530)	(7,530)	-	(19,193)	(26,723)
Rights issue of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,615	33,615
EOP for staff resigned		-	-	-	-	-	-	-	-	-	-	-	3,663	3,663	-	-	3,663
Expiry of MES		-	-	-	-	-	-	-	-	-	(335,516)	-	335,516	-	-	-	-
Total transactions with owners/ other equity movements recognised directly in equity		-	-	202,902	-	-	-	(2)	-	(46,070)	(313,862)	682,950	(1,669,119)	(1,143,201)	-	12,997	(1,130,204)
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	29,266,319

Company Statements of Changes in Equity

for the financial year ended 31 December 2013

The Company	Note	← Non-distributable →				Distributable Retained earnings RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000		
At 1 January 2013		7,432,775	4,192,596	55,982	(32)	1,521,610	13,202,931
Profit for the financial year		-	-	-	-	21,269,432	21,269,432
Total comprehensive income for the financial year		-	-	-	-	21,269,432	21,269,432
First interim dividend for the financial year ended 31 December 2013	41	-	-	-	-	(1,366,143)	(1,366,143)
Second interim dividend for the financial year ended 31 December 2012	41	-	-	-	-	(976,352)	(976,352)
Issue of share capital arising from: – dividend reinvestment scheme	28	296,571	1,639,924	-	-	-	1,936,495
Purchase of treasury shares	31(b)	-	-	-	(9)	-	(9)
At 31 December 2013		7,729,346	5,832,520	55,982	(41)	1,306,058	14,923,865

The Company	Note	← Non-distributable →				Distributable Retained earnings RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000		
At 1 January 2012		7,432,775	4,192,596	55,982	(30)	1,281,871	12,963,194
Profit for the financial year		-	-	-	-	1,354,655	1,354,655
Total comprehensive income for the financial year		-	-	-	-	1,354,655	1,354,655
First interim dividend for the financial year ended 31 December 2012	41	-	-	-	-	(743,277)	(743,277)
Second interim dividend for the financial year ended 31 December 2011	41	-	-	-	-	(371,639)	(371,639)
Purchase of treasury shares	31(b)	-	-	-	(2)	-	(2)
At 31 December 2012		7,432,775	4,192,596	55,982	(32)	1,521,610	13,202,931

Consolidated Statements of Cash Flows

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for the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000 Restated
OPERATING ACTIVITIES			
Profit before taxation			
– from continuing operations		5,849,229	5,638,311
– from discontinuing operation		–	39,582
		5,849,229	5,677,893
Adjustments for:			
Accretion of discounts less amortisation of premiums	32	(31,208)	(215,587)
Amortisation of prepaid lease payments	35	11,802	12,642
Allowances made for impairment losses or other receivables		38,918	31,387
Allowance for impairment losses	37	39,915	15,314
Allowance made for impairment losses on loans, advances & financing	36	1,064,446	771,293
Allowance written back for commitments and contingencies		(1,334)	(13,473)
Amortisation of intangible assets	35	277,305	262,112
Depreciation of property, plant and equipment	35	343,360	345,663
Dividends from financial investments available-for-sale	34	(29,906)	(26,197)
Dividends from financial assets held-for-trading	34	(32,502)	(35,449)
Gain from fair value hedge of Redeemable Preference Shares		(31,457)	(17,088)
Gain on disposal of associate	34	(515,063)	(445)
Gain on deemed disposal/disposal of net assets and interest in subsidiaries	34	(10,139)	(2,567)
Gain on disposal of property, plant and equipment/assets held for sale	34	(38,300)	(14,868)
Gain on disposal of leased assets	34	(38)	(168)
Gain on sale of financial investments available-for-sale	34	(280,508)	(388,868)
Gain on revaluation of investment properties	34	(1,021)	(4,755)
Gain on sale of financial assets held for trading and derivative financial instruments	34	(692,793)	(902,716)
Loss on disposal of foreclosed properties	34	40,827	9,387
Net gain from redemption/maturity of financial investment to held-to-maturity	34	(126,917)	(35,581)
Net loss arising from hedging derivatives	34	36,839	26,912
Property, plant and equipment written off	35	3,949	731
Recoveries from investment management and securities services		(11,932)	–
Share-based payment expense	43(b)	97,493	87,962
Share of results of associates^		(306,268)	(137,750)
Share of results of joint ventures		(55,170)	(19,743)
Unrealised gain on financial liabilities designated at fair value	34	(263,975)	–
Unrealised gain on foreign exchange	34	(273,933)	(157,332)
Unrealised loss on revaluation of derivative financial instrument	34	262,947	217,480
Unrealised loss/(gain) on revaluation of financial assets held for trading		205,092	(38,944)
		(279,571)	(230,668)
		5,569,658	5,447,225

	Note	2013 RM'000	2012 RM'000 Restated
(Increase)/decrease in operating assets			
Reverse repurchase agreements		(2,666,226)	(1,363,796)
Deposits and placements with banks and other financial institutions		1,201,312	(816,065)
Financial assets held for trading		1,750,349	(11,412,367)
Loans, advances and financing		(27,198,419)	(18,900,661)
Other assets		(1,063,547)	(14,509)
Derivative financial instruments		1,511,760	(585,073)
Statutory deposits with central banks		(1,096,728)	(180,815)
		(27,561,499)	(32,103,140)
Increase/(decrease) in operating liabilities			
Deposits from customers		15,709,263	25,399,579
Deposits and placements of banks and other financial institutions		5,205,254	4,689,590
Financial liabilities at fair value through profit or loss		2,396,145	-
Repurchase agreements		2,854,749	2,000,093
Bills and acceptances payable		455,962	(3,309,434)
Other liabilities		1,120,809	1,001,657
Cash flows generated from operations		27,742,182	29,781,485
		5,750,341	3,125,570
Taxation paid		(1,497,912)	(1,451,419)
Net cash flows generated from operating activities		4,252,429	1,674,151
Investing Activities			
Acquisition of RBS business and SSEC, net cash outflows	51	(26,435)	(210,022)
Capital repayment from a joint venture	14	47,336	-
Dividends from an associate	13	-	21,763
Dividends received from financial investments available-for-sale		29,906	26,197
Dividends received from financial assets held for trading		32,502	35,449
Investments in associate	13	(23,274)	(5,921)
Investments in joint ventures	14	(1,623)	-
Net (purchase)/proceeds of financial investments available-for-sale		(1,588,860)	10,356,77
Net (purchase)/proceeds of financial investments held-to-maturity		(1,720,098)	3,539,230
Net cash Inflow from investment of in subsidiaries		(8,564)	-
Net cash inflow from disposal of subsidiaries		37,509	10,779
Proceed from disposal of CIMB AVIVA	48(b)	1,066,438	-

	Note	2013 RM'000	2012 RM'000 Restated
Proceed from disposal of certain interest in associates	13	4,047	–
Proceed from disposal of interest in joint venture	14	–	29,085
Proceed from disposal of prepaid lease payment		7	–
Proceeds from disposal of property, plant and equipment		99,177	46,960
Purchase of prepaid lease payment	17	(92)	–
Purchase of property, plant and equipment	15	(508,754)	(507,909)
Proceeds from disposal of intangible assets		11,195	738
Proceeds from right issues of subsidiaries		–	33,738
Purchase of intangible assets		(367,866)	(319,672)
Net cash flows used in investing activities		(2,900,321)	(7,656,485)
Financing Activities			
Dividends paid to shareholders	41(a),(b)	(405,999)	(1,114,916)
Dividends paid to non-controlling interests		(10,144)	(42,971)
Interest paid on bonds		(219,005)	(42,971)
Net (repayment)/proceeds from Subordinated obligations		(593,151)	1,734,095
Net proceeds of commercial papers and medium term notes		279,997	55,814
Proceeds from bonds		8,479,747	2,880,241
Net (repayment)/drawdown from term loan facility and other borrowings		(378,508)	144,074
Net proceeds from revolving credit and overdraft		231,806	447,851
Purchase of treasury shares	31(b)	(9)	(2)
Redemption of bonds		(4,747,834)	–
Repayment of redeemable preference shares		–	(11,455)
Net cash flows generated from financing activities		2,636,900	4,091,306
Net increase/(decrease) in cash and short-term funds during the financial year		3,989,008	(1,891,028)
Effects of exchange rate changes		(1,070,025)	(1,551,041)
Cash and short-term funds at beginning of the financial year		30,759,899	34,201,968
Cash and short-term funds at end of the financial year	2	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 year		29,907,076	26,669,445

^ This includes share of profits of associated from discontinuing operations

* This represents non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation of RM3,741,377,000 (2012: RM4,060,668,000), which is not readily available for use by the Group.

Company Statements of Cash Flows

for the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Operating Activities			
Profit before taxation		2,132,339	1,613,082
Adjustments for:			
Depreciation of property, plant and equipment	15	1,792	2,345
Depreciation of investment properties	16	18	19
Dividends from subsidiaries	34	(2,427,649)	(1,882,314)
Gain on disposal of property, plant and equipment	34	(23,556)	(104)
Interest expense on term loan		90,083	-
Interest expense on commercial papers	34	4,316	688
Net (gain)/loss arising from hedging derivatives	34	3,532	(63)
Unrealised (gain)/loss on foreign exchange	34	42,572	(10,749)
Unrealised loss/(gain) on revaluation of derivative financial instruments		5,458	17,950
		(2,303,434)	(1,872,228)
		(171,095)	(259,146)
Decrease/(Increase) in operating assets			
Loans, advances and financing		24	835
Other assets		(53,924)	20,700
		(53,900)	21,535
Increase/(Decrease) in operating liabilities			
Other liabilities		5,888	(1,098)
		5,888	(1,098)
Cash flows used in operations		(219,107)	(238,709)
Net taxation refund		280	87,712
Net cash flows used in operating activities		(218,827)	(150,997)
Investing Activities			
Acquisition of additional interest in subsidiary		(1,789,217)	(1,042,261)
Dividends from subsidiaries		2,427,649	1,586,026
Proceeds from disposal of property, plant and equipment		35,948	689
Purchase of property, plant and equipment	15	(793)	(40)
Repayment from subsidiaries		3,672	573
Net cash flows generated from investing activities		677,259	544,987

	Note	2013 RM'000	2012 RM'000
Financing Activities			
Dividends paid to shareholders	41(a)(b)	(405,999)	(1,114,916)
Interest paid on term loan		(86,051)	–
Proceeds from term loan facility		86,305	490,432
Proceeds from commercial papers and medium term notes		834,828	148,743
Purchase of treasury shares	31(b)	(9)	(2)
Repayment of commercial papers and medium term notes		(646,844)	(100,000)
Repayment of term loan		(306,164)	–
Net cash flows used in from financing activities		(523,934)	(575,743)
Net decrease in cash and cash equivalents during the financial year		(65,502)	(181,753)
Cash and cash equivalents at beginning of the financial year		135,075	316,828
Cash and cash equivalents at end of the financial year		(69,573)	135,075

Summary of Significant Group Accounting Policies

for the financial year ended 31 December 2013

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

A BASIS OF PREPARATION

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

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

The 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 the Shariah principles.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 52.

(a) Standards and amendments to published standards that are effective and applicable to the Group and the Company

The new accounting standards and amendments to published standards that are effective and applicable to the Group and the Company for the financial year beginning 1 January 2013 are as follows:

- 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 7 "Financial instruments: Disclosures" – offsetting financial assets and financial liabilities
- Amendment to MFRS 101 "Presentations of items of other comprehensive income"
- Amendment to MFRS 119 "Employee benefits"
- Amendment to MFRS 134 "Interim financial reporting"
- Amendment to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition Guidance"

A BASIS OF PREPARATION (CONTINUED)

(a) Standards and amendments to published standards that are effective and applicable to the Group and the Company (Continued)

- Annual improvements 2009-2011 Cycle
 - MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards” – Repeated application of MFRS 1 and borrowing costs
 - MFRS 101 “Presentation of Financial Statements” – Clarification of the requirements for comparative information
 - MFRS 116 “Property, Plant and Equipment” – Classification of servicing equipment
 - MFRS 132 “Financial Instruments: Presentation” – Tax effect of distribution to holders of equity instruments
 - MFRS 134 “Interim Financial Reporting” – Interim financial reporting and segment information for total assets and liabilities

The adoption of the new accounting standards, amendments and improvements to published standards did not have material impact on the Financial Statements of the Group and the Company, except as disclosed in Note 54.

(b) Amendment to published standard that is early adopted by the Group and the Company

The Group and the Company have early adopted the following amendments 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) 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 amendment is not mandatory for the Group and the Bank until 1 January 2014, however, the Group and the Bank has decided to early adopt the amendments as of 1 January 2013.

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

The Group and the Company will apply these standards, amendments to published standards from:

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

- Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.
- Amendments to MFRS 10, MFRS 12 and MFRS 127 “Investment entities” (effective from 1 January 2014) introduce an exception to consolidation of investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

A BASIS OF PREPARATION (CONTINUED)

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

(i) Financial year beginning on/after 1 January 2014 (Continued)

- Amendment to MFRS 139 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014) provides relief from discontinuing hedge accounting in a situation where a derivative (which has been designated as a hedging instrument) is novated to effect clearing with a central counterparty as a result of laws or regulation, subject to meeting the following criteria – the parties to the hedging instrument agree that the central counterparty replaces the original counterparty, other changes to the hedging instrument are limited to those that are necessary to effect replacement of the counterparty.

(ii) Financial year beginning on/after 1 January 2017

- MFRS 9 “Financial instruments – classification and measurement of financial assets and financial liabilities” (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The adoption of the above new accounting standards will not have any significant impact on the financial results of the Group and the Company except for MFRS 9. The Group has initiated the assessment of the potential effect of adopting MFRS 9 but is awaiting finalisation of the outstanding phases of MFRS 9 before the assessment can be completed. This standard is expected to have pervasive impact on the Group’s financial statements.

B ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (Continued)

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

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

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

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

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

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

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

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

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(b) Transaction with non-controlling interests

Transactions with non-controlling interests that do not result in loss in control are accounted as equity transactions – that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interest are also recognised in equity.

(c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

The Group's interests in joint ventures are accounted for in the consolidated Financial Statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of the joint ventures in the statements of comprehensive income and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any). When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

(d) Associates

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

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

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

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(d) Associates (Continued)

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

For any of the associate's net assets changes, other than profit or loss or other comprehensive income and distributions received, the Group's policy is to account for such changes to the statement of income.

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

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

(e) Changes in ownership interest

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

(f) Interests in subsidiaries, joint arrangements and associates

In the Company's separate financial statements, investments in subsidiaries, joint arrangements and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

C RECOGNITION OF INTEREST/PROFIT INCOME AND INTEREST/PROFIT EXPENSE

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

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

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

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

D RECOGNITION OF FEES AND OTHER INCOME

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

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

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

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the engagement.

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

E FINANCIAL ASSETS

(a) Classification

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

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

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

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

(ii) Loans and receivables

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

(iii) Financial investments held-to-maturity

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

(iv) Financial investments available-for-sale

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

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group and the Company commence to purchase or sell the asset. Interbank placements are recognised on settlement date. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income.

E FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement

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

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

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

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

(d) Reclassification of financial assets

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

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

F FINANCIAL LIABILITIES

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

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

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

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

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

Financial instruments, other than those held for trading, are classified as financial liabilities designated at fair value if they meet one or more of the criteria set out below, and are so designated by management. The Group and the Company may designate financial instruments at fair value when the designation:

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income.

F FINANCIAL LIABILITIES (CONTINUED)

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

- applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Company enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when either sold (assets) or extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, deposits and placement of banks and other financial institutions, repurchase agreements, bills and acceptances payable, sundry creditors, bonds and debentures, other borrowings, subordinated notes and redeemable preference shares.

G DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

H OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

I IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

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

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

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

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

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

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

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

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

I IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(b) Assets classified as available-for-sale

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

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

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

J SALE AND REPURCHASE AGREEMENTS

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

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

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

K PROPERTY, PLANT AND EQUIPMENT

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

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	40 years
Buildings on leasehold land 50 years or more	40 years or over the remaining period of the lease, whichever is shorter
Leasehold land	50 years or over the remaining period of the lease, whichever is shorter
Buildings on leasehold land less than 50 years	40-50 years or over the remaining period of the lease, whichever is shorter
Office equipment, furniture and fixtures	
– office equipment	3-5 years
– furniture and fixtures	5-10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment and software	
– servers and hardware	3-5 years
– ATM machine	10 years
Computer equipment and software under lease	3 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years
General plant and machinery	5-8 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

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

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

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

L INVESTMENT PROPERTIES

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

Investment properties of the Company are stated at cost less accumulated depreciation and accumulated impairment loss. At the Group level, investment properties of the Company are classified as property, plant and equipment as the properties are rented out to an entity within the Group.

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

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

M INTANGIBLE ASSETS

(a) Goodwill

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

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

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

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

M INTANGIBLE ASSETS (CONTINUED)**(b) Other intangible assets**

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

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

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

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

Customer relationships:

– Credit card	12 years
– Revolving credit	4 – 5 years
– Overdraft	6 – 7 years
– Trade finance	5 years

Core deposits	8 – 20 years
Computer software	3-15 years
Club debentures	10 years

N ASSETS PURCHASED UNDER LEASE**(a) Finance lease**

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

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

N ASSETS PURCHASED UNDER LEASE (CONTINUED)

(b) Operating lease

Leasehold land

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

Others

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

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

O ASSETS SOLD UNDER LEASE

(a) Finance lease

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

(b) Operating lease

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

P BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

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

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

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

(a) Fair value hedge

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income based on recalculated effective interest rate method over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains as part of the carrying amount until the disposal of the equity security.

(b) Cash flow hedge

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

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

Q DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

(c) Net investment hedge

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

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

(d) Derivatives that do not qualify for hedge accounting

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

R CURRENCY TRANSLATIONS

(a) Functional and presentation currency

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

(b) Foreign currency transactions and balances

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

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

R CURRENCY TRANSLATIONS (CONTINUED)

(b) Foreign currency transactions and balances (continued)

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

(c) Group companies

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

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

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

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

S INCOME AND DEFERRED TAXES

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

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

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

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

S INCOME AND DEFERRED TAXES (CONTINUED)

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

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

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

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

T SHARE CAPITAL

(a) Classification

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

(b) Share issue costs

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

(c) Dividends

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

(d) Repurchase, disposal and reissue of share capital (treasury shares)

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

U EMPLOYEE BENEFITS

(a) Short-term employee benefits

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

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

(b) Post employment benefits

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

Defined contribution plans

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

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

Defined benefit plans

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting estimated future cash outflows using market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

U EMPLOYEE BENEFITS (CONTINUED)

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for an arrangement that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share-based compensation benefits

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

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

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

Employee Ownership Plan ("EOP")

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

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

V IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

W FORECLOSED PROPERTIES

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

X PROVISIONS

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

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

Provisions are not recognised for future operating losses.

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

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

Y FINANCIAL GUARANTEE CONTRACTS

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

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

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

Z CASH AND CASH EQUIVALENTS

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

AA SEGMENT REPORTING

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

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

AB CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

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

AC NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE

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

AD TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the Financial Statements, as they are not assets of the Group.

Notes the Financial Statements

for the financial year ended 31 December 2013

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

2 CASH AND SHORT-TERM FUNDS

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated	The Company 31 December 2013 RM'000	31 December 2012 RM'000
Cash and balances with banks and other financial institutions	10,732,954	10,281,208	9,181,251	5,032	6,546
Money at call and deposit placements maturing within one month	22,945,928	20,478,691	25,020,717	64,541	128,529
	33,678,882	30,759,899	34,201,968	69,573	135,075

- (i) Included in the Group's cash and short-term funds is non-interest bearing statutory deposits of a foreign subsidiary of RM3,741,377,000 (31 December 2012: RM4,060,668,000; 1 January 2012: RM3,887,585,000) maintained with Bank Indonesia in compliance with their applicable legislation.

2 CASH AND SHORT-TERM FUNDS (CONTINUED)

(ii) Monies held in trust in relation to the Group's stockbroking business:

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Remisiers' trust balances	30,429	29,786

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Licensed banks	3,143,364	2,673,721
Licensed investment banks	17,010	232,154
Bank Negara Malaysia and other central banks	543,990	1,993,574
Other financial institutions	84,655	90,882
	3,789,019	4,990,331

4 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
Commercial papers	362,189	320,059
Other Government's securities	4,197,517	3,574,330
Government investment issues	106,451	413,357
	11,086,647	16,058,744

Quoted securities:

In Malaysia

Shares	1,533,392	1,056,010
<u>Outside Malaysia</u>		
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:

In Malaysia

Private and Islamic debt securities	5,324,359	4,886,688
Shares	6,716	6,544
<u>Outside Malaysia</u>		
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
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5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	31 December 2013 RM'000	31 December 2012 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:		
<u>In Malaysia</u>		
Shares	221,771	20,476
Unit trusts	163,834	134,276
<u>Outside Malaysia</u>		
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:		
<u>In Malaysia</u>		
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
<u>Outside Malaysia</u>		
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

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTINUED)

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Allowance for impairment losses:		
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)
	30,334,058	29,207,522

Included in financial investments available-for-sale of the Group are securities in the form of unit trusts managed by CIMB – Principal Asset Management Berhad on behalf of the Group amounting to RM4,083 million (31 December 2012: RM4,329 million).

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

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	288,034	376,356
Net allowance made during the financial year	41,568	5,749
Disposal of securities	(58,976)	(92,135)
Exchange fluctuation	(2,812)	(1,936)
At 31 December	267,814	288,034

6 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	–
Malaysian Government investment issues	808,104	20,686
Bank Negara Malaysia monetary notes	9,845	9,719
Khazanah bonds	66,736	–
	2,645,768	789,832
Quoted securities:		
<u>Outside Malaysia</u>		
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:		
<u>In Malaysia</u>		
Private debt securities	4,479,105	3,654,055
Loan stocks	27,388	28,813
Danaharta Urus Sdn Bhd (“DUSB”) bonds	–	130,139
	4,506,493	3,813,007
<u>Outside Malaysia</u>		
Private debt securities	1,116,035	1,485,557
	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)
	10,821,493	8,985,294

6 FINANCIAL INVESTMENTS HELD-TO-MATURITY (CONTINUED)

In 2013, the Group reclassified previously held financial investments available-to-sale to financial investments held-to-maturity. Given the long term nature of the holdings, the bonds were reclassified from financial investments available-to-sale to financial investments held-to-maturity as part of the Group's Asset Liability Management. It reflects the Group's positive intent and ability to hold them until maturity. The bonds were transferred at the prevailing mark-to-market prices.

The fair value and the carrying amount of the financial investments, and the balance of the revaluation reserve-financial investments available-for-sale at the date of reclassification were RM774,913,000, RM776,148,000 and RM1,235,000 respectively.

As at 31 December 2013, the remaining unamortised revaluation reserve-financial investments available-for-sale amounting to RM1,182,000.

Included in the financial investments held-to-maturity of the Group as at 31 December 2013 are 10-year promissory notes of THB9 million (31 December 2012: THB263 million) maturing between 2013 to 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai 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 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 arrangement.

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

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	41,329	46,623
Allowance written back during the financial year	(2,056)	(2,906)
Disposal of securities	(5,408)	–
Exchange fluctuation	(993)	(2,388)
At 31 December	32,872	41,329

7 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 as at statements of financial position date, 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.

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 31 December 2013						
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forwards	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 spots	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 derivatives</u>						
Interest rate swaps	263,828,147	2,063,089	(1,541,162)	500,000	3,940	-
- 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)	500,000	3,940	-
- 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)	-	-	-
- More than 3 years	-	-	-	-	-	-
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)	500,000	3,940	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<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 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)	-	-	-
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)	-	-	-
	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)	500,000	3,940	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Principal amount RM'000 Restated	The Group		Principal amount RM'000	The Company	
		Fair values Assets RM'000 Restated	Liabilities RM'000 Restated		Fair values Assets RM'000	Liabilities RM'000
At 31 December 2012						
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forwards	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 spots	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)	315,000	-	(8,892)
- Up to 1 year	3,511,121	137,088	(87,179)	315,000	-	(8,892)
- 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)	315,000	-	(8,892)
<u>Interest rate derivatives</u>						
Interest rate swaps	251,594,657	2,076,142	(1,675,990)	500,000	9,398	-
- 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)	500,000	9,398	-
- 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)	500,000	9,398	-

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Company		
	Principal amount RM'000 Restated	Fair values Assets RM'000 Restated	Liabilities RM'000 Restated	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<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 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)	-	-	-
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	-	-	-	-
	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)	-	-	-
Hedging derivatives						
Interest rate swaps	18,488,500	240,707	(384,450)	150,000	1,314	-
- Up to 1 year	1,088,711	10,360	(3,697)	150,000	1,314	-
- 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)	150,000	1,314	-
Total derivative assets/(liabilities)	392,709,087	4,083,969	(4,049,192)	965,000	10,712	(8,892)

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
	Principal amount RM'000 Restated	Fair values	
		Assets RM'000 Restated	Liabilities RM'000 Restated
At 1 January 2012			
<u>Trading derivatives</u>			
<u>Foreign exchange derivatives</u>			
Currency forwards	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 spots	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 derivatives</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)

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group		
	Principal amount RM'000 Restated	Fair values Assets RM'000 Restated	Liabilities RM'000 Restated
<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 options	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 swaps	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 futures	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)

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value hedges

Fair value hedges are used by the Group and the Company to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group and the Company use interest rate swaps and cross-currency interest rate swaps to hedge against interest rate risk of loans, subordinated obligations, negotiable instruments of deposits issued and bonds. For designated and qualifying fair value hedges, the changes in fair value of derivative and item in relation to the hedged risk are recognised in the statement of income. If the hedge relationship is terminated, the cumulative adjustment to the carrying amount of the hedged item is amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognised, in which case, it is released to the statement of income immediately.

Included in the net non-interest income is the net gains and losses arising from fair value hedges during the financial year as follows:

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Gain/(Loss) on hedging instruments	75,671	(45,817)	(869)	(2,957)
(Loss)/Gain on the hedged items attributable to the hedged risk	(121,507)	18,905	(2,663)	3,020

(ii) Net investment hedge

Foreign exchange swaps and non derivative financial liabilities are used to hedge the Group's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the foreign exchange swaps are transferred to equity to offset any gains or losses on translation of the net investment in foreign operations. The fair value changes of the hedging instruments attributable to the risk not designated as hedged in the hedging relationship was recognised in the statement of income during the year for the Group of RM33,607,842 (2012: RM10,722,676). No amounts were withdrawn from equity during the financial year as there was no disposal of foreign operations.

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Cash flows hedge

Cash flow hedges are used by the Group to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group hedges cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2012, the Group has ceased cash flow hedge accounting with cumulative gain of RM134,657 (2012: RM180,525) remaining in equity as at 31 December 2013.

In 2013, the Group also hedge senior bonds issued and inter-bank lending against foreign exchange and interest rate risks by using cross currency interest rate swaps. The notional amount of the outstanding cross currency interest rate swaps as at 31 December 2013 was RM1,436,275,900. The fixed interest rate vary from 1.09% to 5.125%. Gain and losses of cross currency interest rate swaps recognised in the hedging reserve will be reclassified from equity to statement of income when the hedged forecast cash flows affect profit or loss. Total gain of RM1,855,500 was recognised in the statement of income for the financial year ended 31 December 2013 due to hedge ineffectiveness from cash flow hedges.

Table below shows the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss as at 31 December 2013:

	The Group				
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000
Cash inflows (assets)	657	5,768	3,272	10,249	58,428
Cash outflows (liabilities)	(841)	(1,156)	(2,211)	(10,102)	(29,738)
Net cash (outflows)/inflows	(184)	4,612	1,061	147	28,690

8 LOANS, ADVANCES AND FINANCING**(i) By type**

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
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 [of which RM8,409,959 (2012: RM2,275,218) are to Directors]	756,729	685,699	71	95
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	71	95
Fair value changes arising from fair value hedge	140,453	360,979	-	-
	234,697,995	208,704,018	71	95
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	71	95

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(i) By type (Continued)**

- (a) Included in the Group's loans, advances and financing balances are RM56,586,000 (2012: RM63,591,000) 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 was done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.
- (b) The Group has undertaken a fair value hedge on the interest rate risk of RM8,181,776,000 (2012: RM7,869,471,000) loans, advances and financing using interest rate swaps.

	31 December 2013 RM'000	31 December 2012 RM'000
Gross loans 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 the hedge transaction as at 31 December 2013 was RM100,531,414 (2012: RM311,304,935).

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(ii) By type of customer:**

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 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	71	95
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	71	95

(iii) By interest/profit rate sensitivity:

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 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	71	95
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	71	95

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(iv) By economic purposes:**

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Personal use	8,441,137	7,242,619	4	6
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	66	76
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	1	13
Working capital	65,766,696	54,674,264	-	-
Other purpose	15,913,682	17,154,131	-	-
Gross loans, advances and financing	234,557,542	208,343,039	71	95

(v) By geographical distribution:

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	140,865,041	125,727,508	71	95
Indonesia	44,738,818	48,347,157	-	-
Thailand	18,534,877	15,243,168	-	-
Singapore	19,599,409	13,423,878	-	-
United Kingdom	1,195,767	934,931	-	-
Hong Kong	693,400	1,119,775	-	-
Other countries	8,930,230	3,546,622	-	-
Gross loans, advances and financing	234,557,542	208,343,039	71	95

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(vi) By residual contractual maturity:**

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Within one year	61,219,942	49,322,168	1	9
One year to less than three years	23,303,174	28,500,116	4	10
Three years to less than five years	31,614,934	23,576,875	20	25
Five years and more	118,419,492	106,943,880	46	51
Gross loans, advances and financing	234,557,542	208,343,039	71	95

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

	The Group	
	31 December 2013 RM'000	31 December 2012 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	7,393,269	7,927,817

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(viii) Impaired loans, advances and financing by geographical distribution:**

	The Group	
	31 December 2013	31 December 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	7,393,269	7,927,817

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

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	7,927,817	9,804,681
Classified as impaired during the financial year	3,451,780	3,111,369
Reclassified as not impaired during the financial 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)
Reclassified from unwinding income	50,870	210,839
Loans 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%

8 LOANS, ADVANCES AND FINANCING (CONTINUED)**(x) Movements in the allowance for impaired loans, advances and financing are as follows:**

	The Group	
	2013	2012
	RM'000	RM'000
Individual impairment allowance		
At 1 January	3,270,343	3,988,345
Net allowance made during the financial 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/(to) portfolio impairment allowance	1,043	22,111
Loans 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
Portfolio impairment allowance		
At 1 January	3,295,857	3,964,876
Net allowance made during the financial year	858,902	600,195
Amount transferred from 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 made/(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 less individual impairment allowance	2.28%	2.32%

9 OTHER ASSETS

	Note	The Group		1 January 2012 RM'000 Restated	The Company	
		31 December 2013 RM'000	31 December 2012 RM'000 Restated		31 December 2013 RM'000	31 December 2012 RM'000
Due from brokers and clients net of allowance for impairment losses of RM21,650,373 (31 December 2012: RM23,597,004; 1 January 2012: RM15,676,179)	(a)	2,044,742	1,905,758	1,352,950	–	–
Other debtors, deposits and prepayments net of allowance for doubtful debts of RM94,204,197 (31 December 2012: RM70,881,427; 1 January 2013: RM67,499,762)	(b)	3,163,529	2,775,848	2,438,275	35,006	554
Due from insurers, brokers and reinsurers		26,026	33,271	28,716	–	–
Option premium receivable		193,721	246,723	249,461	–	–
Deferred assets	(c)	83,018	103,524	131,204	–	–
Foreclosed properties net of allowance for impairment losses of RM51,683,569 (31 December 2012: RM53,645,409; 1 January 2012: RM57,153,448)	(d)	187,787	178,713	167,765	–	–
Collateral pledged for derivative transactions		1,232,059	309,889	293,188	10,266	1,905
Due from joint venture	(e)	1,059,473	1,285,914	1,371,367	–	–
		7,990,355	6,839,640	6,032,926	45,272	2,459

9 OTHER ASSETS (CONTINUED)

(a) Movements of allowance for impairment losses on amount due from brokers and clients are as follows:

	The Group					
	Individual impairment allowance RM'000	2013 Portfolio impairment allowance RM'000	Total RM'000	Individual impairment allowance RM'000	2012 Portfolio impairment allowance RM'000	Total RM'000
At 1 January	14,494	9,103	23,597	7,174	8,502	15,676
Net allowance made/(write back) during the financial year	481	(1,599)	(1,118)	562	623	1,185
Acquisition of subsidiary	-	-	-	6,856	-	6,856
Write off	-	-	-	(84)	-	(84)
Exchange fluctuation	(209)	(619)	(828)	(14)	(22)	(36)
At 31 December	14,766	6,885	21,651	14,494	9,103	23,597

(b) Movements of allowance for doubtful debts on other debtors, deposits and prepayments are as follows:

	The Group	
	2013 Individual impairment allowance RM'000	2012 Individual impairment allowance RM'000
At 1 January	70,881	67,500
Allowance made during the financial year	25,310	36,339
Write back during the financial year	-	(5,352)
Recoveries	(348)	-
Write off	(284)	(23,909)
Exchange fluctuation	(1,355)	(3,697)
At 31 December	94,204	70,881

9 OTHER ASSETS (CONTINUED)

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

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January	103,524	131,204
Recovered during the financial year	(19,806)	(27,391)
Individual impairment allowance made	(700)	(289)
At 31 December	83,018	103,524

- (d) Foreclosed properties are stated at lower of carrying amount and fair value less cost to sell. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2013. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.
- (e) These comprise hire-purchase receivables belonging to PCSB that were de-recognised from the Group's loans, advances and financing as the risks and rewards relating to the cash flows of these hire-purchase receivables have been substantially transferred to PCSB. The derecognised hire-purchase receivables are regarded as amount due from joint ventures.

10 DEFERRED TAXATION

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

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Deferred tax assets	357,250	110,344	–	–
Deferred tax liabilities	(50,327)	(132,682)	(1,998)	(2,127)
	306,923	(22,338)	(1,998)	(2,127)

The gross movements on the deferred taxation account are as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	(22,338)	(131,477)	(2,127)	(2,122)
Credited/(charged) to profit or loss (Note 39)				
– Loans, advances and financing	41,520	(23,399)	–	–
– Unutilised tax losses	8,430	42,033	–	–
– Excess of capital allowance over depreciation	(46,201)	(14,807)	–	30
– Intangible assets	35,314	62,241	–	–
– Provision for accrued expenses	25,707	2,174	–	–
– Post employment benefits obligation	23,894	25,213	–	–
– Other temporary differences	70,507	(19,840)	129	(23)
	159,171	73,615	129	7
– over accrual in prior years	(29,961)	(6,825)	–	(12)
	129,210	66,790	129	(5)
Disposal of subsidiaries	2,729	(141)	–	–
Transferred to equity				
– Revaluation reserve – financial investments available-for-sale	194,369	42,490	–	–
– Hedging reserve – cash flow hedge	2,953	–	–	–
At 31 December	306,923	(22,338)	(1,998)	(2,127)

10 DEFERRED TAXATION (CONTINUED)

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	The Group		The Company	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Deferred tax assets (before offsetting)				
Loans, advances and financing	107,014	65,494	-	-
Financial investments available-for-sale	81,782	-	-	-
Unutilised tax losses	56,352	47,922	-	-
Post employment benefits obligations	49,107	25,213	-	-
Provision for accrued expenses	344,373	318,666	3	284
Cash flow hedge	2,953	-	-	-
Other temporary differences	81,445	70,494	-	-
	723,026	527,789	3	284
Offsetting	(365,776)	(417,445)	(3)	(284)
Deferred tax assets (after offsetting)	357,250	110,344	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(132,580)	(86,379)	(321)	(16)
Financial investments available-for-sale	(73,258)	(185,845)	-	-
Intangible assets	(198,599)	(233,913)	-	-
Other temporary differences	(11,666)	(43,990)	(1,680)	(2,395)
	(416,103)	(550,127)	(2,001)	(2,411)
Offsetting	365,776	417,445	3	284
Deferred tax liabilities (after offsetting)	(350,327)	(132,682)	(1,998)	(2,127)

11 STATUTORY DEPOSITS WITH CENTRAL BANKS

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

12 INVESTMENT IN SUBSIDIARIES

	The Company	
	31 December 2013 RM'000	31 December 2012 RM'000
Ordinary shares	7,336,383	7,336,383
Redeemable preference shares*	13,384,331	11,595,114
	20,720,714	18,931,497
Less: Allowance for impairment loss of a subsidiary	(1,275)	(1,275)
	20,719,439	18,930,222

* Classified as cost of investment in subsidiaries due to the terms of the instruments

(a) Information about principal subsidiaries:

The direct subsidiaries of the Company are:

Name of Subsidiary	Principal activities	Percentage of equity held	
		31 December 2013 %	31 December 2012 %
CIMB Berhad	Investment holding	100	100
CIMB Group Sdn. Bhd.	Investment holding	99.9	99.9
Commerce MGI Sdn. Bhd.	Dormant	51	51
Commerce Asset Realty Sdn. Bhd.	Holding of properties for letting to a related company	100	100
iCIMB (MSC) Sdn. Bhd.	Provision of management and outsourcing services	100	100
SBB Berhad	Dormant	100	100
CIMB Foundation ∞	Charitable foundation	-	-
Premier Fidelity Sdn. Bhd.	Dormant	100	-
SP Charitable Trust Fund ∞	Special purpose vehicle	-	-
SP Charitable Trust Fund 2 ∞	Special purpose vehicle	-	-

∞ Consolidated in the Group as the substance of the relationship between the entities and the Company indicates that the entities are controlled by the Company

The subsidiaries held through CIMB Berhad are:

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMB Berhad		Indirectly by the Company	
		31 December 2013 %	31 December 2012 %	31 December 2013 %	31 December 2012 %
CIMB Islamic Trustee Berhad	Trustee services	20	20	100	100
CIMB Commerce Trustee Berhad	Trustee services	20	20	100	100

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (continued):

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are:

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB Bank Berhad ("CIMB Bank")	Commercial banking and related financial services	99.9	99.9	-	-
CIMB Investment Bank Berhad ("CIMB Investment Bank")	Investment banking and the provision of related financial services	100	100	-	-
PT Bank CIMB Niaga Tbk + (Incorporated in the Republic of Indonesia)	Commercial banking and related financial services	96.9	96.9	1.0	1.0
PT Commerce Kapital # (Incorporated in the Republic of Indonesia)	Investment holding	99.0	99.0	1.0	1.0
CIMB SI Sdn. Bhd.	Trading in securities and direct principal investments	100	100	-	-
CIMB SI I Sdn. Bhd.	Investment holding	-	-	100	100
CIMB SI II Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity 1 Sdn. Bhd. &	Investment holding	-	-	28.2	28.2
Ekuiti Erasama Sdn. Bhd.&	Investment holding	-	-	19.7	19.7
Bigbite Ventures Sdn. Bhd.&	Investment holding	-	-	20.1	20.1
Big Ship Sdn. Bhd.&	Investment management company	-	-	20.1	20.1
Eagle Eye Capital Sdn. Bhd.&	Investment holding	-	-	14.1	14.1
Silverbell Capital Sdn. Bhd. ^&	Investment holding	-	-	-	28.2
Silverbell Investment Pte. Ltd.& (Incorporated in the Republic of Singapore)	Investment holding	-	-	28.2	28.2
Top Sigma Sdn. Bhd.&	Investment holding	-	-	20.1	20.1
Maju Uni Concept Sdn. Bhd.	Investment holding	-	-	100	100
Mutiara Makmur Ventures Sdn. Bhd.	Investment holding	-	-	100	100

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMB Group Sdn Bhd (“CIMBG”) are: (continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
Semantan Investment Holdings Ltd (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	100
Papyrus Capital Sdn. Bhd. ^	Investment holding	-	-	-	100
Armada Investment Holdings Ltd (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	84.8	84.8
CIMB General Partner Limited (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	100
CIMB Securities International Pte. Ltd.+ (Incorporated in the Republic of Singapore)	Investment holding	100	100	-	-
CIMB Research Pte. Ltd. + (Incorporated in the Republic of Singapore)	Investment research	-	-	100	100
CIMB Securities (UK) Ltd + (Incorporated in the United Kingdom)	Securities related business	-	-	100	100
CIMB Securities (USA) Inc # (Incorporated in the United States of America)	Dormant	-	-	100	100
CIMB Securities Ltd + (Incorporated in Hong Kong)	Securities broking, dealing and trading	-	-	100	100
CIMB Securities (HK) Nominees Ltd + (Incorporated in Hong Kong)	Nominee services	-	-	100	100
PT CIMB Securities Indonesia + (Incorporated in the Republic of Indonesia)	Stockbroking	-	-	100	100
CIMB-GK Securities (Thailand) Ltd+^ (Incorporated in the Kingdom of Thailand)	Dormant	-	-	-	99.9

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (continued):

The subsidiaries held through CIMBG are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB Real Estate Sdn. Bhd.	Real estate investment	100	100	-	-
CIMB-Mapletree Management Sdn. Bhd.	Real estate fund management	-	-	60	60
CIMB-Principal Asset Management Berhad	Establishment and management of unit trust fund and fund management business	60	60	-	-
CIMB-Principal Asset Management Company Limited + (Incorporated in the Kingdom of Thailand)	Investment and fund management and other related services	-	-	60	60
Sathorn Asset Management Company Limited + (Incorporated in the Kingdom of Thailand)	Asset Management	-	-	99.9	99.9
CIMB Principal Asset Management (S) Pte. Ltd. + (Incorporated in the Republic of Singapore)	Provision of management and investment analysis services	-	-	60	60
PT CIMB-Principal Asset Management + (Incorporated in the Republic of Indonesia)	Establishment and management of unit trust fund and fund management business	-	-	60.4	60.4
CIMB Wealth Advisors Berhad	Distribution of unit trust funds	-	-	60	60
i-Wealth Advisors Sdn. Bhd.	Provision of management services and distribution of products and services	60	60	-	-
CIMB Strategic Assets Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Private Equity Advisors Sdn. Bhd.	Investment advisory and private equity management	100	100	-	-
CIMB Capital Pte. Ltd.+	Investment holding	-	-	100	-
CIG Berhad	Insurance holding company	100	100	-	-
CIMB Insurance Brokers Sdn. Bhd.	Insurance broking	-	-	100	100
PT CIMB Sun Life + (Incorporated in the Republic of Indonesia)	Life assurance business	-	-	51	51

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
Commerce Asset Ventures Sdn. Bhd. ("CAV")	Investment holding company	100	100	-	-
Southeast Asia Special Asset Management Berhad	To invest in, purchase or otherwise acquire and deal with non-performing loans, credit and financing facilities or debts	100	100	-	-
Kibaru Manufacturing Sdn. Bhd. ^	Manufacturing of rubber components	-	-	-	64.1
CAV Private Equity Management Sdn. Bhd.	Providing management and advisory services	-	-	100	100
Commerce Technology Ventures Sdn. Bhd.	Investment holding company	-	-	100	100
VC Prestige Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Commerce Agro Ventures Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
CAV BAT Sdn. Bhd.	Investment holding company	-	-	100	100
Commerce Growth Sdn. Bhd.	Investment holding company	-	-	100	100
Prima Special Sdn. Bhd.^	Investment holding company	-	-	-	30
Edufuture Sdn. Bhd.	Investment holding company	-	-	30	30
Metro Bumimas Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Sedia Fajar Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Peranan Dinamik Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Trace Tracker Malaysia Sdn. Bhd. &	Provider of traceability services	-	-	9.67	9.67
Pesat Dinamik Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Prima Mahawangsa Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Tetap Fajar Sdn. Bhd.	Investment holding company	-	-	33.3	33.3
Primabaguz Sdn. Bhd.^	Manufacturing and distribution of halal meat based products	-	-	-	19.3

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
Titan Setup Sdn. Bhd. #	Investment holding company	-	-	100	100
Commerce-KPF Ventures Sdn. Bhd.	Investment holding company	-	-	30	30
Touch 'n Go Sdn. Bhd.	Establishment, operation and management of an electronic collection system for toll and transport operators	-	-	32.2	32.2
Commerce KNB Agro Teroka Sdn. Bhd.&	Investment holding company	-	-	33.3	33.3
Kota Bumimas Sdn. Bhd.&	Investment holding company	-	-	33.3	33.3
Jernih Hartamas Sdn. Bhd.&	Investment holding company	-	-	33.3	33.3
Limpahan Suria Sdn. Bhd.&	Investment holding company	-	-	33.3	33.3
Goodmaid Chemical Corporation Sdn. Bhd. #	Manufacturing of household care products	-	-	99.6	99.6
Goodmaid Marketing Sdn. Bhd. #	Trading and marketing of household care products	-	-	100	100
Goodmaid Industrial Supplies Sdn. Bhd. #	Trading of industrial chemical products	-	-	100	100
EQ Industry Supplies Sdn. Bhd. #	Trading and marketing of industrial chemicals	-	-	100	100
Itopia Sdn. Bhd. #^	Provision of telephony infrastructure, products and services	-	-	-	49
CIMB Middle East BSC + (Incorporated in the Kingdom of Bahrain)	Islamic investment	99	99	1	1
CIMB-Trustcapital Advisors Singapore Pte. Ltd. # (Incorporated in the Republic of Singapore)	Real estate management and advisory	-	-	63	67
CIMB-TCA Australia Pty. Ltd.+ (Incorporated in Australia)	Investment management company for investment holding Trusts	-	-	63	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMBTCA Pty. Ltd.+ (Incorporated in Australia)	Investment holding company	-	-	63	-
CIMBTCA3 Pty. Ltd.+ (Incorporated in Australia)	Investment holding company	-	-	63	-
CIMBTCA Bravo Pty. Ltd.+ (Incorporated in Australia)	Real estate ownership	-	-	63	-
CIMBTCA Lima Pty. Ltd.+ (Incorporated in Australia)	Real estate ownership	-	-	63	-
CIMB-Trustcapital AOF1 GP Pte. Ltd. # (Incorporated in the Republic of Singapore)	Property fund management (including REIT manager)	-	-	100	100
CIMB Southeast Asia Research Sdn. Bhd. (CARI)	Public advocacy through research, publication and events	100	100	-	-
PT CIMB ASEAN Research # (Incorporated in the Republic of Indonesia)	Public advocacy through research, publication and events	-	-	100	100
CIMB Securities (Thailand) Co., Ltd. + (Incorporated in the Kingdom of Thailand)	Stock and share broking	-	-	99.99	99.99
CIMB Securities International (Thailand) Public Company Ltd + (Incorporated in the Kingdom of Thailand)	Stock and share broking	-	-	99.6	99.6
CIMB Advisory (Thailand) Company Limited+ (Incorporated in the Kingdom of Thailand)	Dormant	-	-	99.6	99.6
CIMB Securities International (Australia) Pty. Ltd.+ (Incorporated in Australia)	Investment holding company and providing services to related entities	-	-	100	100
CIMB Securities (Australia) Limited+ (Incorporated in Australia)	Stock and share broking	-	-	100	100

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB Corporate Finance (Australia) Limited ⁺ (Incorporated in Australia)	Corporate finance and advisory services	–	–	100	100
CIMB Capital Markets (Australia) Limited ⁺ (Incorporated in Australia)	Equity capital markets business	–	–	100	100
Fleet Nominess Pty. Ltd. ⁺	Nominee services	–	–	100	100
Quinambo Nominess Pty. Ltd. ⁺	Nominee services	–	–	100	100
Wanford Nominees Pty. Ltd. ⁺	Nominee services	–	–	100	100
CIMB Corporate Finance (India) Private Limited ⁺ (Incorporated in India)	Corporate finance and advisory services	–	–	99.99	99.99
CIMB Securities (India) Private Limited ⁺ (Incorporated in India)	Stock and share broking	–	–	75	75
CSI Investment Limited ⁺ (Incorporated in the Republic of Singapore)	Investment holding company	–	–	100	–
MinorCap Pte. Ltd. ⁺ (Incorporated in the Republic of Singapore)	Dormant	–	–	100	–

& Deemed a subsidiary by virtue of board control over the company's financial and operating policies

Audited by a firm other than member firms of PricewaterhouseCoopers International Limited

+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia

^ Disposed/strike off during the financial year

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

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG's direct subsidiary, CIMB Investment Bank are:

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMB Investment Bank		Through CIMB Investment Bank's	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB Holdings Sdn. Bhd.	Investment holding	100	100	-	-
CIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB EOP Management Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Futures Sdn. Bhd.	Futures broking	100	100	-	-
CIMB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Discount House Berhad [^]	Dormant	-	100	-	-
CIMB Commerce Trustee Berhad	Trustee services	-	-	20	20
CIMB Islamic Trustee Berhad	Trustee services	-	-	20	20

[^] Strike off during the financial year

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

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are:

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB FactorLease Bhd.	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Islamic Trustee Berhad	Trustee services	20	20	40	40
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Mutiara Aset Berhad	Dormant	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of management and outsourcing services	100	100	-	-
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Semerak Services Sdn. Bhd.	Service company	100	100	-	-
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
CIMB Trust Ltd. (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
Mezzanine Capital Ltd. (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	100	100	-
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Nominee services	-	100	100	-
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Nominees (S) Pte. Ltd. + (Incorporated in the Republic of Singapore)	Nominee services	100	100	-	-
SBB Capital Corporation	Special purpose vehicle	100	100	-	-
SFB Auto Berhad	Dormant	100	100	-	-
Premier Fidelity Berhad	Dormant	-	100	-	-
CIMB Bank PLC + (Incorporated in Cambodia)	Commercial banking and related financial services	100	100	-	-
Perdana Visi Hartanah Sdn. Bhd.	Property investment	100	100	-	-
SBB Capital Markets Sdn. Bhd.	Investment holding	100	100	-	-
CIMB Commerce Trustee Berhad	Trustee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Information about principal subsidiaries (continued):

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are (Continued):

Name of Subsidiary	Principal activities	Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		%	%	%	%
SFB Development Sdn. Bhd.	Property investment	100	100	–	–
SIBB Berhad	Dormant	80	80	–	–
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	–	–	80	80
Commerce Returns Berhad [∞]	Special purpose vehicle	–	–	–	–
CIMB Thai Bank Public Company Limited ⁺ (Incorporated in the Kingdom of Thailand)	Banking	93.7	93.7	–	–
Merdeka Kapital Berhad**	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	–	–	–	–

** Consolidation of the silo of Merdeka Kapital Berhad

In 2011, CIMB Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad ("MKB"), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 "Consolidated Financial Statements" in 2013, CIMB Bank has consolidated the silo of MKB in relation to CIMB Bank's hire purchase receivables, as this silo has been legally ring-fenced for this transaction. The adoption of MFRS 10 has been applied retrospectively; refer to Note 54 for the impact of the adoption of MFRS 10 to the comparatives.

+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia

∞ Consolidated in the Group as the substance of the relationship between the entities and the Company indicates that the entities are controlled by the Company

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

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(a) Information about principal subsidiaries (continued):**

The subsidiaries held through PT Bank CIMB Niaga Tbk are:

Name of Subsidiary	Principal activities	Percentage of equity held	
		31 December 2013	31 December 2012
		%	%
PT CIMB Niaga Auto Finance + (Incorporated in the Republic of Indonesia)	Financing services	99.9	99.9
PT Kencana Internusa Artha Finance + (Incorporated in the Republic of Indonesia)	Financing services	51	51

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

Name of Subsidiary	Principal activities	Percentage of equity held	
		31 December 2013	31 December 2012
		%	%
CT Coll Co., Ltd. + (Incorporated in the Kingdom of Thailand)	Debt Collection Service	99.99	99.99
Center Auto Lease Co.,Ltd. + (Incorporated in the Kingdom of Thailand)	Leasing/hire purchase	99.99	99.99
Worldlease Co., Ltd. + (Incorporated in the Kingdom of Thailand)	Hire purchase of motorcycles	99.99	99.99

+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

∞ The substance of the relationship between CIMB Bank and the special purpose entity indicates that the entity is controlled by CIMB Bank

^ Disposed/Strike off during the financial year

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

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(b) Details of subsidiaries that have material non-controlling interests:**

Set out below are the Group's subsidiaries that have material non-controlling interests (NCI):

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited Group (incorporated in the Kingdom of Thailand)	6.3	6.3	17,904	10,753	320,466	304,905
CIMB-Principal Asset Management Berhad Group	40.0	40.0	18,806	15,392	250,777	236,954
PT Bank CIMB Niaga Tbk Group (Incorporated in the Republic of Indonesia)	2.1	2.1	22,565	23,213	177,535	181,297
Touch 'n Go Sdn. Bhd.	47.8	47.8	7,725	7,462	42,182	35,587
Individually immaterial subsidiaries with non-controlling interests					(33,498)	14,582
					757,462	773,325

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(b) Details of subsidiaries that have material non-controlling interests (Continued):**

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(RM'000)	CIMB Thai Bank Public Company Limited Group As at 31 December		CIMB-Principal Asset Management Berhad Group As at 31 December		PT Bank CIMB Niaga Tbk Group As at 31 December		Touch 'n Go Sdn Bhd As at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
	Total assets	27,966,946	20,038,036	930,131	803,824	58,687,619	62,662,930	432,326
Total liabilities	(25,743,790)	(18,173,231)	(302,544)	(210,975)	(51,739,264)	(55,501,826)	(340,803)	(339,337)
Net assets	2,223,156	1,864,805	627,587	592,849	6,948,355	7,161,104	91,523	75,356
Equity attributable to owners of the Company	(2,223,156)	(1,864,805)	(512,811)	(496,879)	(6,922,887)	(7,134,398)	(91,523)	(75,356)
Non-controlling interests ("NCI")	-	-	(114,776)	(95,970)	(25,468)	(26,706)	-	-
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
(RM'000)	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	1,101,145	912,040	185,793	161,566	4,090,726	4,254,775	86,421	76,020
Profit before taxation	277,458	197,861	64,638	53,777	1,765,760	1,905,596	21,244	23,078
Taxation	8,473	(7,792)	(17,623)	(15,298)	(465,014)	(506,145)	(5,077)	(7,460)
Other comprehensive (expense)/ income	(29,678)	(23,492)	(456)	2,100	(1,453,511)	(602,542)	-	-
Total comprehensive (expense)/ income	256,253	166,577	46,559	40,579	(152,766)	796,909	16,167	15,618
Net cash (used in)/generated from investing activities	(1,028,680)	(896,937)	50,479	27,178	867,131	2,421,313	8,682	52,046
Net cash generated from/ (used in) financing activities	(475,964)	(742,200)	42,457	(10,940)	(1,920,014)	(998,624)	(21,055)	73
Net increase/(decrease) in cash and cash equivalents	1,800,091	1,444,627	(53,296)	(1,787)	1,081,602	1,066,002	3,000	(2,000)
Net cash (used in)/generated from operating activities	295,447	(194,510)	39,640	14,451	28,719	2,488,691	(9,373)	50,119
Profit allocated to NCI of the Group	17,985	10,753	18,806	15,392	22,565	23,213	7,725	7,462
Dividends paid to NCI of the Group	666	-	4,800	-	-	-	-	-

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)**(c) Effects of changes in ownership interests in subsidiaries that do not result in loss of control****2012**

On 11 April 2012, the Group acquired an additional 15.31% equity interest in CIMB Securities International (Thailand) Public Company Limited (formerly known as SICCO Securities Public Company Limited ("SSEC")) for a cash consideration of RM16,669,000. As a result of this acquisition, the Group's equity interest in SSEC was increased to 97.37%. The carrying value of the net assets of SICCO as at 11 April 2012 was RM95,305,000 and the carrying value of the additional interest acquired was approximately RM14,591,000. The difference of RM2,078,000 between the carrying value and the additional interest acquired has been recognised within retained earnings.

On 12 September 2012, the Group acquired an additional 2.22% equity interest in SSEC for a cash consideration of RM2,358,000. As a result of this acquisition, the Group's equity interest in SSEC was increased to 99.59%. The carrying value of the net assets of SSEC as at 12 September 2012 was RM93,030,000 and the carrying value of the additional interest acquired was approximately RM2,068,000. The difference of RM290,000 between the carrying value and the additional interest acquired has been recognised within retained earnings.

The following summarises the effect of the change in the Group's ownership interest in SSEC on the equity attributable to owners of the Group arising from the two acquisitions identified above:

	11 April 2012 RM'000	12 September 2012 RM'000	Total RM'000
Consideration paid for acquisition of non-controlling interests	16,669	2,358	19,027
Decrease in equity attributable to non-controlling interests	(14,591)	(2,068)	(16,659)
Decrease in equity attributable to owners of the Group	2,078	290	2,368

13 INVESTMENT IN ASSOCIATES

	Note	The Group	
		31 December 2013 RM'000	31 December 2012 RM'000
At 1 January, as previously reported		689,212	1,165,159
Effect of adopting MFRS 11		(99,305)	(138,177)
At 1 January, as restated		589,907	1,026,982
Share of profits for the financial year ^		306,268	137,750
Additional investment in associates		23,274	5,921
Share of other comprehensive expense for the financial year		(725)	–
Disposal of certain percentage in associates		(4,047)	–
Transfer to non-current assets held for sale	53	–	(556,754)
Allowance made for impairment losses	37	(403)	(2,229)
Dividend payment		(210,326)	(21,763)
At 31 December		703,948	589,907

^ Include share of profits of associates from discontinuing operations

^^ Dividend payment in specie received from an associate for the financial year ended 31 December 2013, dividend payment received in cash from an associate for the financial year ended 31 December 2012

	The Company	
	31 December 2013 RM'000	31 December 2012 RM'000
Unquoted shares, at cost	3,834	3,834

13 INVESTMENT IN ASSOCIATES

(a) Information about associates:

The principal place of business and country of incorporation of the associates is Malaysia unless stated otherwise. All associates are measured using the equity method. There are no available quoted market prices of the associates.

The direct associate of the Company is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013	31 December 2012	1 January 2012
		%	%	%
Touch 'n Go Sdn. Bhd. *	Establishment, operation and management of an electronic collection system for toll and transport operators	20	20	20
IHS Innovations Sdn. Bhd.	Provider and consultant specialising in reliability testing systems, vision and imaging systems	20	20	20
Evermal Resources Sdn. Bhd.	Investment holding company	–	–	20.5

* Consolidated in the Group as the associate is a subsidiary to the Group.

The associates held through CAV's subsidiary, Commerce-KPF are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013	31 December 2012	1 January 2012
		%	%	%
In-fusion Solutions Sdn. Bhd.#	Provision of educational and training related solutions and services to various government bodies and private institutions	6	6	6
Delphax Sdn. Bhd.	Manufacturer of reconstructive & spinal implants, trauma & related orthopaedic surgical products	7.0	7.0	7.0

13 INVESTMENT IN ASSOCIATES (CONTINUED)**(a) Information about associates: (Continued)**

The associates held through CAV's subsidiary, Commerce Agro Ventures Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Landas Bina Aquaventures Sdn. Bhd.	Aquaculture	13.3	13.3	13.3
Kejmukda Co. Ltd. ^	Investment holding company	–	16.3	16.3

The associates held through CAV's subsidiary, Commerce Technology Ventures Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Sesama Equilab Sdn. Bhd.	Dormant	29	29	29
Consolidated Liquid Eggs Sdn. Bhd.	Dormant	30	30	30
Explorium (M) Sdn. Bhd.	Provider for customer and marketing management services, e-learning, brand experience	30	30	30
In-fusion Solutions Sdn. Bhd.#	Provision of educational and training related solutions and services to various government bodies and private institutions	20.3	20.3	20.3
CMnet DotCom Sdn. Bhd.	Dormant	36.5	36.5	36.5

13 INVESTMENT IN ASSOCIATES (CONTINUED)**(a) Information about associates (Continued):**

The associates held through CAV's subsidiary, Commerce KNB Agro Teroka Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Manjung Aquatic Sdn. Bhd.	Dealer in business of merchant and dealer in marine products and its by products	16.3	16.3	16.3
Dragon Power Plantations Sdn. Bhd.	Growing and selling vegetables of all kinds and descriptions	13.3	13.3	13.3
PS Fresh Sdn. Bhd.	Distribution of farm products	10.0	10.0	10.0

The associate held through CIMB Bank is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Bank of Yingkou Co. Ltd. (Incorporated in the Peoples Republic of China)	Banking	20	20	20

The associate held through CIMBG's subsidiary, CIMB SI I Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Engage Media Sdn. Bhd. ^	Operates out of home digital media network	-	35	35

The associate held through CIMBG's subsidiary, CIMB SI II Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Tune Money Sdn. Bhd.	Online financial services	27	25	25

13 INVESTMENT IN ASSOCIATES (CONTINUED)**(a) Information about associates (Continued):**

The associate held through CIMBG's subsidiary, CIG is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
CIMB Aviva Assurance Berhad ^	Life assurance business	-	51	51
CIMB Aviva Takaful Berhad ^	Takaful Business	-	51	51

The associates held through CIMBG's subsidiary, CIMB Private Equity Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Mezzanine Holdings Sdn. Bhd.	Investment holding	18.5	18.5	18.5

The associates held through CIMBG's subsidiary, CIMB Real Estate Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
CMREF 1 Sdn. Bhd.	Investment holding	24.9	24.9	24.9
Eleven Section Sixteen Sdn. Bhd.	Property investment and management	24.9	24.9	24.9
Dynamic Concept One Sdn. Bhd.	Property investment	24.9	24.9	24.9
Jaya Section Fourteen Sdn. Bhd.	Property investment and management	24.9	24.9	24.9
Project Asia City Sdn. Bhd.	Property investment and management	24.9	24.9	24.9
Forward Wealth Advisors Sdn. Bhd.	Property management services	24.9	24.9	24.9
Sentral Parc City Sdn. Bhd.	Property investment	24.9	24.9	24.9
Lot A Sentral Sdn. Bhd.	Property investment	14.1	14.9	14.9
CMREF2 Shariah Sdn. Bhd.	Real estate fund management	14.29	-	-
Green Transformation Sdn. Bhd.	Dormant	14.29	-	-

13 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Information about associates (Continued):

The associates held through CIMBG's subsidiary, CIMB Strategic Assets Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Capital Advisors Partners Asia Sdn. Bhd.	Investment advisory services	40	40	–
Capital Advisors Partners Asia Pte. Ltd. (Incorporated in the Republic of Singapore)	Investment advisory services	40	40	–
Capasia Islamic Infrastructure Fund (General Partner) Limited (Incorporated in the Federal Territory of Labuan)	Managing private fund	40	40	–
Capasia Asean Infrastructure Fund III (General Partner) Limited (Incorporated in the Federal Territory of Labuan)	General Partner of The CapAsia Asean Infrastructure Fund III L.P	40	40	–
PT Cap Asia Indonesia (Incorporated in the Republic of Indonesia)	Business management consultancy services	40	–	–

Classified as held-for-sale during the financial year

^ Disposed during the financial year

(b) The summarised financial information below represents amounts shown in the material associates' Financial Statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	Bank of Yingkou As at 31 December	
	2013 RM'000	2012 RM'000
Total assets	38,559,039	31,185,660
Total liabilities	(35,466,900)	(28,573,240)
Net assets	3,092,139	2,612,420

	Year ended 31 December	
	2013 RM'000	2012 RM'000
Revenue	1,082,508	1,082,508
Profit for the year	479,719	447,903
Dividends paid by the associate during the year	–	108,815

13 INVESTMENT IN ASSOCIATES (CONTINUED)**(c) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:**

	Bank of Yingkou	
	As at 31 December	
	2013	2012
	RM'000	RM'000
Opening net assets 1 January	2,612,420	2,273,332
Profit for the financial year	479,719	447,903
Dividend paid	–	(108,815)
Closing net assets	3,092,139	2,612,420
Interest in associates (%)	20%	20%
Interest in associates (RM'000)	618,428	522,484
Goodwill	7,797	7,797
Carrying value	626,225	530,281

(d) Aggregate information of associates that are not individually material:

	31 December	31 December
	2013	2012
	RM'000	RM'000
The Group's share of profit for the financial year	210,324	12,305
The Group's share of other comprehensive expense for the financial year	(725)	–
The Group share's of total comprehensive income for the financial year	209,599	(12,305)
Aggregate carrying amount of the Group's interest in these associates	85,519	67,423

14 INVESTMENT IN JOINT VENTURES

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
At 1 January, as previously reported	204,504	188,479
Effect of adopting MFRS 11	101,339	140,211
At 1 January, as restated	305,843	328,690
Share of profit for the year	55,170	19,743
Share of other comprehensive income for the financial year	(5,742)	(13,505)
Additional investment in joint ventures	1,623	-
Capital Repayment	(47,336)	-
Disposal of interest in joint ventures	-	(29,085)
Exchange fluctuation	(23)	-
At 31 December	309,535	305,843

(a) Details of joint ventures

The principal place of business and country of incorporation of the joint ventures is Malaysia unless stated otherwise. All joint ventures are measured using the equity method. There are no available quoted market prices of the joint ventures.

Name	Principal activities	Percentage of equity held through subsidiary company		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50	50
Alam-PE Holdings (L) Inc (Incorporated in the Federal Territory of Labuan)	Owning and chartering offshore supply vessels	51	51	51
CIMB-Principal Islamic Asset Management Sdn. Bhd.	Establishment and management of unit trust fund and fund management business in accordance with shariah principles	50	50	50
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Invest in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	25.1	25.1	31.9
SEASAF Power Sdn. Bhd.	Investment holding	25.1	25.1	31.9

14 INVESTMENT IN JOINT VENTURES**(a) Details of joint venture (continued):**

Name	Principal activities	Percentage of equity held through subsidiary company		
		31 December 2013 %	31 December 2012 %	1 January 2012 %
SEASAF Highway Sdn. Bhd.	Investment holding	25.1	25.1	31.9
SEASAF Education Sdn. Bhd.	Investment holding	25.1	25.1	31.9
SEASAF Sdn Bhd	Investment holding	–	–	31.9
SEASAF 1 Resources Pte. Ltd. (Incorporated in the Republic of Singapore)	Investment holding	25.1	25.1	31.9
Bangsar Capital Holdings (L) Limited (Incorporated in the Federal Territory of Labuan)	Investment holding	50	–	–
Tanjung Pinang Villas Sdn. Bhd.	Investment holding	50	50	50
Capasia South East Asian Strategic Asset Fund (General Partner) Ltd (Incorporated in the Cayman Islands)	Investment advisory services	60	60	60

(b) Details of material joint venture:Proton Commerce Sdn. Bhd.

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

14 INVESTMENT IN JOINT VENTURES

(c) The summarised financial information below represents amounts shown in the material joint ventures's Financial Statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	PCSB	
	As at 31 December	
	2013	2012
	RM'000	RM'000
Non-current assets	1,616,285	1,588,974
Current assets	136,964	301,092
Current liabilities (non-trade)	(1,151,620)	(1,581,740)
Non-current liabilities (non-trade)	(285,015)	(1,214)
Net assets	316,614	307,112
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	42,213	15,554
	Year ended 31 December	
	2013	2012
Revenue	91,134	103,797
Profit for the financial year/Total comprehensive income for the financial year	9,500	8,698
The above profit for the financial year include the following:		
Interest income	88,671	101,223
Interest expense	(37,293)	(44,958)
Taxation	(3,610)	(3,721)

14 INVESTMENT IN JOINT VENTURES (CONTINUED)**(c) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint ventures recognised in the consolidated financial statements:**

	PCSB	
	As at 31 December	
	2013	2012
	RM'000	RM'000
Opening net assets 1 January	307,114	298,416
Profit for the financial year	9,500	8,698
Closing net assets as at 31 December	316,614	307,114
Interest in jointly ventures (%)	50%	50%
Interest in jointly ventures (RM'000)	158,307	153,557

(d) Aggregate information of joint ventures that are not individually material:

	31 December	31 December
	2013	2012
	RM'000	RM'000
The Group share's of profit for financial year from continuing operations	50,420	15,394
The Group share's of total comprehensive income for the financial year	50,420	15,394
Aggregate carrying amount of the Group's interest in these joint ventures	151,228	152,286

15 PROPERTY, PLANT AND EQUIPMENT

The Group		Freehold	Leasehold	Leasehold	Buildings on	Buildings on	Buildings on	Renovations,	Computer	Computer	Motor	Total
2013	Note	land	land 50	land less	freehold	leasehold	leasehold	office	equipment	equipment	vehicles	RM'000
		RM'000	years or	than 50	land	50 years	less than	equipment,	and	and		
			more	years	RM'000	or more	50 years	and fixtures	software	under lease		
			RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		69,789	33,933	1,804	368,216	93,085	349,143	1,889,631	986,113	46,259	182,287	4,020,260
Additions		117	-	-	-	-	50,857	293,629	133,803	756	29,592	508,754
Disposals/written off		(3,136)	(5,700)	-	(29,585)	(11,368)	(7,594)	(175,639)	(44,690)	(1,481)	(27,494)	(306,687)
Transfer/reclassifications		-	-	-	-	-	-	(4,813)	4,813	-	-	-
Reclassified to intangible assets	19	-	-	-	-	-	53	(445)	-	-	-	(392)
Reclassified to non-current assets held for sale	53	(456)	(870)	-	(1,686)	(25,760)	-	-	-	-	-	(28,772)
Exchange fluctuation		(21,972)	-	-	(196)	1,601	(49,615)	(110,228)	2,660	426	(819)	(178,143)
At 31 December		44,342	27,363	1,804	336,749	57,558	342,844	1,892,135	1,082,699	45,960	183,566	4,015,020
Accumulated depreciation and impairment loss												
At 1 January		8,767	9,716	1,004	120,354	45,454	228,091	1,257,139	703,467	36,761	75,166	2,485,919
Charge for the financial year		-	783	-	4,809	2,148	23,921	182,043	108,878	3,998	16,783	343,363
Disposals/written off		-	(2,808)	-	(8,063)	(8,379)	(5,249)	(153,919)	(40,598)	(1,538)	(21,855)	(242,409)
Reclassified to non-current asset held for sale	53	-	(286)	-	(816)	(11,639)	-	-	-	-	-	(12,741)
Exchange fluctuation		(9)	-	-	(172)	327	(32,287)	(74,990)	1,661	223	(648)	(105,895)
At 31 December		8,758	7,405	1,004	116,112	27,911	214,476	1,210,273	773,408	39,444	69,446	2,468,237
Net book value at 31 December 2013		35,584	19,958	800	220,637	29,647	128,368	681,862	309,291	6,516	114,120	1,546,783

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2012	Note	Freehold	Leasehold	Leasehold	Buildings on	Buildings on	Buildings on	Renovations,	Computer	Computer	Motor	Total
		land	land 50	land less	freehold	leasehold	leasehold	office	equipment	equipment	vehicles	
		RM'000	years or	than 50	land	50 years	less than	furniture	and	and	RM'000	RM'000
			more	years	or more	50 years	50 years	and fixtures	hardware	software	RM'000	RM'000
Cost												
At 1 January		87,450	34,512	1,804	381,091	100,334	330,646	1,856,428	857,544	63,217	146,114	3,859,140
Additions		8	-	-	31	940	48,633	199,988	191,418	5,311	61,580	507,909
Arising from acquisition of subsidiaries	51(b)(i)	-	-	-	-	-	-	5,018	10,125	-	1,448	16,591
Disposals/written off		(2,675)	-	-	(3,578)	-	(3,162)	(91,611)	(69,726)	(22,271)	(26,356)	(219,379)
Transfer/reclassifications		-	-	-	-	-	-	(10,640)	10,681	(41)	-	-
Reclassified to intangible assets	19	-	-	-	-	-	-	(3,466)	(13,807)	-	-	(17,273)
Reclassified to prepaid lease payments	17	-	-	-	-	-	-	(203)	-	-	-	(203)
Reclassified to investment properties	16	-	-	-	-	(6,700)	-	-	-	-	-	(6,700)
Reclassified to non-current assets held for sale	53	(467)	(579)	-	(8,010)	(1,560)	(295)	-	-	-	-	(10,911)
Exchange fluctuation		(14,527)	-	-	(1,318)	71	(26,679)	(65,883)	(122)	43	(499)	(108,914)
At 31 December		69,789	33,933	1,804	368,216	93,085	349,143	1,889,631	986,113	46,259	182,287	4,020,260
Accumulated depreciation and impairment loss												
At 1 January		8,830	9,221	978	119,874	45,281	226,986	1,196,880	669,655	55,231	67,804	2,400,740
Charge for the financial year		-	806	26	5,173	2,650	22,706	184,051	100,107	2,829	27,315	345,663
Arising from acquisition of subsidiaries	51(b)(i)	-	-	-	-	-	-	3,412	8,764	-	944	13,120
Disposals/written off		-	-	-	(2,272)	-	(2,690)	(82,222)	(67,072)	(21,364)	(20,585)	(196,205)
Reclassified to intangible assets	19	-	-	-	-	-	-	(1,262)	(7,713)	-	-	(8,975)
Reclassified to investment properties	16	-	-	-	-	(1,763)	-	-	-	-	-	(1,763)
Reclassified to non-current asset held for sale	53	-	(311)	-	(1,936)	(708)	(236)	-	-	-	-	(3,191)
Exchange fluctuation		(63)	-	-	(485)	(6)	(18,675)	(43,720)	(274)	65	(312)	(63,470)
At 31 December		8,767	9,716	1,004	120,354	45,454	228,091	1,257,139	703,467	36,761	75,166	2,485,919
Net book value at 31 December 2012		61,022	24,217	800	247,862	47,631	121,052	632,492	282,646	9,498	107,121	1,534,341

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company 2013	Note	Leasehold land 50 years or more RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 January		6,792	31	45,687	5,377	161	1,644	59,692
Additions		-	-	-	-	-	793	793
Disposals		(5,700)	-	(22,421)	-	-	(150)	(28,271)
Reclassified to non-current assets held for sale	53	(439)	-	(14,707)	-	-	-	(15,146)
At 31 December		653	31	8,559	5,377	161	2,287	17,068
Accumulate depreciation								
At 1 January		2,930	31	23,756	2,676	158	1,424	30,975
Charge for the financial year		144	-	1,326	444	3	(125)	1,792
Disposals		(2,808)	-	(12,921)	-	-	(150)	(15,879)
Reclassified to non-current assets held for sale	53	(187)	-	(7,097)	-	-	-	(7,284)
At 31 December		79	31	5,064	3,120	161	1,149	9,604
Net book value at 31 December 2013		574	-	3,495	2,257	-	1,138	7,464

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company 2012	Leasehold land 50 years or more RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total
Cost							
At 1 January	6,792	31	45,687	5,585	161	2,635	60,891
Additions	–	–	–	40	–	–	40
Disposals	–	–	–	(248)	–	(991)	(1,239)
At 31 December	6,792	31	45,687	5,377	161	1,644	59,692
Accumulated depreciation							
At 1 January	2,760	31	22,264	2,251	155	1,823	29,284
Charge for the financial year	170	–	1,492	425	3	255	2,345
Disposals	–	–	–	–	–	(654)	(654)
At 31 December	2,930	31	23,756	2,676	158	1,424	30,975
Net book value at 31 December 2012	3,862	–	21,931	2,701	3	220	28,717

16 INVESTMENT PROPERTIES

The Group	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Total RM'000
2013						
At 1 January		27	6,423	5	10,996	17,451
Reclassified to non-current assets held for sale	53	(27)	(6,375)	(4)	(7,556)	(13,962)
Disposals		-	(510)	-	-	(510)
Fair value adjustments		-	462	(1)	560	1,021
At 31 December		-	-	-	4,000	4,000
2012						
At 1 January		437	5,922	2,211	83	8,653
Reclassification		-	-	(2,212)	2,212	-
Reclassified from property, plant and equipment	15	-	-	-	4,937	4,937
Reclassified to prepaid lease payment	17	-	-	6	-	6
Reclassified to non-current assets held for sale	53	-	-	-	(200)	(200)
Disposals		-	(700)	-	-	(700)
Fair value adjustments		(410)	1,201	-	3,964	4,755
At 31 December		27	6,423	5	10,996	17,451

16 INVESTMENT PROPERTIES (CONTINUED)

The Company	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
2013			
Cost			
At 1 January / 31 December	235	561	796
Accumulated depreciation			
At 1 January	–	288	288
Charge for the financial year	–	18	18
At 31 December	–	306	306
Net book value at 31 December 2013	235	255	490
Fair value as at 31 December 2013	675	835	1,510
2012			
Cost			
At 1 January / 31 December	235	561	796
Accumulated depreciation			
At 1 January	–	269	269
Charge for the financial year	–	19	19
At 31 December	–	288	288
Net book value at 31 December 2012	235	273	508
Fair value as at 31 December 2012	675	835	1,510

16 INVESTMENT PROPERTIES (CONTINUED)

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

The following amounts have been reflected in the statement of income:

	The Group	
	2013	2012
	RM'000	RM'000
Rental income	197	236
Operating expenses arising from investment properties that generated the rental income	(104)	72

17 PREPAID LEASE PAYMENTS

The Group	Note	Leasehold land less than 50 years RM'000	Total RM'000
2013			
Cost			
At 1 January		290,853	290,853
Additions		92	92
Disposals/write-off		(20)	(20)
Exchange fluctuation		(12)	(12)
At 31 December		290,913	290,913
Amortisation and impairment loss			
At 1 January		131,240	131,240
Amortisation during the financial year		11,802	11,802
Disposals/write-off		(13)	(13)
Exchange fluctuation		(17)	(17)
At 31 December		143,012	143,012
Net book value at 31 December 2013		147,901	147,901

17 PREPAID LEASE PAYMENTS (CONTINUED)

The Group	Note	Leasehold land less than 50 years RM'000	Total RM'000
2012			
Cost			
At 1 January		289,193	289,193
Arising from acquisition of a subsidiary		1,345	1,345
Additions		161	161
Reclassified to investment properties	16	(13)	(13)
Reclassified from property, plant and equipment	15	203	203
Exchange fluctuation		(36)	(36)
At 31 December		290,853	290,853
Amortisation and impairment loss			
At 1 January		118,629	118,629
Amortisation during the financial year		12,642	12,642
Reclassified to investment properties	16	(7)	(7)
Exchange fluctuation		(24)	(24)
At 31 December		131,240	131,240
Net book value at 31 December 2012		159,613	159,613

Future amortisation of prepaid land lease is as follows:

The Group	31 December 2013 Leasehold land less than 50 years RM'000	31 December 2012 Leasehold land less than 50 years RM'000
– Not later than one year	11,802	12,642
– Later than one year and not later than five years	47,208	50,567
– More than five years	88,891	96,404
	147,901	159,613

18 GOODWILL

	Note	The Group	
		2013 RM'000	2012 RM'000
Cost			
At 1 January		8,227,051	8,278,712
Goodwill arising from business combinations:		26,435	164,417
– Acquisition of SICCO Securities Public Company Limited	51(b)(i)	–	12,033
– Arising from initial accounting for the acquisition of selected RBS businesses			
(i) Asia Pacific (excluding Taiwan)	51(a)(i)	–	152,384
(ii) Taiwan	51(a)(i)	26,435	–
Exchange fluctuation		(329,558)	(216,078)
At 31 December		7,923,928	8,227,051
Impairment			
At 1 January		(46,465)	(36,223)
Impairment charge during the financial year		–	(10,242)
At 31 December		(46,465)	(46,465)
Net book value at 31 December		7,877,463	8,180,586

18 GOODWILL (CONTINUED)

Allocation of goodwill to cash-generating-units

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

CGU	31 December 2013 RM'000	31 December 2012 RM'000
Investment Banking		
Investment Banking	–*	205,907
Retail and Institutional Equity	328,445	130,090
Financial Advisories, Underwriting and Other Fees	56,281	22,294
	281,772	281,772
Asset Management		
Consumer Banking		
Retail Finance Services	1,101,075	1,101,075
Commercial Banking	911,000	911,000
Corporate Banking	419,000	419,000
Islamic Banking	136,000	136,000
Direct Banking Group	587,000	587,000
Treasury	537,000	537,000
Foreign Banking Operations		
Indonesia	2,578,349	2,578,349
Thailand	1,199,277	1,199,277
Others		
Insurance	1,500	1,500
Touch 'n Go	51,082	51,082
Exchange fluctuation	(310,318)	19,240
	7,877,463	8,180,586

* During the financial year, the Group had reallocated the Investment Banking CGU to the Retail and Institutional Equity and Financial Advisories, Underwriting and Other Fees CGUs.

18 GOODWILL (CONTINUED)**Impairment test for goodwill**Value-in-use

The recoverable amount of CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2014 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using the estimated growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments.

The estimated growth rates and discount rates used for value-in-use calculations are as follows:

	31 December 2013		31 December 2012	
	Growth rate	Discount rate	Growth rate	Discount rate
Investment Banking	N/A	N/A	2.00%-5.00%	4.50%-11.15%
Retail and Institutional Equity	2.00%	11.64%	N/A	N/A
Financial Advisories, Underwriting and Other Fees	2.00%	11.64%	N/A	N/A
Asset Management	5.00%	6.55%	5.00%	7.10%
Consumer Banking	5.00%	6.55%	5.00%	7.10%
Treasury	5.00%	6.55%	5.00%	7.10%
Foreign banking operations	2.00%	9.78%-10.63%	2.00%	9.50%-10.86%
Others	2.00-5.00%	6.55%	2.00-5.00%	7.10%

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

Impairment charge

During financial year ended 31 December 2012, the impairment charge of RM10.2 million arises from asset management. The impairment charge arose as the recoverable amount of the CGU was less than the carrying value of the CGU.

19 INTANGIBLE ASSETS

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Securities stockbroking license RM'000	Computer software RM'000	License and club debentures RM'000	Insurance broker license* RM'000	Total RM'000
2013								
Cost								
At 1 January		211,772	1,348,558	31,418	1,475,305	11,513	899	3,079,465
Additions during the financial year		-	-	-	363,426	4,440	-	367,866
Disposals during the financial year		-	-	-	(33,297)	-	-	(33,297)
Reclassified from property, plant and equipment	15	-	-	-	392	-	-	392
Exchange fluctuation		(1)	-	1,089	3,647	428	-	5,163
At 31 December		211,771	1,348,558	32,507	1,809,473	16,381	899	3,419,589
Accumulated amortisation and impairment								
At 1 January		126,381	538,418	31,418	705,238	490	-	1,401,945
Amortisation during the financial year		23,365	110,903	-	142,884	153	-	277,305
Disposals during the financial year		-	-	-	(22,102)	-	-	(22,102)
Exchange fluctuation		(1)	-	1,089	1,379	(251)	-	2,216
At 31 December		149,745	649,321	32,507	827,399	392	-	1,659,364
Net book value at 31 December 2013		62,026	699,237	-	982,074	15,989	899	1,760,225

* Insurance broker license are not amortised as they have an infinite life. They are assessed for impairment on an annual basis.

19 INTANGIBLE ASSETS (CONTINUED)

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Securities stockbroking license RM'000	Computer software RM'000	License and club debentures RM'000	Insurance broker license* RM'000	Total RM'000
2012								
Cost								
At 1 January		211,795	1,348,558	30,939	1,150,823	2,007	899	2,745,021
Arising from acquisition of a subsidiary	51(b)(i)	–	–	–	941	–	–	941
Additions during the financial year		–	–	–	309,977	9,695	–	319,672
Disposals during the financial year		–	–	(256)	(3,001)	–	–	(3,257)
Reclassified from property, plant and equipment	15	–	–	–	17,273	–	–	17,273
Exchange fluctuation		(23)	–	735	(708)	(189)	–	(185)
At 31 December		211,772	1,348,558	31,418	1,475,305	11,513	899	3,079,465
Accumulated amortisation and impairment								
At 1 January		103,343	427,646	30,788	570,716	649	–	1,133,142
Amortisation during the financial year		23,060	110,772	–	128,249	31	–	262,112
Disposals during the financial year		–	–	(105)	(2,414)	–	–	(2,519)
Reclassified from property, plant and equipment	15	–	–	–	8,975	–	–	8,975
Exchange fluctuation		(22)	–	735	(288)	(190)	–	235
At 31 December		126,381	538,418	31,418	705,238	490	–	1,401,945
Net book value at 31 December 2012								
		85,391	810,140	–	770,067	11,023	899	1,677,520

* Insurance broker license are not amortised as they have an infinite life. They are assessed for impairment on an annual basis.

The above intangible assets include software under construction at cost of RM502,114,781 (2012: RM452,343,695).

19 INTANGIBLE ASSETS (CONTINUED)

The valuation of customer relationship was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing credit card, revolving credit, overdraft and trade finance loan base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

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

The remaining amortisation period of the intangible assets with finite life is as follows:

Customer relationships:

– Credit card	4.5 years
– Overdraft	1 – 2 years
Core deposits	0.5 – 15 years
Computer software	1 – 14 years
Club debentures	7 – 9 years

20 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
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

20 DEPOSITS FROM CUSTOMERS (CONTINUED)

(i) By type of deposit (Continued)

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Due within six months	97,933,973	103,547,709	87,378,439
Six months to one year	15,849,808	10,501,677	10,628,247
One year to three years	1,850,649	1,562,580	1,338,243
Three years to five years	1,234,394	891,283	1,583,660
More than five years	328,484	834,377	349,701
	117,197,308	117,337,626	101,278,290

(ii) By type of customer

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
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

21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2013 RM'000	The Group 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 Group has undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM126,971,000 (31 December 2012: RM97,000,000; 1 January 2012: RM70,000,000) using interest rate swaps.

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 restated	1 January 2012 RM'000 restated
Negotiable instruments of deposit	126,971	97,000	70,000
Fair value changes arising from fair value hedges	(3,267)	(2,141)	721
	123,704	94,859	70,721

The fair value loss of the interest rate swaps in this hedge transaction as at 31 December 2013 was RM2,384,445 (31 December 2012: fair value loss of RM2,287,177; 1 January 2012: fair value gain of RM3,577,351).

22 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

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

The Group has issued structured investments, and has 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.

23 OTHER LIABILITIES

	Note	The Group			The Company	
		31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated	31 December 2013 RM'000	31 December 2012 RM'000
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	5,015	1,404
Provision for legal claims		82,783	86,801	128,254	–	–
Sundry creditors		1,054,029	809,560	881,454	4	4
Insurance fund – life and takaful insurance business		54,894	51,277	45,397	–	–
Allowance for commitments and contingencies	(a)	16,823	17,711	33,061	–	–
Post employment benefit obligations	24	279,160	337,922	343,369	–	–
Credit card expenditure payable		16,823	222,557	125,537	–	–
Call deposit borrowing		279,160	456,832	436,242	–	–
Others		2,873,461	2,002,339	1,615,184	8	–
		8,562,039	7,564,850	6,414,290	5,027	1,408

(a) The movements in the allowance for commitments and contingencies are as follows:

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	17,711	33,061
Allowance written back during the financial year	(1,334)	(13,473)
Exchange fluctuation	446	(1,877)
At 31 December	16,823	17,711

24 POST EMPLOYMENT BENEFIT OBLIGATIONS

		31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
	Note			
Defined contribution plan – EPF	(a)	26,034	30,271	28,713
Defined benefit plans	(b)	253,126	307,651	314,656
		279,160	337,922	343,369

(a) Defined contribution plan

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

(b) Defined benefit plans

The Group operates final salary defined benefit plans for its employees in Indonesia and Thailand under Labor Law of respectively countries, the assets of which are held in separate trustee-administered funds that are governed by local authorities and practice in each country. The plan calls for benefits to be paid to eligible employee at retirement or when the employees resign. The level of benefits provided depends on members’ length of service and their salary in the final years leading up to retirement. The majority of benefits payments are from trustee-administrated funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due.

The latest actuarial valuations of the plans in Indonesia and Thailand were carried out in 2013.

The amount recognised in the statements of financial position in respect of defined benefit plans is as follows:

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Present Value of Funded obligation	399,979	606,252	553,716
Fair value of plan assets	(269,439)	(331,268)	(301,522)
Status of funded plan	130,540	274,984	252,194
Present value of unfunded obligations	115,485	32,667	61,011
Status of defined benefits person plans	246,025	307,651	313,205
Impact of minimum funding requirement/asset ceiling	7,101	–	1,451
Liability in statements of financial position	253,126	307,651	314,656

24 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)**(b) Defined benefit plans (Continued)**

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

The Group	Present value of obligation RM'000	Fair value of plan assets RM'000	Total RM'000	Impact of minimum funding requirement/ asset ceiling RM'000	Total RM'000
At 1 January 2013	638,919	(331,268)	307,651	–	307,651
Current service costs	53,231	–	53,231	–	53,231
Overprovision in prior year	(10,527)	–	(10,527)	–	(10,527)
Interest expense/(income)	35,324	(24,955)	10,369	–	10,369
Components of defined benefits costs recognised in statements of income	78,028	(24,955)	53,073	–	53,073
Remeasurement:					
– Return on plan assets, excluding amounts included in interest expense	–	18,783	18,783	–	18,783
– Loss from changes in demographic assumptions	5,752	–	5,752	–	5,752
– Gain from changes in financial assumptions	(108,824)	–	(108,824)	–	(108,824)
– Experience losses	1,885	–	1,885	–	1,885
– Change in asset ceiling, excluding amounts included in interest expense	–	–	–	7,991	7,991
Components of defined benefits costs recognised in statements of comprehensive income	(101,187)	18,783	(82,404)	7,991	(74,413)
Exchange fluctuation	(69,007)	48,724	(20,283)	(890)	(21,173)
Contributions:					
– Plan participant		540	540	–	540
Payments from plans – benefits paid	(31,289)	18,737	(12,552)	–	(12,552)
At 31 December 2013	515,464	(269,439)	246,025	7,101	253,126

24 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)**(b) Defined benefit plans (Continued)**

The movements in the defined benefit obligation over the financial year are as follows (Continued):

The Group	Present value of obligation RM'000	Fair value of plan assets RM'000	Total RM'000	Impact of minimum funding requirement/ asset ceiling RM'000	Total RM'000
At 1 January 2012 (Restated)	614,727	(301,522)	313,205	1,451	314,656
Current service costs	47,392	–	47,392	–	47,392
Interest expense/(income)	35,990	(24,927)	11,063	820	11,883
Components of defined benefits costs recognised in statement of income	83,382	(24,927)	58,455	820	59,275
Remeasurement:					
– Return on plan assets, excluding amounts included in interest income	–	(11,338)	(11,338)	–	(11,338)
– Loss from changes in financial assumptions	45,852	–	45,852	–	45,852
– Change in asset ceiling, excluding amounts included in interest expense	–	–	–	(1,863)	(1,863)
Components of defined benefits costs recognised in statements of comprehensive income	45,852	(11,338)	34,514	(1,863)	32,651
Exchange fluctuation	(56,014)	28,419	(27,595)	(408)	(28,003)
Contributions:					
– Plan participant	–	(42,415)	(42,415)	–	(42,415)
Payments from plans – benefits paid	(49,028)	20,515	(28,513)	–	(28,513)
At 31 December 2012 (Restated)	638,919	(331,268)	307,651	–	307,651

24 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

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

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

The Group	31 December 2013		31 December 2012		1 January 2012	
	Thailand	Indonesia	Thailand	Indonesia	Thailand	Indonesia
	%	%	%	%	%	%
Discount rates	4.00	9.25	3.50	6.30	3.50	7.30
Expected return on plan assets	N/A	9.25	N/A	9.00	N/A	11.00
Future salary increases	5.00	8.00	5.00	8.00	5.00	8.00
Rate of price inflation – other fixed allowance	2.50	N/A	2.50	N/A	2.50	N/A

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rates	0.5% – 1%	Decreased by 9.5%	Increased by 10.5%
Expected return on plan assets	1.0%	Decreased by 1.0%	Increased by 1.0%
Future salary increases	1.0%	Increased by 14.1%	Decreased by 12.1%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

24 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)**(b) Defined benefit plans (Continued)**

The Group's plan assets are comprised as follows:

	The Group								
	31 December 2013			31 December 2012			1 January 2012		
	Quoted RM'000	Unquoted RM'000	Total RM'000	Quoted RM'000	Unquoted RM'000	Total RM'000	Quoted RM'000	Unquoted RM'000	Total RM'000
Equity instruments (by geography)									
Indonesia	58,650	-	58,650	74,854	-	74,854	73,478	-	73,478
Debt instruments (by type)									
Government bonds	37,117	-	37,117	53,770	-	53,770	63,048	-	63,048
Corporate bonds (investment grade)	42,132	-	42,132	51,698	-	51,698	47,330	-	47,330
Cash and cash equivalent	-	82,130	82,130	-	94,286	94,286	-	45,155	45,155
Mutual funds	34,722	-	34,722	38,663	-	38,663	44,222	-	44,222
Others	-	14,688	14,688	-	18,006	18,006	-	28,289	28,289
	172,621	96,818	269,439	218,976	112,292	331,268	228,078	73,444	301,522

The expected contribution to post employment benefits plan for the financial year ending 31 December 2014 is RM5,723,000 to the Group.

The weighted average duration of the defined benefit obligation is 9.7 years.

Expected maturity analysis of undiscounted defined benefits plans:

At 31 December 2013	Less than a year RM'000	Between 1-2 years RM'000	Between 2-5 years RM'000	Over 5 years RM'000	Total RM'000
Defined benefits plan	18,758	23,030	99,964	2,631,065	2,772,817
	18,758	23,030	99,964	2,631,065	2,772,817

25 BONDS AND DEBENTURES

		31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
IDR1,500,000 million bonds	(a)	403,125	640,018	521,225
HKD462 million notes	(b)	198,266	188,499	–
USD350 million notes	(c)	1,141,492	1,079,268	–
IDR2,000,000 million bonds	(d)	543,047	475,123	–
THB Structured debentures	(e)	514,082	121,489	–
THB Short term debenture	(f)	2,116,464	656,153	–
IDR600,000 million bonds	(g)	121,334	189,949	–
HKD171 million notes	(h)	72,495	–	–
HKD430 million notes	(i)	182,157	–	–
USD45 million notes	(j)	147,711	–	–
IDR600,000 million notes	(k)	163,700	–	–
HKD350 million notes	(l)	147,993	–	–
SGD20 million notes	(m)	51,121	–	–
USD20 million notes	(n)	65,704	–	–
IDR1,450,000 million bonds	(o)	391,979	–	–
HKD775 million notes	(p)	327,820	–	–
HKD950 million notes	(q)	401,694	–	–
RM500 million bonds	(r)	500,081	500,161	500,477
		7,490,265	3,850,660	1,021,702

(a) IDR1,500,000 million bonds

In 2011, CIMB Niaga, an indirect subsidiary of the Company, issued unsecured IDR1,500,000 million bonds with fixed interest rates. The bonds are divided into two series:

(i) Series A Bond

The nominal value of the bonds amounted to IDR180,000 million with a tenor of 3 years which will mature on 23 December 2014. It bears fixed interest rate of 7.375% per annum.

(ii) Series B Bond

The nominal value of the bonds amounted to IDR1,320,000 million with a tenor of 5 years which will mature on 23 December 2016. It bears fixed interest rate of 8.30% per annum.

25 BONDS AND DEBENTURES (CONTINUED)**(b) HKD462 million notes**

On 8 May 2012, CIMB Bank Berhad, an indirect subsidiary of the Company, acting through its Labuan Offshore Branch, issued a HKD 462 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
HKD462 million notes, at cost	180,462	180,462	–
Fair value changes arising from fair value hedges	(216)	3,116	–
Foreign exchange translations and interest payables	18,020	4,921	–
	198,266	188,499	–

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2013 were RM2,345,539 (31 December 2012: fair value gain of RM5,457,587; 1 January 2012: Nil).

(c) USD350 million notes

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

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
USD350 million notes, at cost	1,103,725	1,103,725	–
Fair value changes arising from fair value hedges	(11,539)	3,630	–
Foreign exchange translations, interest payables and accretion of discount	49,306	(28,087)	–
	1,141,492	1,079,268	–

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2013 were RM5,047,779 (31 December 2012: fair value gain of RM10,764,183; 1 January 2012: Nil).

25 BONDS AND DEBENTURES (CONTINUED)

(d) IDR2,000,000 million bonds

On 30 October 2012, CIMB Niaga issued unsecured IDR2,000,000 million bonds with fixed interest rates. The bonds are divided into two series:

(i) Series A Bond

The nominal value of the bonds amounted to IDR600,000 million with a tenor of 3 years which will mature on 30 October 2015. It bears fixed interest rate of 7.35% per annum.

(ii) Series B Bond

The nominal value of the bonds amounted to IDR1,400,000 million with a tenor of 5 years which will mature on 30 October 2017. It bears fixed interest rate of 7.75% per annum.

(e) THB Structured debentures

During the financial year, CIMB Thai issued various unsecured structured debentures amounted to THB5.1 billion (31 December 2012: THB1.2 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 (31 December 2012: 0.5% per annum) variable to index of THBFIX 6 months, payable semi annually. CIMB Thai has the option to early redeem the above structured debentures on any coupon dates.

During the financial year, CIMB Thai has early redeemed structured debentures amounted to THB1,298 million.

(f) THB Short term debentures

During the financial year, CIMB Thai issued various unsecured short term debentures amounted to THB20.7 billion (31 December 2012: THB6.6 billion), with maturity ranging from 14 days to 9 months (31 December 2012: 12 days to 6 months).

The debentures carry fixed interest rates of 2.44% to 2.99% (31 December 2012: 2.76% to 2.95%) payable at respective maturity dates.

(g) IDR600,000 million bonds

On 22 November 2012, PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued an unsecured IDR600,000 million bond with fixed interest rates. The bonds are divided in 2 series:

(i) Series 1

The nominal value of the bonds amounted to IDR152,000 million with a tenor of 1 year which had matured on 22 November 2013 and was redeemed on its maturity date. It bears fixed interest rate of 7.00% per annum.

(ii) Series 2

The nominal value of the bonds amounted to IDR448,000 million with a tenor of 3 year which will mature on 22 November 2015. It bears fixed interest rate of 8.10% per annum.

(h) HKD171 million notes

On 22 January 2013, CIMB Bank a HKD171 million 5-year senior unsecured Fixed Rate 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.

25 BONDS AND DEBENTURES (CONTINUED)**(i) HKD430 million notes**

On 22 January 2013, CIMB Bank issued a HKD430 million 3-year senior unsecured Fixed Rate 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.

(j) USD45 million notes

On 29 January 2013, CIMB Bank issued 2-year USD45 million senior unsecured floating rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on the interest payment date falling in or nearest to January 2015. The coupon rate is calculated based on the 3-month U.S.\$ LIBOR plus a margin of 0.70% per annum and coupon is payable quarterly in arrears.

(k) IDR600,000 million notes

PT CIMB Niaga Auto Finance has issued a 3-year IDR200,000 million and IDR400,000 million Monetary Term Notes on 15 February 2013 and 16 April 2013 respectively. The notes are unsecured and will mature on 15 February 2016 and 16 April 2016 respectively. It bears fixed interest rate of 8.50% per annum and 8.20% per annum.

(l) HKD350 million notes

CIMB Bank issued HKD350 million 3-year senior unsecured 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.

(m) SGD20 million notes

On 22 March 2013, CIMB Bank Berhad, acting through its Singapore Branch, issued SGD20 million 5-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes 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.

CIMB Bank has undertaken fair value hedge on the interest rate risk of the SGD20 million notes using interest rate swaps.

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
SGD20 million notes, at cost	49,826	–	–
Fair value changes arising from fair value hedges	(910)	–	–
Foreign exchange translations and interest payables	2,205	–	–
	51,121	–	–

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2013 were RM893,430 (31 December 2012: Nil).

25 BONDS AND DEBENTURES (CONTINUED)

(n) USD20 million notes

On 8 April 2013, CIMB Bank acting through its Labuan Offshore Branch, issued USD20 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes 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.

(o) IDR1,450,000 million bonds

CIMB Niaga, has issued 2-year Series A, 3-year Series B and 5-year Series C Senior Bond 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.

(p) HKD775 million notes

On 29 August 2013, CIMB Bank issued HKD775 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes 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.

(q) HKD950 million notes

On 20 December 2013, CIMB Bank Berhad issued HKD950 million 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 20 December 2016. It bears a fixed coupon rate of 1.45% per annum payable annually in arrears.

(r) RM500 million bonds

In 2011, CIMB Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to CIMB Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction. As a result, the RM500 million funding received by CIMB Bank from MKB is recognised as bonds by the Group. The adoption of MFRS 10 has been applied retrospectively; refer to Note 54 for the impact of the adoption of MFRS 10 to the comparatives.

1st tranche of RM180 million is raised for an effective interest rate of 2.80% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

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

The Group has undertaken cash flow hedge on the notes issued under item (h), (i), (l), (p) and (q).

26 OTHER BORROWINGS

	Note	31 December	The Group	1 January	The Company	31 December
		2013	31 December	2012	31 December	31 December
		RM'000	2012	2012	2013	2012
			Restated	Restated	RM'000	RM'000
Syndicated term loan						
– USD100 million	(a)	–	306,164	318,052	–	306,164
Commercial Papers/Medium Term Notes	(b)	1,197,193	917,196	861,382	1,197,193	1,002,575
Term loan	(c)	3,978,904	4,236,834	4,431,950	2,626,662	2,493,826
Others	(d)	2,596,630	2,180,166	1,381,236	–	–
		7,772,727	7,640,360	6,992,620	3,823,855	3,802,565

(a) In 2010, the Company secured an unsecured syndicated term loan amounting to USD100 million which matured on 2 December 2013. It bears floating interest rate of LIBOR + 0.80% per annum.

(b) The Conventional Commercial Papers (“CPs”), Conventional Medium Term Notes (“MTNs”) and Islamic Medium Term Notes (“iMTNs”) were issued by the Company.

The CPs, MTNs and iMTNs are unsecured. The aggregate outstanding nominal value of the CPs, MTN, and iMTN at any point in time shall not exceed RM6 billion.

The main features of the CPs are as follows:

- (i) In 2011, the Company issued RM100 million CPs, and had matured on 27 January 2012. The Commercial Papers carry an interest rate of 3.40%.
- (ii) In 2012, the Company issued RM150 million CPs, and had matured on 28 February 2013. The CPs carry an interest rate of 3.4%.
- (iii) In 2013, the Company issued the following CPs:
 - RM150 million issued on 28 February 2013 and had matured on 28 May 2013. The CPs carry an interest rate of 3.4%.
 - 3 months CPs and 6 months CPs of RM300 million and RM400 million respectively issued on 28 November 2013. The CPs carry an interest of 3.4% and 3.55% respectively.

The main features of the MTNs and iMTNs are as follows:

- (i) The MTNs and iMTNs were issued at par. The MTNs carry a fixed interest rate of 4.20% per annum and the iMTNs carry a fixed dividend rate of 5.05% per annum;
- (ii) On 30 May 2008, the Company issued RM350 million of iMTNs which had matured on 30 May 2013.
- (iii) In 2011, the Company issued RM500 million MTNs which will mature on 14 April 2016. The MTNs carry an interest rate of 4.20% per annum.

26 OTHER BORROWINGS (CONTINUED)

- (b) The Conventional Commercial Papers (“CPs”), Conventional Medium Term Notes (“MTNs”) and Islamic Medium Term Notes (“iMTNs”) were issued by the Company. (Continued)
- (iv) In 2009, the Company has undertaken a fair value hedge on the profit rate risk amounting to RM150 million of the RM350 million iMTNs using profit rate swaps. The fair value hedge was terminated in 2013 upon maturity of iMTNs.

	The Company	
	31 December 2013 RM'000	31 December 2012 RM'000
Islamic Medium Term Notes, at cost	–	150,000
Fair value changes arising from fair value hedge	–	(2,663)
	–	147,337

In 2012, the fair value gain of profit rate swaps in these hedge transactions was RM1,313,881 (1 January 2012: RM4,270,816).

- (c) In 2009, the Company secured an unsecured term loan amounting to RM1.0 billion to refinance its existing borrowings. The term loan is repayable in full at the end of three years on 26 June 2015 and bears a floating interest rate of 3.69% (2011: 3.73%) per annum.

In 2011, the Company secured another unsecured term loan amounting to RM1.0 billion. The term loan is repayable in full at the end of three years on 27 October 2014 and bears a floating interest rate of 3.36% per annum.

In 2012, the Company secured a term loan amounting to USD190 million from its subsidiary which bears a floating rate of 1.2% plus USD Cost of fund per annum. The term loan is secured by shares of its subsidiaries. The term loan is partially drawdown upto USD160.5 million as of 31 December 2013. The term loan will mature on 30 October 2017.

In 2009, CIMB Niaga secured an unsecured term loan amounting to USD45 million which will mature on 2012. It bears a floating interest rate of 1.01% per annum.

On 27 December 2011, STAMC secured an unsecured term loan amounting to THB2,500,000,000 which had matured on 29 December 2012. It bears a floating interest rate of 0.85% per annum.

Include in term loans are term loans of RM1,968,211,000 (31 December 2012: RM2,235,865,000; 1 January 2012: RM2,131,380,000) undertaken by CIMB Bank Berhad from various financial institutions for working capital purposes. The loans have maturities ranging between 25 March 2014 being the earliest to mature and 29 March 2019 being the longest to mature. Interest rates charged are between 0.64% to 1.26% per annum.

- (d) Included in other are short term and long borrowing of RM1,592,603,000 (31 December 2012: RM1,223,413,000; 1 January 2012: RM751,676,000) undertaken by CIMB Niaga and its subsidiaries. The maturity dates ranges from 1 to 5 years (31 December 2012: 1 to 5 years; 1 January 2012: 1 to 10 years), with interest rates charged ranging from 0.95% to 12.75% per annum (31 December 2012: 8.50% to 12.00% per annum; 1 January 2012: 9.83% to 13.86% per annum).

27 SUBORDINATED OBLIGATIONS

	Note	31 December	The Group	1 January	The Company	
		2013	31 December	2012	31 December	31 December
		RM'000	2012	2012	2013	2012
			RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
Subordinated Notes 2010/2017 IDR1,380,000 million	(a)	377,946	466,949	496,607	-	-
Subordinated Notes 2010/2020 IDR1,600,000 million	(b)	429,837	506,917	568,762	-	-
Subordinated Bonds 2008/2018 RM1.5 billion, callable with step-up in 2013	(c)	-	1,510,496	1,520,952	-	-
Subordinated Bonds 2008/2038 RM1.0 billion, callable with step up-in 2018	(d)	1,015,786	1,015,603	1,015,786	-	-
Subordinated Bonds 2008/2058 RM1.0 billion, optional redemption in 2018	(e)	980,009	994,303	991,868	-	-
Subordinated Notes 2007/2017 USD40 million, callable with step-up in 2012	(f)	-	-	133,734	-	-
Subordinated Notes THB544 million	(g)	54,392	54,450	54,843	-	-
Subordinated Sukuk RM850 million (1st tranche due in 2024, optional redemption in 2019; 2nd tranche due in 2021, optional redemption in 2016; 2nd tranche due in 2022, optional redemption in 2017)	(h)	660,370	658,806	360,613	-	-
Subordinated Debt 2010/2020 RM1 billion, callable in 2015	(i)	1,010,663	1,018,754	1,027,297	-	-
Subordinated Debt 2010/2025 RM1 billion, callable in 2020	(i)	1,027,377	1,061,704	1,066,054	-	-
Subordinated Notes 2009/2059 RM1.38 billion, optional redemption in 2019	(j)	1,380,552	1,380,276	1,380,552	1,380,552	1,380,276
Subordinated Notes 2010/2060 RM150 million, callable with step-up in 2015	(k)	151,873	146,857	146,857	151,873	151,917
Subordinated Notes 2010/2060 RM600 million, callable with step-up in 2020	(k)	485,870	459,486	437,002	608,977	609,185
Subordinated Debt RM1.5 billion (1st tranche due in 2021, callable in 2016; 2nd tranche due in 2026, callable in 2021)	(l)	1,407,973	1,415,676	1,415,094	-	-
Subordinated Notes 2011/2021 THB3 billion, optional redemption in 2016	(m)	307,191	238,072	309,735	-	-
Subordinated Notes 2012/2022 THB3 billion, optional redemption in 2017	(n)	301,769	302,091	-	-	-
Subordinated Debt 2012/2022 RM1.5 billion, callable in 2017	(o)	1,404,940	1,429,411	-	-	-
Subordinated Notes 2013/2023 RM1.05 billion	(p)	1,063,868	-	-	-	-
Hybrid 2009/2019 THB2.5 billion, callable with step-up in 2014	(q)	6,284	-	-	-	-
		12,066,700	12,659,851	10,925,756	2,141,402	2,141,378

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(a) Subordinated Notes 2010/2017 IDR1,380,000 million**

The unsecured Subordinated Notes 2010/2017 IDR1,380,000 million (“the Notes”) were issued by CIMB Niaga on 8 July 2010. The Notes were issued at scriptless, with term of 7 years from the emission date and with fixed interest rate of 11.30% per annum. The Notes were listed on the Indonesia Stock Exchange on 9 July 2010.

(b) Subordinated Notes 2010/2020 IDR1,600,000 million

The unsecured Subordinated Notes 2010/2020 IDR1,600,000 million (“the Notes”) were issued by CIMB Niaga on 23 December 2010. The Notes were issued at scriptless, with term of 10 years from the emission date and with fixed interest rate of 10.85% per annum. The Notes were listed on the Indonesia Stock Exchange on 27 December 2010.

(c) Subordinated Bonds 2008/2018 RM1.5 billion

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

The RM1.5 billion Bonds qualify as Tier-2 Capital for the purpose of the RWCR computation (subject to the gradual phase-out treatment under Basel 3).

CIMB Bank has exercised the option to redeem the RM1.5 billion 10-year subordinated bonds with callable maturity on 28 March 2013.

CIMB Bank has undertaken a fair value hedge on the interest rate risk amounting to RM600 million of the RM1.5 billion Bonds using interest rate swaps. This hedge was discontinued in 2013 due to the full redemption of the RM1.5 billion Bonds.

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated bonds, at cost	-	600,000	600,000
Fair value changes arising from fair value hedges	-	(8,634)	1,821
Interest payables	-	7,652	7,652
	-	599,018	609,473

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

27 SUBORDINATED OBLIGATIONS (CONTINUED)

(d) Subordinated Bonds 2008/2038 RM1.0 billion

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

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

The RM1.0 billion Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation (subject to the gradual phase-out treatment under Basel 3).

(e) Subordinated Bonds 2008/2058 RM1.0 billion

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

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

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

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

The Bonds qualify as Tier I Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(e) Subordinated Bonds 2008/2058 RM1.0 billion (Continued)**

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000	1 January 2012 RM'000
Subordinated notes, at cost	800,000	800,000	800,000
Fair value changes arising from fair value hedges	(21,175)	(6,880)	(9,119)
Interest payables	947	947	789
	779,772	794,067	791,670

The fair value loss of interest rate swaps in these hedge transactions as at 31 December 2013 was RM23,889,116 (31 December 2012: RM9,589,359; 1 January 2012: RM11,841,284).

(f) Subordinated Notes 2007/2017 USD40 million

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

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

The USD40 million Notes will mature on 20 February 2017 and qualify as Tier-2 Capital for the purpose of the RWCR computation. On 21 February 2012, CIMB Thai Bank had fully settled the USD40 million Notes.

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(g) Subordinated Notes THB544 million**

The THB 544 million subordinated notes (“the THB544 million Notes”) represent CIMB Thai’s obligation with regards to the promissory notes previously issued by few financial institutions before a series of merger. The promissory notes, which are guaranteed by Financial Institutions Development Fund (“FIDF”) have been recalled as FIDF is of the opinion that CIMB Thai has no obligations in respect to the related liabilities. However, CIMB Thai has yet to return the promissory notes to FIDF in order to retain its right to claim compensation from FIDF should CIMB Thai need to undertake any responsibility for any obligations in the future.

(h) Subordinated Sukuk RM850 million

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

The first tranche of the Sukuk of RM300 million was issued at par on 25 September 2009 and are due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears. Included in the RM300 million subordinated Sukuk was RM162.20 million (31 December 2012: RM170.15 million: 1 January 2012: RM182.15 million) subordinated Sukuk which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

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

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated Sukuk, at cost	250,000	250,000	250,000
Fair value changes arising from fair value hedges	2,436	5,628	7,959
Interest payables	2,077	2,048	2,043
	254,513	257,676	260,002

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(h) Subordinated Sukuk RM850 million (Continued)**

The fair value gain of Islamic profit rate swaps in these hedge transactions as at 31 December 2013 was RM2,881,581 (31 December 2012: RM5,932,760; 1 January 2012: RM8,194,538).

On 18 September 2012, the third tranche of the Sukuk of RM300 million was issued at par and is due on 15 September 2022, with optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

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

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated Sukuk, at cost	270,000	270,000	–
Fair value changes arising from fair value hedges	(6,023)	(2,351)	–
Interest payables	3,039	3,061	–
	267,016	270,710	–

Included in the RM300 million subordinated Sukuk was RM30 million (31 December 2012: RM30 million) subordinated Sukuk which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

The fair value loss of Islamic profit rate swaps in this hedge transaction as at 31 December 2013 was RM5,864,579 (31 December 2012: RM2,302,664; 1 January 2012: nil).

The RM850 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of CIMB Islamic (subject to the gradual phase-out treatment under Basel 3).

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(i) Subordinated Debts RM2 billion**

CIMB Bank has on 23 December 2010 completed the issuance of RM2.0 billion unsecured Subordinated Debt.

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

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

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

The RM2.0 billion subordinated debts qualify as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

In 2012, CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1 billion subordinated debts (maturity of 10 years) and RM1 billion subordinated debts (maturity of 15 years) using interest rate swaps. The fair value hedge was discontinued in 2013.

Subordinated debts with maturity of 10 years

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated debts, at cost	1,000,000	1,000,000	1,000,000
Fair value changes arising from fair value hedges	-	17,811	26,237
Unamortised fair value adjustments	9,603	-	-
Interest payables	1,060	943	1,060
	1,010,663	1,018,754	1,027,297

The fair value gain of interest rate swaps in these hedge transactions as at 31 December 2012 was RM15,087,833 (1 January 2012: RM23,117,414).

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(i) Subordinated Debts RM2 billion (Continued)**

Subordinated debts with maturity of 15 years

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated debts, at cost	1,000,000	1,000,000	1,000,000
Fair value changes arising from fair value hedges	-	60,652	64,870
Unamortised fair value adjustments	26,193	-	-
Interest payables	1,184	1,052	1,184
	1,027,377	1,061,704	1,066,054

The fair value gain of interest rate swaps in these hedge transactions as at 31 December 2012 was RM51,449,507 (1 January 2012: RM55,268,434).

(j) Subordinated Notes 2009/2059 RM1.38 billion

The RM1.38 billion unsecured subordinated fixed rate notes ("the RM1.38 billion Notes") is part of the Subordinated Notes Programme which was approved by the Securities Commission on 12 June 2009. Under the programme, the Company is allowed to issue subordinated fixed rate notes of up to RM3.0 billion in nominal value.

The RM1.38 billion Notes under the first issuance were issued at par on 30 June 2009 and are due on 30 June 2059, with optional redemption on 30 June 2019 or any periodic payment date thereafter. It bears an interest rate of 7.30% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 6 months KLIBOR + 1% plus original credit spread. The original credit spread is calculated as 7.3% less the 10 year swap rate as per the 11 am BNM fixing rate on 23 June 2009.

(k) Subordinated Notes 2010/2060 RM150 million and RM600 million

The RM750 million unsecured Cumulative Subordinated Fixed Rate Notes ("the RM750 million Notes") issued by the Company on 5 April 2010, comprising a callable 5 year tranche and 10 year tranche, amounting to RM150 million and RM600 million respectively, was part of the Subordinated Notes Programme which was approved by the Securities Commission on 12 June 2009. Under the programme, the Company is allowed to issue subordinated fixed rate notes of up to RM3.0 billion in nominal value.

Included in the RM600 million subordinated notes was RM119,575,000 (31 December 2012: RM138,003,000 million; 1 January 2012: RM152,550,000) subordinated notes which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

Both tranches have a maturity of 50 years, with call option for the Issuer to redeem at year 5 and on each subsequent coupon payment date, and year 10 and on each subsequent coupon payment date respectively. The 5 year Tranche pays a semi annual coupon rate of 5.3% per annum whilst the 10 year Tranche pays a coupon of 6.35% per annum. The coupon will be stepped up by 2.0% in the event the Company does not redeem the RM750 million Notes on the respective first call date.

27 SUBORDINATED OBLIGATIONS (CONTINUED)

(i) Subordinated Debt 2011/2021 RM1.5 billion

CIMB Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

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

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

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

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

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

RM1.35 billion Subordinated debt

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 restated	1 January 2012 RM'000 restated
Subordinated debts, at cost	1,226,900	1,210,435	1,200,000
Fair value changes arising from fair value hedges	8,669	26,142	35,936
Interest payables	19,988	20,461	20,081
	1,255,557	1,257,038	1,256,017

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(l) Subordinated Debt 2011/2021 RM1.5 billion (Continued)**

Included in the RM1.35 billion subordinated debt was RM123,100 million (31 December 2012: RM139,565 million; 1 January 2012: RM150,000 million) subordinated debt which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

The fair value gain of interest rate swaps in these hedge transactions as at 31 December 2013 was RM12,339,335 (31 December 2012: RM29,818,318; 1 January 2012: RM38,756,075).

RM150 million Subordinated debt

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 restated	1 January 2012 RM'000 restated
Subordinated debts, at cost	150,000	150,000	150,000
Fair value changes arising from fair value hedges	(327)	5,819	6,257
Interest payables	2,743	2,819	2,820
	152,416	158,638	159,077

The fair value gain of interest rate swaps in these hedge transactions as at 31 December 2013 was RM320,673 (31 December 2012: RM6,478,919; 1 January 2012: RM6,820,237).

(m) Subordinated Notes 2011/2021 THB3 billion

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

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

(n) Subordinated Notes 2012/2022 THB3 billion

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

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

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(o) Subordinated Debt 2012/2022 RM1.5 billion**

CIMB Bank has on 30 November 2012 completed the issuance of RM1.5 billion unsecured subordinated debt.

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

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

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

The RM1.5 billion Subordinated Debt qualifies as Tier II Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel 3).

During the financial year, CIMB Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debt using interest rate swaps.

	31 December 2013 RM'000	The Group 31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated
Subordinated debts, at cost	1,427,050	1,425,000	–
Fair value changes arising from fair value hedges	(26,666)	–	–
Interest payables	4,556	4,411	–
	1,404,940	1,429,411	–

Included in the RM1.5 billion subordinated debt was RM72,950 million (31 December 2012: RM75,000 million) subordinated debt which was held by subsidiaries of the Company, hence the amount was eliminated at consolidated level.

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2013 was RM19,938,421 (2012: Nil).

27 SUBORDINATED OBLIGATIONS (CONTINUED)**(p) Subordinated Debts 2013/2023 RM1.05 billion**

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 ("BNM")'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) Hybrid 2009/2019 THB2.5 billion

On 27 March 2009, CIMB Thai issued 2,500,000 units cumulative hybrid instruments with a face value of THB1,000 each, or a total of THB2,500 million. The notes have a tenor of 10 years, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. They bear interest at 5.25% per annum, for the first 5 years, and 6.75% per annum for years 6-10. Interest is due every 27 March and 27 September (under the specified conditions).

There is a call option in the following two cases:

- i. If there are significant changes in tax laws that increase the tax liabilities of the issuer
- ii. If the notes cannot be counted as hybrid Tier II debts of CIMB Thai

In both cases, early redemption must be pre-approved by the Bank of Thailand.

Prior to 2013, the whole THB2,500 million notes were held by another wholly-owned subsidiary of CIMB Bank, and hence the whole amount were eliminated at consolidated level. In 2013, THB60 million was held by third party.

28 SHARE CAPITAL

	The Group and the Company	
	2013	2012
	RM'000	RM'000
Ordinary shares of RM1.00 each:		
Authorised:		
At 1 January/31 December	10,000,000	10,000,000
Issued and fully paid shares of RM1.00 each:		
At 1 January	7,432,775	7,432,775
Issued during the financial year:		
– Dividend reinvestment scheme issued on:		
(i) 8 May 2013	183,076	–
(ii) 30 October 2013	113,495	–
At 31 December	7,729,346	7,432,775

(a) Increase in issued and paid-up capital

During the financial year, the Company increased its issued and paid-up capital from RM7,432,774,646 to RM7,729,345,939 via:

- (i) Issuance of new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the second interim dividend of 18.38 sen in respect of financial year ended 31 December 2012, as disclosed in Note 41(a);
- (ii) Issuance of 113,495,493 new ordinary shares of RM1.00 each arising from the Dividend Reinvestment Scheme relating to electable portion of the first interim dividend of 12.82 sen in respect of financial year ended 31 December 2013, as disclosed in Note 41(b).

(b) Dividend Reinvestment Scheme

On 18 January 2013 the Company announced the proposal to put in place a dividend reinvestment scheme that would allow the shareholders of the Company (“Shareholders”) to have the option to elect to reinvest their cash dividends in new ordinary shares (“New CIMB Shares”)(“Dividend Reinvestment Scheme”).

The Dividend Reinvestment Scheme 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.

28 SHARE CAPITAL (CONTINUED)

(b) Dividend Reinvestment Scheme (Continued)

The scheme would allow the Board, at its absolute discretion, to offer either the Dividend Reinvestment Scheme or full cash for the Group's dividends as and when it deems appropriate vis-à-vis the Group's capital strategy and plans.

The rationale of the Dividend Reinvestment Scheme are as follows:

- (i) CIMB's capital management strategy

As part of the Company's capital management strategy, the Dividend Reinvestment Scheme would provide the Company additional flexibility in managing its capital position.

- (ii) Enhancing shareholder value with reasonable dividend yield

The Dividend Reinvestment Scheme will provide an opportunity for shareholders to enjoy dividend yield while preserving capital for the Company.

Since the announcement of Basel III, many global banks have taken a cautious stance in capital management including that of reducing dividend payments. Whilst this stance will improve a banks' capital ratios, such actions may result in lower dividend yields and may eventually reduce investors' interest in the banking industry.

The Dividend Reinvestment Scheme provides an alternative for banks to balance the demand of its investors and its capital objective.

- (iii) Alternative mode of payment of Dividends

The implementation of the Dividend Reinvestment Scheme will provide an avenue for shareholders to elect to exercise the option to reinvest all or part of their dividends into New CIMB Shares in lieu of receiving cash dividend.

The shareholders shall have the following options in respect of an option to reinvest announced by the Board under the Dividend Reinvestment Scheme:

- (i) to elect to participate by reinvesting the whole or part of the Electable Portion at the issue price for New CIMB Shares.

In the event that only part of the Electable Portion is reinvested, the shareholders shall receive cash for the remaining portion of the Electable Portion not reinvested; or

- (ii) to elect not to participate in the option to reinvest and thereby receive the entire dividend entitlement wholly in cash.

29 PREFERENCE SHARES

	Note	The Group	
		31 December 2013 RM'000	31 December 2012 RM'000
Liability			
Non-cumulative guaranteed preference shares	29(a)	719,251	703,724
Redeemable preference shares	29(b)	128,196	128,196
		847,447	831,920
Equity			
Perpetual preference shares	29(c)	200,000	200,000

(a) Non-cumulative guaranteed preference shares

	The Group	
	2013 RM'000	2012 RM'000
Authorised		
Non-cumulative guaranteed preference shares of USD0.01 each		
At 1 January/31 December	8	8

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Issued and fully paid		
Non-cumulative guaranteed preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	728,250	728,250

29 PREFERENCE SHARES (CONTINUED)**(a) Non-cumulative guaranteed preference shares (Continued)**

The Group has undertaken fair value hedge on the interest rate risk of the USD200 million non-cumulative guaranteed preference shares using interest rate swaps.

	The Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Non-cumulative guaranteed preference shares, at cost	728,250	728,250
Fair value changes arising from fair value hedges	60,099	91,556
Foreign exchange translations and interest payables	(69,098)	(116,082)
	719,251	703,724

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2013 was RM60,765,255 (2012: RM83,329,063).

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

- (i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.
- (ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of BNM, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.
- (iii) The SCC Preference Shares will not be convertible into ordinary shares.
- (iv) The SCC Preference Shares are guaranteed by CIMB Bank on a subordinated basis. If the SCC Preference Shares have not been redeemed in full on or prior to 2 November 2055, CIMB Bank shall cause the substitution of the SCC Preference Shares with Preference Shares issued by CIMB Bank (Substitute Preference Shares) and the SCC Preference Shares shall be mandatory exchanged for such Substitute Preference Shares having economic terms which are in all material aspects equivalent to those of the SCC Preference Share.

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

29 PREFERENCE SHARES (CONTINUED)

(b) Redeemable preference shares

		The Group	
		2013	2012
		RM'000	RM'000
Authorised			
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(i)	1,000	1,000
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(ii)	350	350
Issued and fully paid			
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(i)	100,000	100,000
Redeemable preference shares of RM0.01 each			
At 1 January		28,196	39,587
Redeemed during the financial year		-	(11,391)
At 31 December	(ii)	28,196	28,196

29 PREFERENCE SHARES (CONTINUED)

(b) Redeemable preference shares (Continued)

- (i) On 2 October 2006, a subsidiary, Commerce Agro Ventures Sdn Bhd (“CAgV”), has allotted and issued redeemable preference shares (“RPS”) to an external party amounting to RM100,000,000, comprising RM1,000,000 at nominal value and RM99,000,000 at premium.

The main features of the RPS are as follows:

- The RPS does not carry any fixed dividends.
- The maturity date of the RPS is either the date corresponding to the 15th anniversary of the issue date or such other date as the Board may resolve.
- In the event of winding-up of CAgV or other repayment of capital, the RPS carries the rights to have the surplus assets applied first in paying off the RPS holders.
- The RPS rank *pari passu* in all aspects among themselves.
- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

- (ii) On 20 February 2006, a subsidiary, Commerce-KPF Ventures Sdn Bhd (“CKPF”), has allotted and issued redeemable preference shares (“RPS”) to an external party amounting to RM35,000,000, comprising RM350,000 at nominal value and RM34,650,000 at premium.

The main features of the RPS are as follows:

- The RPS carries a fixed cumulative dividend of 5% per annum.
- The maturity date of the RPS is either:-
 - (i) the date corresponding to the 5th anniversary of the issue date; or
 - (ii) the date corresponding to the 7th anniversary of the issue date; or
 - (iii) such other date as the Board may resolve.
- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

Subsequently, CKPF has allotted and issued RPS to an external party amounting to RM17,500,000, comprising RM175,000 at nominal value and RM17,325,000 at premium.

The main features of the RPS are as follows:

- The RPS carries a fixed cumulative dividend of 5% per annum.
- The maturity date of the RPS is either:-
 - (i) the date corresponding to the 5th anniversary of the issue date; or
 - (ii) the date corresponding to the 7th anniversary of the issue date; or
 - (iii) such other date as the Board may resolve.

Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

29 PREFERENCE SHARES (CONTINUED)

(c) Perpetual preference shares

	The Group	
	2013 RM'000	2012 RM'000
Authorised		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	500,000	500,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	200,000	200,000

The main features of the perpetual preference shares ("PPS") are as follows:

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

30 RESERVES

	Note	The Group			The Company	
		31 December 2013 RM'000	31 December 2012 RM'000 Restated	1 January 2012 RM'000 Restated	31 December 2013 RM'000	31 December 2012 RM'000
Share premium – ordinary shares		5,832,520	4,192,596	4,192,596	5,832,520	4,192,596
Statutory reserves	(a)	4,933,045	4,306,464	4,103,591	–	–
Regulatory reserve	(b)	1,743,883	1,173,577	490,627	–	–
Capital reserve		137,104	137,104	137,104	55,982	55,982
Exchange fluctuation reserves	(c)	(2,106,977)	(876,172)	174,989	–	–
Revaluation reserve						
– Financial investments available-for-sale	(d)	(42,709)	800,965	729,551	–	–
Retained earnings	(e)	12,215,358	11,216,265	8,540,608	1,306,058	1,521,610
Share-based payment reserve	(f)	101,642	59,459	374,332	–	–
Other reserves						
– Hedging reserve – net investment hedge	(g)	(94,195)	36,109	(46,254)	–	–
– Hedging reserve – cash flow hedge	(h)	(11,314)	–	–	–	–
– EOP reserve-shares purchased pending release	(i)	(168,683)	(111,810)	(65,388)	–	–
– Defined benefits reserves	(j)	2,682	(73,743)	(41,092)	–	–
		22,542,356	20,860,814	18,590,664	7,194,560	5,770,188

- (a) The statutory reserves of the Group are maintained by the banking subsidiaries in Malaysia in compliance with the BNM guidelines and include a reserve maintained by a subsidiary in compliance with the Bursa Malaysia Securities Berhad Rules and Regulations. These reserves are not distributable by way of cash dividends.
- (b) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2010.
- (c) Exchange translation differences have arisen from translation of net assets of Labuan offshore subsidiaries, foreign branches and foreign subsidiaries. These translation differences are shown under exchange fluctuation reserves.
- (d) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.

30 RESERVES (CONTINUED)

- (e) Pursuant to the Finance Act, 2007 which was gazetted on 28 December 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders ("single tier system"). As at 31 December 2013, the Company has sufficient tax exempt account balances to pay tax exempt dividends of up to RM477,522,037 (31 December 2012: RM477,522,037; 1 January 2012: RM467,522,037) out of its retained earnings.
- (f) The Share-based payment reserve arose from the Management Equity Scheme ("MES") and Equity Ownership Plan ("EOP"), the Group's share-based compensation benefit. The management Equity Scheme lapsed in 2012.
- (g) Hedging reserve arises from net investment hedge activities undertaken by the Group on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed.
- (h) Hedging reserve arises from cash flow hedge activities undertaken by the Group to hedge held to maturity securities, senior bonds issued and inter-bank lending against foreign exchange risk. The reserve is non-distributable and is reversed to the statement of income when the hedged items affect the statement of income or termination of the cash flow hedge.
- (i) EOP reserve reflects the Group's shares purchased for EOP under share-based compensation benefits, pending release to its employees.
- (j) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.

31 SHARES HELD UNDER TRUST AND TREASURY SHARES**(a) Shares held under trust**

	The Group	
	2013	2012
	RM'000	RM'000
At 1 January/31 December	563	563

As an integral part of the CIMBB's restructuring exercise in 2005, the then existing CIMBB's ESOS and Employee Equity Scheme ("EES") ceased to have any value pursuant to the delisting from Bursa Malaysia Securities Berhad. Accordingly, consistent with the fair treatment to all Executive Employees and the spirit of continuity of the scheme in existence, the schemes were modified with terms and conditions remaining and subsequently called the Modified EESOS. For the EES, the remaining options were accelerated and exercised prior to the completion of the CIMBB's restructuring.

The CIMBB restructuring exercise and the schemes were approved by the shareholders of the Company during the Extraordinary General Meeting held on 8 September 2005. The modified schemes entailed the following:

- (i) The setting up of a trust to subscribe for all the remaining CIMBB shares under the unexercisable tranches under the CIMBB ESOS ("ESOS Trust") prior to the implementation of the CIMBB restructuring. The subscription was facilitated through an accelerated vesting of the unexercisable options. The funding for the subscription for the CIMBB shares by the trustee for both Trusts was provided by the Company by way of a loan.

31 SHARES HELD UNDER TRUST AND TREASURY SHARES (CONTINUED)**(a) Shares held under trust (Continued)**

- (ii) Under the CIMBB restructuring exercise, both trustees have opted for new shares of the Company at the ratio of approximately 1.146 of the Company's shares for one CIMBB share. The Executive Employees or the CEO are entitled to instruct the trustee as to the sale, subject to a minimum market price that is higher than a price to be determined by dividing the existing adjusted exercise price by the ratio of approximately 1.146, plus transaction costs and any income tax liability, if applicable, of such shares of the Company in the manner as previously provided under the CIMBB ESOS.
- (iii) The number of the Company's shares subject to such instruction per annum will be in the same proportion as per the adjusted total outstanding number under the previous CIMBB ESOS multiplied by the ratio approximately 1.146.
- (iv) If the Executive Employee or CEO opt to instruct the trustee to transfer or sell in the market, upon such instruction under the Modified EESOS and Modified CEO Option, a proportion of the proceeds received by the Trustee, plus any income tax, if applicable, will be retained by the Trustee and used to offset the Loan and the excess (net of transaction costs) will be payable to the Executive Employee or CEO.

As at 31 December 2013, there are 258,000 (2012: 258,000) units remain unexercised.

(b) Treasury shares, at cost

	The Group and the Company			
	2013		2012	
	Units '000	RM'000	Units '000	RM'000
At 1 January	4	32	3	30
Purchased during the year	1	9	1	2
At 31 December	5	41	4	32

The shareholders of the Company, via an ordinary resolution passed at the Annual General Meeting held on 17 April 2013, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of existing total paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 1,199 (2012: 205) of its issued share capital at an average price of RM7.41 per share (2012: RM7.61 per share), from the open market. As at the reporting date, there were 4,408 ordinary shares held as treasury shares (2012: 3,209). The total consideration paid for the share buyback during the financial year, including transaction costs is RM9,000 (2012: RM1,783) and was financed by internally generated funds. Treasury shares have no rights to vote, dividends and participation in other distribution.

32 INTEREST INCOME

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loans, advances and financing				
– interest income other than recoveries	11,614,486	10,809,389	2	5
– unwinding income [^]	97,301	140,015	–	–
Money at call and deposits with financial institutions	619,485	571,901	19,786	9,619
Reverse repurchase agreements	323,632	157,942	–	–
Financial assets held for trading	485,227	342,539	–	–
Financial investments available-for-sale	1,142,158	896,330	–	–
Financial investments held-to-maturity	350,604	390,585	–	–
Others	13,199	16,317	251	271
	14,646,092	13,325,018	20,039	9,895
Accretion of discounts less amortisation of premiums	31,208	215,587	–	–
	14,677,300	13,540,605	20,039	9,895

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

33 INTEREST EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits and placements of banks and other financial institutions	160,130	144,367	–	–
Deposits from other customers	5,040,837	4,835,399	–	–
Repurchase agreements	189,930	32,085	–	–
Bonds and debentures	200,468	79,037	–	–
Subordinated obligations	582,840	564,087	146,790	147,192
Financial liabilities designated at fair value	40,368	–	–	–
Negotiable certificates of deposits	127,430	99,960	–	–
Other borrowings	304,877	270,061	121,796	113,209
Others	76,274	119,729	–	–
	6,723,154	6,144,725	268,586	260,401

34 NET NON-INTEREST INCOME

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net fee and commission income:				
Commissions	581,786	517,216	-	-
Fee on loans, advances and financing	479,267	463,879	-	-
Portfolio management fees	31,688	20,948	-	-
Service charges and fees	555,634	528,455	-	-
Corporate advisory fees	118,135	143,695	-	-
Guarantee fees	67,043	48,880	-	-
Other fee income	310,390	289,795	-	-
Placement fees	68,924	96,053	-	-
Underwriting commission	82,775	35,168	-	-
Fee and commission income	2,295,642	2,144,089	-	-
Fee and commission expense	(427,359)	(415,647)	-	-
Net fee and commission income	1,868,283	1,728,442	-	-
Gross dividend income from:				
<u>In Malaysia</u>				
- Subsidiaries	-	-	2,427,649	1,882,314
- Financial assets held for trading	30,422	33,785	-	-
- Financial investments available-for-sale	12,834	14,437	-	-
<u>Outside Malaysia</u>				
- Financial assets held for trading	2,080	1,664	-	-
- Financial investments available-for-sale	17,072	11,760	-	-
	62,408	61,646	2,427,649	1,882,314
Net gain/(loss) arising from financial assets held for trading				
- Realised	(114,909)	60,820	-	-
- Unrealised	(205,092)	38,944	-	-
	(320,001)	99,764	-	-

34 NET NON-INTEREST INCOME (CONTINUED)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gain/(loss) arising from derivative financial instruments				
– Realised	807,702	841,896	10,181	(4,316)
– Unrealised	(262,947)	(217,480)	(5,458)	(17,950)
	544,755	624,416	4,723	(22,266)
Net gain/(loss) arising from fair value liability through profit or loss				
– Realised	(36,089)	–	–	–
– Unrealised	263,975	–	–	–
	227,886	–	–	–
Net loss arising from hedging derivatives	(36,839)	(26,912)	(3,532)	63
Net gain from sale of financial investments available-for-sale	280,508	388,868	–	–
Net gain from redemption/maturity of financial investments held-to-maturity	126,917	35,581	–	–
Income from assets management and securities services	206,414	181,992	–	–
Brokerage income	534,010	385,959	–	–

34 NET NON-INTEREST INCOME (CONTINUED)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other non-interest income:				
Foreign exchange gain/(loss):				
– Realised	213,096	145,386	(14,646)	2
– Unrealised	273,933	157,352	(42,572)	10,749
Share of gain from recovery of impaired loans	113,190	133,464	–	–
Gain on deemed disposal/disposal of interests in subsidiaries	10,139	2,567	–	–
Rental income	11,908	9,597	2,018	2,491
Gain on disposal of property, plant and equipment/assets held for sale	38,300	14,868	23,556	104
Gain on disposal of leased assets	38	168	–	–
Gain on disposal of associates	515,063	445	–	–
Gain on revaluation of investment properties	1,021	4,755	–	–
Other non-operating income	472,066	460,878	–	21
Underwriting surplus before management expenses (Note (a))	22,558	9,753	–	–
Loss on disposal of foreclosed properties	(40,827)	(9,387)	–	–
	1,630,485	929,846	(31,644)	13,367
	5,124,826	4,409,602	2,397,196	1,873,478

(a) Underwriting surplus before management expenses is as follows:

	The Group	
	2013 RM'000	2012 RM'000
Insurance premium earned	219,440	148,369
Net claims incurred	(174,417)	(117,522)
Net commissions	(22,465)	(21,094)
	22,558	9,753

35 OVERHEADS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Personnel costs				
– Salaries, allowances and bonus	3,642,831	3,285,005	–	(181)
– Pension costs (defined contribution plan)	225,220	202,039	–	(37)
– Pension costs (defined benefit plans (Note 24(b)))	53,073	59,275	–	–
– Overtime	33,170	32,157	–	4
– Staff incentives and other staff payments	171,035	182,813	4	–
– Medical expenses	95,878	88,648	6	3
– Mutual separation scheme	217,164	–	–	–
– Termination benefits	12,107	2,854	–	–
– Others	518,669	463,836	23	12
Establishment costs				
– Depreciation of property, plant and equipment	343,360	345,663	1,792	2,345
– Depreciation of investment properties	–	–	18	19
– Amortisation of prepaid lease payments	11,802	12,642	–	–
– Rental	380,127	333,261	–	4
– Repair and maintenance	404,443	309,778	269	323
– Outsourced services	176,961	215,782	–	7
– Security expenses	103,929	95,943	–	–
– Others	242,072	218,739	2,400	678
Marketing expenses				
– Sales commission	9,718	15,844	–	–
– Advertisement	290,215	268,810	4	117
– Others	95,594	71,739	101	–
Administration and general expenses				
– Amortisation of intangible assets	277,305	262,112	–	–
– Legal and professional fees	157,564	178,418	8,113	329
– Stationery	80,080	82,921	–	5
– Communication	150,038	154,339	41	40
– Incidental expenses on banking operations	36,206	39,875	–	–
– Insurance	208,494	179,975	–	–
– Others	520,815	509,631	3,539	6,222
	8,457,870	7,612,099	16,310	9,890

35 OVERHEADS (CONTINUED)

The above expenditure includes the following statutory disclosures:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' remuneration (Note 38)	13,454	14,588	1,511	1,955
Rental of premises	238,291	224,183	–	–
Hire of equipment	11,110	9,088	–	3
Lease rental	52,285	31,986	–	–
Auditors' remuneration				
<u>Audit</u>				
– Statutory audit (PricewaterhouseCoopers Malaysia*)	4,183	3,443	488	176
– Statutory audit (other member firms of PricewaterhouseCoopers International Limited*)	4,096	5,140	–	–
– Limited review (PricewaterhouseCoopers Malaysia*)	758	710	–	–
– Limited review (other member firms of PricewaterhouseCoopers International Limited*)	702	810	–	–
– Other audit related (PricewaterhouseCoopers Malaysia*)	403	160	73	–
– Other audit related (other member firms of PricewaterhouseCoopers International Limited*)	249	274	–	–
<u>Non-audit</u>				
– Non-audit services (PricewaterhouseCoopers Malaysia*)	1,709	905	844	31
– Non-audit services (other member firms of PricewaterhouseCoopers International Limited*)	1,112	511	–	–
<u>Other auditors' remuneration</u>				
– Statutory audit	–	361	–	–
– Non-audit services	–	110	–	–
Property, plant and equipment written off	3,949	731	–	–

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

36 ALLOWANCE MADE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group	
	2013 RM'000	2012 RM'000
Net allowance made during the financial year		
– Individual impairment allowance	179,523	164,322
– Portfolio impairment allowance	858,902	600,195
Impaired loans and financing		
– Recovered	(403,839)	(442,195)
– Written Off	26,021	6,776
	660,607	329,098

37 ALLOWANCE MADE/(WRITTEN BACK) FOR IMPAIRMENT LOSSES

	The Group	
	2013 RM'000	2012 RM'000
Financial investments available-for-sale:		
– Net allowance made during the financial year	41,568	5,749
Financial investments held-to-maturity:		
– Net allowance written back during the financial year	(2,056)	(2,906)
Goodwill:		
– Impaired during the financial year	–	10,242
Associates:		
– Net allowance made during the financial year	403	2,229
	39,915	15,314

38 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Executive Directors

Dato' Sri Mohamed Nazir bin Abdul Razak

Non-Executive Directors

Tan Sri Dato' Md Nor bin Md Yusof

Dato' Zainal Abidin bin Putih

Dato' Hamzah bin Bakar

Datuk Dr Syed Muhamad bin Syed Abdul Kadir

Dato' Robert Cheim Dau Meng

Glenn Muhammad Surya Yusuf

Watanaa Petersik

Katsumi Hatao

Cezar Peralta Consing (resigned on 23 January 2013)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Executive Directors</u>				
- Salary and other remuneration	5,135 [^]	6,037 [^]	-	-
- Benefits-in-kind	3,865	3,963	-	-
	9,000	10,000	-	-
<u>Non-Executive Directors</u>				
- Fees	1,262	1,303	804	885
- Other remuneration	2,922 [^]	3,180 [^]	685	1,070
- Benefits-in-kind	270	105	22	-
	4,454	4,588	1,511	1,955
	13,454	14,588	1,511	1,955

[^] These salary and other remuneration include bonus accruals in relation to the directorship of certain Directors in certain subsidiaries excluding Bank CIMB Niaga. The Directors' bonus for the financial year 2013 will be paid in tranches, spread over financial year 2014, while for financial year 2012, it will be paid in tranches, spread over financial year 2013. A similar condition is also imposed on the bonus for certain key personnel.

38 DIRECTORS' REMUNERATION (CONTINUED)

	Fees RM'000	Salary and/ or other remuneration RM'000	Benefits- In-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and/ or other remuneration RM'000	Benefits- In-kind RM'000	The Company Total RM'000
2013								
Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak	-	5,135	3,865	9,000	-	-	-	-
	-	5,135	3,865	9,000	-	-	-	-
Non-Executive Directors								
Tan Sri Dato' Md Nor bin Md Yusof	126	405	23	554	102	400	22	524
Dato' Zainal Abidin bin Putih	300	547	37	884	126	72	-	198
Dato' Hamzah bin Bakar	186	291	21	498	126	56	-	182
Dato Robert Cheim Dau Meng	-	766	121	887	-	-	-	-
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	270	549	26	845	126	59	-	185
Cezar Peralta Consing	7	-	-	7	6	-	-	6
Glenn Muhammad Surya Yusuf	145	126	42	313	114	36	-	150
Watanan Petersik	114	206	-	320	102	34	-	136
Katsumi Hatao	114	32	-	146	102	28	-	130
	1,262	2,922	270	4,454	804	685	22	1,511
	1,262	8,057	4,135	13,454	804	685	22	1,511

38 DIRECTORS' REMUNERATION (CONTINUED)

	Fees RM'000	Salary and/ or other remuneration RM'000	Benefits- In-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and/ or other remuneration RM'000	Benefits- In-kind RM'000	The Company Total RM'000
2012								
Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak	–	6,037	3,963	10,000	–	–	–	–
	–	6,037	3,963	10,000	–	–	–	–
Non-Executive Directors								
Tan Sri Dato' Md Nor bin Md Yusof	126	762	–	888	102	758	–	860
Dato' Zainal Abidin bin Putih	270	520	–	790	126	68	–	194
Dato' Hamzah bin Bakar	186	299	–	485	126	58	–	184
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	270	519	–	789	126	58	–	184
Dato' Robert Cheim Dau Meng	–	806	94	900	–	–	–	–
Hiroyuki Kudo	–	134	11	145	–	–	–	–
Cezar Peralta Consing	114	32	–	146	102	30	–	132
Glenn Muhammad Surya Yusuf	126	47	–	173	114	43	–	157
Watanan Petersik	114	36	–	150	102	32	–	134
Katsumi Hatao	97	25	–	122	87	23	–	110
	1,303	3,180	105	4,588	885	1,070	–	1,955
	1,303	9,217	4,068	14,588	885	1,070	–	1,955

39 TAXATION

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Taxation based on the profit for the financial year:				
– Malaysian income tax	893,225	914,156	5,525	258,422
– Foreign tax	514,214	523,329	–	–
	1,407,439	1,437,485	5,525	258,422
Deferred tax (Note 10)	(159,171)	(73,615)	(129)	(7)
(Over)/Under accrual in prior years	(7,861)	(82,784)	–	12
	1,240,407	1,281,086	5,396	258,427

Reconciliation between tax charge and the Malaysian tax rate:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation	5,849,229	5,638,311	2,132,339	1,613,082
Tax calculated at a rate of 25%	1,462,307	1,409,578	533,085	403,271
Income not subject to tax	(276,247)	(121,592)	(593,873)	(177,285)
Effects of different tax rates in other countries	(179,303)	(101,747)	–	–
Effects of change in tax rates	(226)	–	–	–
Expenses not deductible for tax purposes	303,517	229,122	66,184	32,429
Utilisation of previously unrecognised tax losses	(61,780)	(51,491)	–	–
(Over)/Under accrual in prior years	(7,861)	(82,784)	–	12
Tax charge of current year	1,240,407	1,281,086	5,396	258,427

In 2012, deferred tax assets arising from unabsorbed tax losses amounted to RM152,170,000 have not been recognised in the Group's financial statements. The unabsorbed tax losses will expire in 2013.

40 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group are 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 year.

	2013	2012
Net profit for the financial year (RM'000)		
– From continuing operations	4,540,403	4,305,194
– From discontinuing operations	–	39,582
	4,540,403	4,344,776
Weighted average number of ordinary shares in issue ('000)	7,570,924	7,432,772
Basic earnings per share (expressed in sen per share)		
– From continuing operations	60.0	58.0
– From discontinuing operations	–	0.5
	60.0	58.5

(b) Diluted earnings per share

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

41 DIVIDENDS PER ORDINARY SHARE

	The Group and the Company			
	2013		2012	
	Gross per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Amount of dividend net of tax RM'000
Interim dividend	18.38	1,366,143 ^a	10.0	743,277
Interim dividend	12.82	976,352 ^b	5.0	371,639
	31.20	2,342,495	15.0	1,114,916

(a) The dividend consists of electable portion of 18.38 sen per ordinary shares, of which 15.52 sen per ordinary was reinvested in new ordinary shares in accordance with the DRS and a total of RM212,765,822 cash dividend was paid on 8 May 2013.

(b) The dividend consists of electable portion of 12.82 sen per ordinary shares, of which 10.28 sen per ordinary was reinvested in new ordinary shares in accordance with the DRS and a total of RM193,232,679 cash dividend was paid on 30 October 2013.

41 DIVIDENDS PER ORDINARY SHARE (CONTINUED)

Dividends recognised as distributions to owners:

The single tier second-interim dividend for the previous financial year were approved by the Board of Directors on 17 January 2013 and paid in the current financial year. This is shown as a deduction from the retained earnings in the statements of changes in equity in the current financial year.

The Directors have declared a single-tier interim dividend of 12.82 sen per ordinary share on 7,615,847,038 ordinary shares amounting to RM976,351,590 for the financial year ended 31 December 2013 under Dividend Reinvestment Scheme ("DRS"). The interim dividend of 12.82 sen per ordinary share was approved by the Board of Directors on 30 July 2013 and paid on 30 October 2013.

The Directors have proposed a second interim single-tier dividend of 10.33[^] sen per ordinary share, on 8,299,341,531[^] ordinary shares amounting to RM850 million in respect of the financial year ended 31 December 2013, to be paid in 2014. The single-tier second interim dividend was approved by the Board of Directors on 11 February 2014. The proposed dividend consists of an electable portion of 10.33[^] sen which can be elected to be reinvested in new ordinary shares in accordance with the DRS.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2014.

The Directors do not recommend the payment of any final dividend for the financial year ended 2013.

[^] On 25 February 2014 the Company announced a single-tier interim dividend of 11.00 sen per ordinary share based on the share capital as at 31 December 2013 of 7,729,341,531 ordinary shares. Pursuant to the completion of the private placement in January 2014 of 500 million new ordinary shares which increased the share capital to 8,229,341,531 ordinary shares, the single-tier second interim dividend translates to 10.33 sen per ordinary share.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Relationship
Subsidiaries of the Company as disclosed in Note 12	Subsidiaries
Associates of the Company as disclosed in Note 13	Associates
Joint ventures as disclosed in Note 14	Joint ventures
Key management personnel	See below

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

42 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**(b) Related party transactions**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates.

	Subsidiaries		Associates and joint venture		Key management personnel	
	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Related party transactions						
The Group						
Income earned						
Interest on deposits and placements with financial institutions	-	-	81	132	-	-
Interest on loans, advances and financing	-	-	-	-	181	55
Brokerage income	-	-	-	-	86	73
Others	-	-	51,073	59,988	-	-
Expenditure incurred						
Interest on deposits from customers and securities sold under repurchase agreements	-	-	321	367	874	1,946
The Company						
Income earned						
Interest on fixed deposits and money market	19,786	9,619	-	-	-	-
Interest on collateral pledged for derivative transactions	251	271	-	-	-	-
Dividend income	2,427,649	1,882,314	-	-	-	-
Rental income	2,018	2,491	-	-	-	-
Expenditure incurred						
Interest on IMTN	1,878	5,017	-	-	-	-
Interest on term loan	16,780	1,887	-	-	-	-
Facility fees and commitment fees	74	2,440	-	-	-	-

42 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Related party balances

	Subsidiaries		Associates		Key management personnel	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Related party balances						
The Group						
Amount due from						
Current accounts, deposits and placements with banks and other financial institutions	-	-	9,831	19,884	-	-
Loans, advances and financing	-	-	-	-	17,687	9,889
Others	-	-	1,059,473	1,285,914	-	-
Amount due to						
Deposits from customers and securities sold under repurchase agreements	-	-	5,450	187	68,859	99,360
Others	-	-	86,563	280,151	-	-
The Company						
Amount due from						
Demand deposits, savings and fixed deposits	69,573	135,075	-	-	-	-
Derivatives financial instruments	3,940	9,398	-	-	-	-
Others	11,054	6,143	-	-	-	-
Amount due to						
Amount due to CIMB Bank Berhad	1,917	81,306	-	-	-	-
Amount due to CIMB Islamic Bank Berhad	-	20,105	-	-	-	-
Derivatives financial instruments	-	8,892	-	-	-	-
Term loans from CIMB Bank Berhad	625,970	492,856	-	-	-	-
Others	222	-	-	-	-	-

Other inter-company balances are unsecured, non-interest bearing and repayable on demand.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**(d) Key management personnel**

Key management compensation

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries and other employee benefits	110,962	106,420	11,400	15,006
Shares of the Company (units)	4,969,772	3,383,529	381,828	406,936

Included in the above table is the Executive Directors' compensation which is disclosed in Note 38. The share options and shares granted are on the same terms and conditions as those offered to other employees of the Group and the Company as disclosed in Note 43 to the Financial Statements.

Excluded in the above table are bonus accruals for financial year 2013 and 2012, in relation to the key management personnel in CIMB Niaga, which is subject to approval from the shareholders of CIMB Niaga at their Annual General Meeting.

Loans made to other key management personnel of the Group and the Company are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowance has been required in 2013 and 2012 for the loans, advances and financing made to the key management personnel.

(e) Credit transactions and exposures with connected parties

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

	The Group	
	31 December 2013 RM'000	31 December 2012 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 impaired or in default	0.00%	0.00%

42 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(f) Transactions with shareholders and Government

Khazanah Nasional Berhad (“KNB”), the major shareholder of the Company, owns 30% of the issued share capital of the Company (2012: 29%). KNB is an entity controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – “Related Party Disclosures”, KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as “government-related entities”) are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in Note 9(c), Note 43(a) and Note 48(b) to the Financial Statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

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

These transactions are conducted in the ordinary course of the Group’s business on commercial rates and consistently applied in accordance with the Group’s internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

43 EMPLOYEE BENEFITS

(a) Management Equity Scheme (“MES” or the “Scheme”)

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

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

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

The weighted average fair value of the entitlements granted, determined using the Binomial Valuation Model was RM6.60 each. The significant inputs into the model were as follows:

Valuation assumptions

– Expected volatility	33.9%
– Expected dividend yield	1.8%
– Expected option life	0.16 year
– Weighted average share price at grant date	RM9.98
– Weighted average risk-free interest rate	3.10%

43 EMPLOYEE BENEFITS (CONTINUED)**(a) Management Equity Scheme (“MES” or the “Scheme”) (Continued)**

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

The total share-based payment expenses recognised in relation to the Scheme during the current financial year amounted Nil (2012: Nil). The shares were exercisable 2 years from the grant date. The shares were exercisable 2 years from the grant date.

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

Options (units '000)	2012
At 1 January	17,707
Exercised	(17,707)
At 31 December	–

The weighted average share price at the time of exercise was RM7.39. There is no weighted average remaining contractual life as at 31 December 2012.

(b) Equity Ownership Plan (“EOP”)

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

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

The total share-based payment expenses recognised in statement of income during the financial year amounted to RM97,493,000 (2012: RM87,962,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM7.73 per ordinary share (2012: RM7.70), based on observable market price.

43 EMPLOYEE BENEFITS (CONTINUED)**(b) Equity Ownership Plan (“EOP”)**

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

	2013 Total Shares (units '000)	2012 Total Shares (units '000)
At 1 January	15,671	7,807
Awarded	15,022	16,381
Released	(9,018)	(8,517)
At 31 December	21,675	15,671

44 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group 31 December 2013 RM'000	31 December 2012 RM'000
Capital expenditure:		
Authorised and contracted for	427,279	421,403
Authorised but not contracted for	779,549	519,196
	1,206,828	940,599

Analysed as follows:

	The Group 31 December 2013 RM'000	31 December 2012 RM'000
Property, plant and equipment	778,748	569,098
Subscription for investments	56,840	57,986
Bank guarantee	77,306	96,506
Software development	24,104	9,100
Computer software	124,271	69,638
Others	145,559	138,271
	1,206,828	940,599

45 LEASE COMMITMENTS

The lease commitments are in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Within one year	205,262	197,302
One year to less than five years	473,487	550,144
Five years and more	517,915	471,178

46 COMMITMENTS AND CONTINGENCIES

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

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

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively. Refer to Note 7.

46 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

	31 December 2013 Principal RM'000	31 December 2012 Principal RM'000 Restated	1 January 2012 Principal RM'000 Restated
The Group			
<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
Total treasury-related commitments and contingencies (Note 7)	443,635,072	392,709,087	353,128,071
	522,489,461	460,550,153	413,228,007
The Company			
Total treasury-related commitments and contingencies (Note 7)	500,000	965,000	965,000
	500,000	965,000	965,000

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

The Group is providing a contingency funding line to its subsidiary, CIMB Thai Bank Plc (CIMB Thai), in the event of liquidity crisis in CIMB Thai.

47 SEGMENT REPORTING

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

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

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

(a) Business segment reporting

Definition of segments

The Group is organised into the following five major operating divisions. The divisions form the basis on which the Group reports its segment information.

(i) *Consumer Banking*

Consumer Banking provides full-fledged financial services to individuals and commercial customers. It encompasses 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 individuals and micro enterprise customers. It offers products covering lending, deposits, wealth management, remittance and other services.
- Commercial Banking is responsible for the development of products and services for small and medium-scale enterprise (SMEs) and mid-sized corporations.
- Group Cards & Personal Financing is responsible for the Group's credit card business and personal loans portfolio.
- Group Insurance is responsible of manufacturing and distribution of life and takaful insurance products.

(ii) *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.

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

Asset management comprises wholesale fund management and unit trust.

47 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

(ii) Wholesale Banking (Continued)

- 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 instrument avenues.

(iii) Investments

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

(iv) 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.

47 SEGMENT REPORTING (CONTINUED)**(a) Business segment reporting (Continued)**

	31 December 2013					Total RM'000
	Consumer Banking RM'000	Wholesale Banking Investment Banking RM'000	Corporate Banking, Treasury and Markets RM'000	Investments RM'000	Support and Others RM'000	
Group						
Continuing operations						
Net interest income						
– External income/(expense)	5,337,867	45,239	2,211,567	363,052	(3,579)	7,954,146
– Inter-segment income	(296,480)	55,960	93,188	168,807	(21,475)	–
	5,041,387	101,199	2,304,755	531,859	(25,054)	7,954,146
Non-interest income	1,865,656	993,297	1,140,454	1,108,430	16,989	5,124,826
Income from Islamic banking operations	887,234	41,831	572,715	83,813	7,270	1,592,863
	7,794,277	1,136,327	4,017,924	1,724,102	(795)	14,671,835
Overheads of which:	(4,939,727)	(926,711)	(1,330,488)	(1,199,119)	(61,825)	(8,457,870)
– 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)	(11,315)	(3)	(11,802)
– Amortisation of intangible assets	(111,218)	(10,555)	(17,678)	(136,494)	(1,360)	(277,305)
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)	(106,581)	3,180	(1,698)	(660,607)
Allowance made for losses on other receivables	(20,541)	(7,517)	(1,090)	(7,321)	(2,449)	(38,918)
Allowance made for losses on other receivables	–	–	1,334	–	–	1,334
Recoveries 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	2,585,427	488,202	(66,460)	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	2,585,427	843,737	(66,460)	5,849,229
Taxation	–	–	–	–	–	(1,240,407)
Profit for the financial year for continuing operations/profit for the financial year						4,608,822

47 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

	31 December 2013					Total
	Consumer Banking	Wholesale Banking	Investment	Support and Others		
		Investment Banking	Corporate Banking, Treasury and Markets			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
	158,376,944	8,399,513	164,604,277	24,566,330	2,262,560	358,209,624
Unallocated assets	-	-	-	-	-	12,703,173
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

47 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

	31 December 2012					Total RM'000
	Consumer Banking RM'000	Wholesale Banking Investment Banking RM'000	Corporate Banking, Treasury and Markets RM'000	Investment RM'000	Support and Others RM'000	
Group						
Continuing operations						
Net interest income						
– External income/(expense)	4,930,324	(8,678)	2,238,149	228,612	7,473	7,395,880
– Inter-segment income	(173,123)	71,275	(23,526)	158,389	(33,015)	–
	4,757,201	62,597	2,214,623	387,001	(25,542)	7,395,880
Non-interest income	1,578,469	962,982	1,317,711	474,855	75,585	4,409,602
Income from Islamic banking operations	829,626	140,873	679,584	54,191	(14,931)	1,689,343
	7,165,296	1,166,452	4,211,918	916,047	35,112	13,494,825
Overheads of which:	(4,960,849)	(862,215)	(1,245,149)	(411,714)	(132,172)	(7,612,099)
– Depreciation of property, plant and equipment	(211,636)	(43,990)	(37,272)	(9,702)	(43,063)	(345,663)
– Amortisation of prepaid lease payments	(34)	(90)	–	(12,220)	(298)	(12,642)
– Amortisation of intangible assets	(130,535)	(5,600)	(13,893)	(89,944)	(22,140)	(262,112)
Profit/(loss) before allowances	2,204,447	304,237	2,966,769	504,333	(97,060)	5,882,726
Allowance (made)/written back for impairment losses on loans, advances and financing	(147,281)	2,628	(175,188)	(9,762)	505	(329,098)
Allowance made for losses on other receivables	(20,811)	(1,920)	693	(2,765)	(6,584)	(31,387)
Allowance written back/(made) for commitments and contingencies	14,507	–	(1,330)	296	–	13,473
Allowance written back/(made) for other impairment losses	16	–	(830)	(17,461)	2,961	(15,314)
Segment results	2,050,878	304,945	2,790,114	474,641	(100,178)	5,520,400
Share of results of joint ventures	4,349	(1,126)	–	16,520	–	19,743
Share of results of associates	–	602	–	97,566	–	98,168
Profit/(loss) before taxation	2,055,227	304,421	2,790,114	588,727	(100,178)	5,638,311
Taxation						(1,281,086)
Profit for the year for continuing operations						4,357,225
Discontinuing operations						
Share of results of associates from discontinuing operations	–	–	–	39,582	–	39,582
Profit for the financial year						4,396,807

47 SEGMENT REPORTING (CONTINUED)

(a) Business segment reporting (Continued)

	31 December 2012					Total RM'000
	Consumer Banking RM'000	Wholesale Banking Investment Banking RM'000	Corporate Banking, Treasury and Markets RM'000	Investment RM'000	Support and Others RM'000	
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
	139,653,251	7,078,533	154,347,328	23,167,526	769,073	325,015,711
Unallocated assets	–	–	–	–	–	11,445,449
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

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed principally based on the interest-bearing assets and liabilities of each business segment with appropriate rates applied.

47 SEGMENT REPORTING (CONTINUED)**(b) Geographical segment reporting**

The Group's business segments are managed on a worldwide basis and they operate mainly in four main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Indonesia, the areas of operation in this country include all the business segments of a subsidiary bank, PT Bank CIMB Niaga Tbk.
- Thailand, the areas of operation in this country include all the business segments of a subsidiary bank, CIMB Thai Bank.
- Other countries include branch and subsidiary operations in Singapore, United Kingdom, United States of America, Australia, China, Cambodia, and Hong Kong. The overseas operations involved mainly in corporate lending and borrowing, and stockbroking activities. With the exception of Malaysia, Indonesia and Thailand, no other individual country contributed more than 10% of the consolidated net interest income or assets.

The Group	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
31 December 2013					
Malaysia	3,831,806	16,036,502	243,033,176	223,624,208	633,288
Indonesia	2,930,743	478,763	59,397,392	52,303,730	162,611
Thailand	760,385	572,165	28,145,463	25,822,209	27,591
Other countries	431,212	1,738,367	40,336,766	37,934,090	53,222
	7,954,146	18,825,797	370,912,797	339,684,237	876,712
31 December 2012					
Malaysia	3,426,503	16,043,860	224,794,351	207,105,649	488,908
Indonesia	3,080,791	592,443	63,372,647	56,049,147	174,144
Thailand	591,583	575,226	20,288,173	18,336,857	39,781
Other countries	297,003	1,191,637	28,005,989	25,703,188	124,909
	7,395,880	18,403,166	336,461,160	307,194,841	827,742

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of Royal Bank of Scotland Asia Pacific (“RBS”) – Taiwan

In 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 RM425.2 million) (“Proposed Acquisition”).

The acquisition of selected cash equities business, equity capital markets business and M&A corporate finance business in China, Hong Kong and Australia had been completed in 2012. The proposed acquisition in India had been terminated due to an unexpected legal issue in July 2012.

The acquisition of the RBS business in Taiwan was completed on 28 March 2013, thus completing the acquisition of RBS in 2013.

See Note 51 for the effect of the acquisition on the Financial Statements of the Group.

(b) Disposal of stake in insurance associates

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

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

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

CIG had subsequently entered into a sale and purchase agreement dated 29 March 2013 with RVSB in respect of the proposed disposal of the Seller’s stake in CAAB and CATB (“Proposed Disposal”). The Proposed Disposal had been completed on 12 April 2013. The disposal of stake in CAAB and CATB has resulted in a gain of RM515 million recognised in the Consolidated Statement of Income for the year ended 31 December 2013.

(c) Termination of acquisition of stake in Bank of Commerce in Philippines

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.

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) Strategic alliance corporate advisory and capital markets services

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

(e) Disposal of CIMB-GK Securities (Thailand) Ltd

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

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

(f) Joint venture in Labuan for private equity fund

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.

(g) Dividend Reinvestment Scheme

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. See Note 28(b).

(h) Issuance of HKD951 million senior unsecured Fixed Rate Notes

CIMB Bank issued HKD951 million senior unsecured Fixed Rate Notes (the "Notes") under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011 as follows:

- HKD430 million 3-year senior unsecured Fixed Rate Notes (the "Notes") on 22 January 2013. The Notes will mature on 22 January 2016. It bears a coupon rate of 1.20% per annum payable quarterly in arrears.
- HKD171 million 5-year senior unsecured Fixed Rate Notes (the "Notes") issued on 22 January 2013. The Notes will mature on 22 January 2018. It bears a coupon rate of 1.60% per annum payable quarterly in arrears.
- HKD350 million 3-year senior unsecured Fixed Rate Notes (the "Notes") issued on 14 March 2013. The Notes will mature on 14 March 2016 (subject to adjustments in accordance with the modified following business day convention). It bears a coupon rate of 1.09% per annum payable quarterly in arrears.

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(i) Issuance of USD45 million senior unsecured Floating Rate Notes

On 29 January 2013, CIMB Bank Berhad 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 coupon is payable quarterly in arrears.

(j) Issuance of IDR600,000 million Monetary Term Notes

PT CIMB Niaga Auto Finance, a wholly-owned subsidiary of CIMB Niaga, has issued a IDR200,000 million and IDR400,000 million 3-year Monetary Term Notes (“the MTN”) on 15 February 2013 and 16 April 2013 respectively. The MTN is unsecured and will be matured on 15 February 2016 and 16 April 2016 respectively. It bears fixed interest rate of 8.50% per annum and 8.20% per annum.

(k) Redemption of RM1.5 billion 10-year subordinated notes

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

(l) Issuance of SGD20 million senior unsecured notes

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.

(m) Issuance of USD20 million senior unsecured notes

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.

(n) Issuance of THB unsecured structured debentures

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.

49 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) Disposal of CIMB Securities International (Thailand) Public Company Limited (“CSIT”)

In 2013, CIMB Securities International Pte Ltd, a wholly-owned indirect subsidiary of CIMB Group, has disposed its 99.6% shareholding in CSIT (“Disposal”) to a third party. The Disposal was completed on 22 January 2014. The Group’s investment in CSIT has been presented as held for sale as at 31 December 2013.

(b) Private placement of 500 million new shares of the Company (“CIMBGH shares”)

On 13 January 2014, the Group undertaken 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 RM3.55 billion.

(c) Capital injection of HKD189 million to CIMB Securities Limited

On 17 January 2014, CIMB Securities International Pte. Ltd. (“CSI”), a wholly-owned indirect subsidiary of CIMB Group, has made a capital injection of HKD189 million to CIMB Securities Limited.

(d) Subscription of 95% ordinary shares of PT CIMB Future Indonesia

On 17 January 2014, CSI subscribed for 95% ordinary shares of PT CIMB Future Indonesia for cash consideration of IDR4,750 million (“the Investment”). Following the investment, PT CIMB Future Indonesia becomes a subsidiary of the Group, subject to regulators approval.

(e) Issuance and redemption of THB structured debentures

Subsequent to financial year, CIMB Thai Bank issued various unsecured structured debentures amounting to THB2,426 million with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rates ranges from 0% – 5.0% per annum variable to index of THBFIX 6 months, payable semi annually. CIMB Thai has the option to early redeem the above structured debentures on any coupon dates.

Subsequent to financial year, CIMB Thai Bank has early redeemed structured debentures amounting to THB2,091 million.

50 CAPITAL ADEQUACY

The key driving principles of the Group’s capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the Group EXCO who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

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

50 CAPITAL ADEQUACY (CONTINUED)

For 2013, 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 set 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 Advanced 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 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 (SA 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 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) approach while Operational Risk is based on Basic Indicator Approach. The comparative capital adequacy ratios as at 31 December 2012 were based on "Notification of The BOT. No. SoNoRSor. 12/2555 – The supervisory capital funds of commercial banks".

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

The 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.

Capital Structure and Adequacy

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group as at 31 December 2013. The banking subsidiaries issue various capital instruments pursuant to the respective regulatory guidelines, that qualify as capital pursuant to the RWCAF and Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

50 CAPITAL ADEQUACY (CONTINUED)

- (a) The total capital base and capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited), CIMB Bank Group, CIMB Investment Bank, CIMB Islamic Bank, Bank CIMB Niaga, CIMB Thai and CIMB Bank PLC for the financial year ended 31 December 2013 are as follows. The individual entities within the Group and the Group complied with all externally imposed capital requirements to which they are subject to.

31 December 2013	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
Before deducting proposed dividends							
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 dividends							
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%
The breakdown of risk-weighted assets ("RWA") by each major risk category are as follows:							
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

- ^ 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.

50 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2013 are as follows:

31 December 2013	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							
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	-	-	-	-	-	(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

50 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2013 are as follows (Continued):

31 December 2013	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 II capital							
Subordinated notes	6,050,000	765,000	539,424	6,050,000	-	691,874	-
Redeemable preference shares	29,740	-	-	29,740	9	-	-
Surplus of eligible provision over expected loss	-	-	-	-	-	-	-
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
<u>Less: Regulatory adjustments</u>							
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
<u>Less:</u>							
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

√ 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.

50 CAPITAL ADEQUACY (CONTINUED)

(c) The capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited), CIMB Investment Bank, CIMB Islamic Bank, Bank CIMB Niaga and CIMB Thai Bank for the financial year ended 31 December 2012 are as follows:

31 December 2012	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
Before deducting proposed dividends							
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 dividends							
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%
The breakdown of risk-weighted assets ("RWA") by each major risk category are as follows:							
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

* 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.

50 CAPITAL ADEQUACY (CONTINUED)

(d) Components of Tier I and Tier II capital for the financial year ended 31 December 2012 are as follows:

31 December 2012	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	9,408,892	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	16,288,029	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 eligible Tier II capital	7,844,263	1,015,011	986,014	9,454,399	1,125	1,447,631	2,587

50 CAPITAL ADEQUACY (CONTINUED)

(d) Components of Tier I and Tier II capital for the financial year ended 31 December 2012 are as follows (Continued):

31 December 2012	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
Total eligible 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	(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	25,184,322	491,396	7,415,080	94,793
Less:							
Proposed dividends	(959,000)	-	-	(959,000)	(56,000)	-	-
	18,390,759	2,939,795	2,689,754	24,225,322	435,396	7,415,080	94,793

** 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 2013 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM339,039,051, RM322,557,239 and RM16,481,812 respectively.

51 BUSINESS COMBINATIONS

(a) Acquisitions during the financial year

(i) Acquisition of Royal Bank of Scotland Asia Pacific (“RBS”)

As allowed by MFRS 3 – Business Combinations, the Group had previously accounted for the acquisition of the RBS businesses using the provisional fair values for the financial year ended 31 December 2012.

During the financial year, the Group has completed the acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Taiwan. Refer to Note 48(a). With this completion, the Group has completed its allocation of cost of business combination for the whole RBS acquisition to the assets acquired and liabilities and contingent liabilities assumed. The fair value adjustments on acquisition are based on finalised purchase price allocation and fair value exercise. There is no fair value adjustment identified to the prior year’s provisional fair value.

The fair values of assets and liabilities arising from the acquisition of RBS are set out as follows:

	Fair value RM'000	RBS Taiwan RM'000	Final fair value RM'000
Cash and short-term funds	258,254	–	258,254
Other assets	118,464	–	118,464
Other liabilities	(130,356)	–	(130,356)
Net assets	246,362	–	246,362
Goodwill	152,384	26,435	178,819
Purchase consideration satisfied via cash	398,746	26,435	425,181
Less: Cash and cash equivalents acquired	(258,254)	–	(258,254)
Cash outflow on acquisition	140,492	26,435	166,927

Acquisition-related costs

Acquisition-related costs for RBS Taiwan amounting to RM328,000 (2012: RM16,714,000 for other RBS business excluding Taiwan) have been incurred during the financial year ended 31 December 2013 and are included in administration and general expenses in the consolidated statement of comprehensive income.

Acquired receivables

The fair value of receivables acquired in 2012 amounted to RM118,464,000, which is expected to be fully collectible.

Goodwill

The goodwill of RM178,819,000 arising from the acquisition of the RBS business is attributable to the expected strengthening of the Group’s Investment Banking operations in the Asia Pacific region, and the expected synergies amongst the relevant entities of the Group.

51 BUSINESS COMBINATIONS (CONTINUED)**(a) Acquisitions during the financial year (Continued)****(i) Acquisition of Royal Bank of Scotland Asia Pacific ("RBS") (Continued)**Revenue and profit contribution

The acquisition of RBS Taiwan contributed revenue of RM1,187,000 and net loss of RM23,122,000 to the Group for the period from 1 April 2013 to 31 December 2013.

Had RBS Taiwan been consolidated from 1 January 2013, consolidated revenue and consolidated profit for the year ended 31 December 2013 would have been RM14,672,006,000 and RM4,596,675,000 respectively.

The acquisition of the RBS business in 2012 contributed revenue of RM7,029,000. Had the other RBS business acquired in 2012 been consolidated from 1 January 2012, consolidated revenue and consolidated profit for the year ended 31 December 2012 would have been RM13,548,816,000 and RM4,292,514,000 respectively.

(b) Acquisitions in prior year**(i) CIMB Securities International (Thailand) Public Company Limited (formerly known as SICCO Securities Public Company Limited) ("SSEC")**

The Group has completed the acquisition of SSEC on 15 February 2012 and its allocation of the cost of business combination to the assets acquired and liabilities assumed. The fair value adjustments and intangible assets identified on acquisition are based on finalised purchase allocation and fair value exercise.

As required by MFRS 3, the fair values of assets and liabilities arising from the acquisition of SSEC on 15 February 2012 are set out as below:

	Fair value RM'000
Cash and cash equivalents	20,119
Deposits and placements with banks and other financial institution	254
Financial assets at fair value through profit or loss	6,419
Loans, advances and financing	63,743
Other assets	48,226
Other long term investments carried at cost	1,161
Intangible assets	941
Prepaid lease payments	1,345
Property, plant and equipment	3,471
Trade and other payables	(50,162)
Current tax liabilities	(622)
Net assets	94,895
Less: Non-controlling interest	(17,025)
Net assets acquired	77,870
Goodwill	12,033
Purchase consideration satisfied via cash	89,903
Less: Cash and cash equivalents acquired	(20,373)
Cash outflow on acquisition	69,530

51 BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisitions in prior year (Continued)

(i) CIMB Securities International (Thailand) Public Company Limited (formerly known as SICCO Securities Public Company Limited) ("SSEC") (Continued)

Acquisition related costs

Acquisition related costs during the financial year ended 31 December 2012 amounting to RM4,921,000 (2011: RM346,000) have been incurred and are included in administration and general expenses in the consolidated statements of income.

Acquired receivables

The fair value of receivables acquired amounted to RM107,806,000 comprising of balances in loans, advances and financing of RM63,743,000 and balances in other assets of RM44,063,000. The gross contractual amount for receivables balances in other assets is RM51,069,000 of which RM7,006,000 is expected to be uncollectible.

Goodwill

The goodwill of RM12,033,000 arising from the acquisition is attributable to the expected synergies from combining the operations of SSEC with that of the Group in Thailand and the value of strengthening the Group's securities business in Thailand.

Non-controlling interests

The Group has chosen to recognise the 17.94% non-controlling interest based on the non-controlling interest's proportionate share in the net assets of SSEC.

Revenue and profit contribution

The acquired business contributed revenue of RM28,350,000 and net profit of RM1,273,000 to the Group for the period from 15 February 2012 to 31 December 2012.

Had SSEC been consolidated from 1 January 2012, consolidated revenue and consolidated profit for the year ended 31 December 2012 would have been RM13,497,513,000 and RM4,396,953,000 respectively.

Acquisition of non-controlling interests

During financial year 2012, the Group acquired additional equity interests in SSEC from its non-controlling interests in two separate transactions as described below:

On 11 April 2012, the Group acquired an additional 15.31% equity interest in SSEC for a cash consideration of RM16,669,000. As a result of this acquisition, the Group's equity interest in SSEC was increased to 97.37%. The carrying value of the net assets of SICCO as at 11 April 2012 was RM95,305,000 and the carrying value of the additional interest acquired was approximately RM14,591,000. The difference of RM2,078,000 between the carrying value and the additional interest acquired has been recognised within retained earnings.

51 BUSINESS COMBINATIONS (CONTINUED)**(b) Acquisitions in prior year (Continued)****(i) CIMB Securities International (Thailand) Public Company Limited (formerly known as SICCO Securities Public Company Limited) (“SSEC”) (Continued)****Acquisition of non-controlling interests (Continued)**

On 12 September 2012, the Group acquired an additional 2.22% equity interest in SSEC for a cash consideration of RM2,358,000. As a result of this acquisition, the Group’s equity interest in SSEC was increased to 99.59%. The carrying value of the net assets of SSEC as at 12 September 2012 was RM93,030,000 and the carrying value of the additional interest acquired was approximately RM2,068,000. The difference of RM290,000, between the carrying value and the additional interest acquired has been recognised within retained earnings.

The following summarises the effect of the change in the Group’s ownership interest in SSEC on the equity attributable to owners of the Group arising from the two acquisitions identified above:

	11 April 2012 RM’000	12 September 2012 RM’000	Total RM’000
Consideration paid for acquisition of non-controlling interests	16,669	2,358	19,027
Decrease in equity attributable to non-controlling interests	(14,591)	(2,068)	(16,659)
Decrease in equity attributable to owners of the Group	2,078	290	2,368

52 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group’s and the Company’s results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Impairment of available-for-sale equity investments

The Group and the Company determine that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant or prolonged required judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(b) Impairment losses on loans, advances and financing

The Group and the Company make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and timing of the cash flows in assessing allowance for impairment of loans, advances and financing. Among the factors considered are the Group’s aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer’s business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

52 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M (a) of the Summary of Significant Group Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various business segments. The goodwill is then allocated to these various business segments. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation.

The carrying value of the business segment, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the Group's cost of capital, which requires exercise of judgement. Refer to Note 18 for details of these assumptions and the potential impact of changes to the assumptions.

Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

(d) Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 55.4.

53 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUING OPERATIONS

	Note	The Group		The Company	
		31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Non-current assets held for sale:					
– property, plant and equipment (Note 15)	(a)	16,031	7,720	7,862	–
– investment properties (Note 16)	(a)	13,962	200	–	–
– Investment in associates	(b)	11,849	556,754	–	–
– Investment in subsidiaries	(c)	7,876	–	–	–
Total non-current assets held for sale		49,718	564,674	7,862	–

53 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUING OPERATIONS (CONTINUED)

- (a) Property, plant and equipment and investment properties of the Group where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2014.

Fair value of property, plant and equipment and investment properties held for sale

In accordance with MFRS 5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 31 December 2013, the property, plant and equipment and investment properties held for sales that were stated at fair value less cost to sell was RM21,598,000 (2012: Nil). This is a non-recarring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, It is witten level 2 of the fair value hierarchy.

- (b) The Group's investment in In-fusion Solutions Sdn. Bhd. has been presented as held for sale as at 31 December 2013 as the group has committed to a plan to dispose their entire equity interest in the associate.

The Group's investments in CAAB and CATB (part of the consumer banking segment) have been presented as held for sale as at 31 December 2012 following the Group reaching an understanding with Khazanah Nasional Berhad to sell its entire equity interest in CAAB and CATB. The dispose was completed in March 2013. Refer to Note 48(b).

- (c) The Group's investment in CIMB Securities International Pte. Ltd. ("CSIT") has been presented as held for sale as the Group has disposed its 99.6% shareholding in CSIT in 2013. Refer to Note 49(a).

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

(a) Changes in accounting policies

(i) 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 in which it is involved by assessing its right and obligations arising from the arrangement, rather that its legal form. Upon adoption of the two new MFRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under MFRS 10 than under MFRS 127, and noted 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, arising from the securitisation transaction on CIMB Bank's hire purchases receivables to Merdeka Kapital Berhad; 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 reclassified from associates and subsidiaries to joint ventures in accordance with MFRS 11 principles.

As required under MFRS 10 and MFRS 11, the change in policy has been applied retrospectively.

The impact to the Group in adopting MFRS 10 and MFRS 11 is disclosed in Note 54 (c).

(ii) Amendment to MFRS 119, 'Employee Benefits'

Amendment to MFRS 119 "Employee benefits" makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach.

The impact to the Group in adopting the amendment to MFRS 119 is disclosed in Note 54 (c).

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(a) Changes in accounting policies (Continued)

(iii) MFRS 12, 'Disclosures of Interests in Other Entities'

MFRS 12 sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11 'Joint Arrangements', and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

The required disclosures under MFRS 12 are presented in Note 12, Note 13 and Note 14.

(iv) MFRS 13 "Fair value measurement"

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

The enhanced disclosures are shown in Note 55.4.

(v) Amendment to MFRS 7 "Financial instruments: Disclosures"

Amendment to MFRS 7 requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

The enhanced disclosures are shown in Note 55.1.2.

(vi) Amendment to MFRS 101 "Presentation of items of other comprehensive income"

Amendment to MFRS 101 requires entities to separate items presented in 'other comprehensive income' ("OCI") in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI. The Statement of Comprehensive Income of the Group and the Company for the financial year ended 31 December 2012 have been re-presented to conform to the current financial year presentation.

(b) Change in other reclassification

Certain comparatives were restated to conform to the current financial year's presentation. There was no significant impact to the financial performance and ratios in relation to the financial year ended 31 December 2013.

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(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 statements of financial position as at 31 December 2012 and 1 January 2012

	Balances as at 31 December 2012				
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000	As restated RM'000
Assets					
Cash and short term funds	30,763,061	(3,162)	–	–	30,759,899
Derivatives financial instruments	4,125,907	(41,938)	–	–	4,083,969
Other assets	7,392,298	(552,658)	–	–	6,839,640
Investment in associates	689,212	(99,305)	–	–	589,907
Investment in joint ventures	204,504	101,339	–	–	305,843
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
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
Off-balance sheet					
Commitments and contingencies	461,648,463	(1,098,310)	–	–	460,550,153

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(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 statements of financial position as at 31 December 2012 and 1 January 2012 (Continued)

	Balances as at 1 January 2012				As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS10 and 11 RM'000	Effect of adopting MFRS119 RM'000	Other reclassification 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	1,165,159	(138,177)	–	–	1,026,982
Investment in joint ventures	188,479	140,211	–	–	328,690
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
Off-balance sheet					
Commitments and contingencies	414,197,407	(969,400)	–	–	413,228,007

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):

(ii) Impact on the Group's consolidated statement of changes in equity for the year ended 31 December 2012 and 1 January 2012

	Balances as at 31 December 2012			
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	As restated 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

	Balances as at 1 January 2012			
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	As restated 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

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

	Amount for the financial year ended 31 December 2012		
	As previously reported RM'000	Effect of adopting MFRS 119 RM'000	As restated RM'000
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post employment benefits obligation	–	(32,651)	(32,651)

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):**

(iii) Impact on the Group's consolidated statement of cash flows for the year ended 31 December 2012

	Balances as at 31 December 2012			
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Other reclassification RM'000	As restated RM'000
Cash flows generated from operations	3,473,125	(317,699)	(29,856)	3,125,570
Net cash flows generated from/(used in) operating activities	2,021,706	(317,699)	(29,856)	1,674,151
Net cash flows generated from financing activities	3,789,830	316,547	(15,071)	4,091,306
Net decrease in cash and short-term funds during the financial year	(1,889,876)	(1,152)	–	(1,891,028)
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

(iv) Impact on the notes to consolidated statements of financial position the year ended 31 December 2012 and 1 January 2012

Group	Balances as at 31 December 2012				
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000	As restated RM'000
<i>Note 2</i>					
Cash and balances with banks and other financial institutions	10,284,370	(3,162)	–	–	10,281,208
<i>Note 7</i>					
<u>Interest rate derivatives</u>					
Interest rate swaps – Principal					
– Up to 1 year	38,432,806	–	–	(2,000,000)	36,432,806
– More than 3 years	54,884,169	–	–	(1,236,836)	53,647,333
Interest rate swaps – Fair value assets					
– More than 3 years	1,323,121	–	–	(19,216)	1,303,905
Interest rate swaps – Fair value liabilities					
– More than 3 years	(946,583)	–	–	19,216	(927,367)

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):

(iv) Impact on the notes to statements of financial position the year ended 31 December 2012 and 1 January 2012 (Continued)

Group	Balances as at 31 December 2012					As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000		
<i>Note 7 (Continued)</i>						
<u>Credit related contract</u>						
Credit default swaps – Principal						
– Up to 1 year	445,962	–	–	2,000,000		2,445,962
– More than 3 years	657,095	(1,098,310)	–	1,236,836		795,621
Credit default swaps – Fair value assets						
– More than 3 years	27,296	(41,938)	–	19,216		4,574
Credit default swaps – Fair value liabilities						
– More than 3 years	(30,315)	34,174		(19,216)		(15,357)
<i>Note 9</i>						
Collateral pledged for derivative transactions	862,547	(552,658)	–	–		309,889
<i>Note 13</i>						
Investment in associates	689,212	(99,305)	–	–		589,907
<i>Note 14</i>						
Investment in joint ventures	204,504	101,339	–	–		305,843
<i>Note 20(i)</i>						
Demand deposits	57,438,752	–	–	(842,494)		56,596,258
Savings deposits	28,178,314	–	–	1,018,140		29,196,454
Fixed deposits	110,497,486	–	–	3,468,656		113,966,142
Others	44,484,271	(319,570)	–	–		44,164,701
<i>Note 21</i>						
Licensed banks	12,383,677	–	–	(2,235,865)		10,147,812
Licensed finance companies	405,825	–	–	(150)		405,675
Other financial institutions	6,187,072	–	–	(3,644,152)		2,542,920

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):**

(iv) Impact on the notes to consolidated statements of financial position the year ended 31 December 2012 and 1 January 2012 (Continued)

Group	Balances as at 31 December 2012				As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 10 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000	
<i>Note 23</i>					
Allowance for commitments and contingencies	46,497	–	–	(28,786)	17,711
Post employment benefit obligations	253,924	–	83,998	–	337,922
Others	1,971,927	1,626	–	28,786	2,002,339
<i>Note 25</i>					
RM500 million bonds	–	500,161	–	–	500,161
<i>Note 26</i>					
Term loan	2,000,969	–	–	2,235,865	4,236,834
Others	2,362,369	(182,203)	–	–	2,180,166
<i>Note 27</i>					
(h) Subordinated Sukuk RM850 million	861,751	(202,945)	–	–	658,806
(k) Subordinated Notes 2010/2060 RM600 million	599,415	(139,929)	–	–	459,486
(l) Subordinated Debt RM1.5 billion	1,557,190	(141,514)	–	–	1,415,676
(o) Subordinated Debt 2012/2022 RM1.5 billion	1,505,458	(76,047)	–	–	1,429,411
<i>Note 30</i>					
Exchange fluctuation reserves	(876,497)	325	–	–	(876,172)
Retained earnings	11,226,520	–	(10,255)	–	11,216,265
Other reserves – defined benefits reserves	–	–	(73,743)	–	(73,743)
<i>Note 46</i>					
<u>Credit-related</u>					
Direct credit substitutes	6,091,247	–	–	(1,625,094)	4,466,153
Miscellaneous commitments and contingencies	2,183,684	–	–	(720,949)	1,462,735
Total treasury-related commitments and contingencies	391,461,354	(1,098,310)	–	2,346,043	392,709,087

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):**

(iv) Impact on the notes to statements of financial position the year ended 31 December 2012 and 1 January 2012 (Continued)

Group	Balances as at 1 January 2012				As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 10 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000	
<i>Note 2</i>					
Cash and balances with banks and other financial institutions	9,183,261	(2,010)	–	–	9,181,251
<i>Note 7</i>					
<u>Interest rate derivatives</u>					
Interest rate swaps – Principal					
– More than 3 years	80,055,213	–	–	(1,380,715)	78,674,498
Interest rate swaps – Fair value assets					
– More than 3 years	1,615,584	–	–	(35,757)	1,579,827
Interest rate swaps – Fair value liabilities					
– More than 3 years	(1,227,568)	–	–	32,449	(1,195,119)
<u>Credit related contract</u>					
Credit default swaps – Principal					
– More than 3 years	345,919	(969,400)	–	1,380,715	757,234
Credit default swaps – Fair value assets					
– More than 3 years	34,737	(42,489)	–	35,757	28,005
Credit default swaps – Fair value liabilities					
– More than 3 years	(30,454)	34,616	–	(32,449)	(28,287)
<i>Note 9</i>					
Other debtors, deposits and prepayments net of allowance for doubtful debts	2,438,201	74	–	–	2,438,275
Collateral pledged for derivative transactions	778,691	(485,503)	–	–	293,188
<i>Note 13</i>					
Investment in associates	1,165,159	(1,381,177)	–	–	1,026,982
<i>Note 14</i>					
Investment in joint ventures	188,479	140,211	–	–	328,690

54 CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**(c) The impact of the above on the Financial Statements of the Group are set out as follows (Continued):**

(iv) Impact on the notes to statements of financial position the year ended 31 December 2012 and 1 January 2012 (continued)

Group	Balances as at 1 January 2012				As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 10 and 11 RM'000	Effect of adopting MFRS 119 RM'000	Other reclassification RM'000	
<i>Note 20(i)</i>					
Others	44,083,393	(37,682)			44,045,711
<i>Note 21</i>					
Licensed banks	8,549,707	–	–	(2,131,308)	6,418,399
<i>Note 24</i>					
Post employment benefit obligations	292,022	–	51,347	–	343,369
<i>Note 25</i>					
RM500 million bonds	–	500,477	–	–	500,477
<i>Note 26</i>					
Term loan	2,300,642	–	–	2,131,308	4,431,950
Others	1,843,956	(462,720)	–	–	1,381,236
<i>Note 27</i>					
(h) Subordinated Sukuk RM850 million	545,590	(184,977)	–	–	360,613
(k) Subordinated 2010/2060 Notes RM600 million	591,921	(154,919)	–	–	437,002
(l) Subordinated Debt RM1.5 billion	1,567,422	(152,328)	–	–	1,415,094
<i>Note 30</i>					
Retained earnings	8,550,863	–	(10,255)	–	8,540,608
Other reserves – defined benefits reserves	–	–	(41,092)	–	(41,092)
<i>Note 46</i>					
<u>Credit-related</u>					
Direct credit substitutes	5,255,701	–	–	(1,096,064)	4,159,637
Miscellaneous commitments and contingencies	4,941,508	–	–	(323,804)	4,617,704
Total treasury-related commitments and contingencies	352,677,603	(969,400)	–	1,419,868	353,128,071

55 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

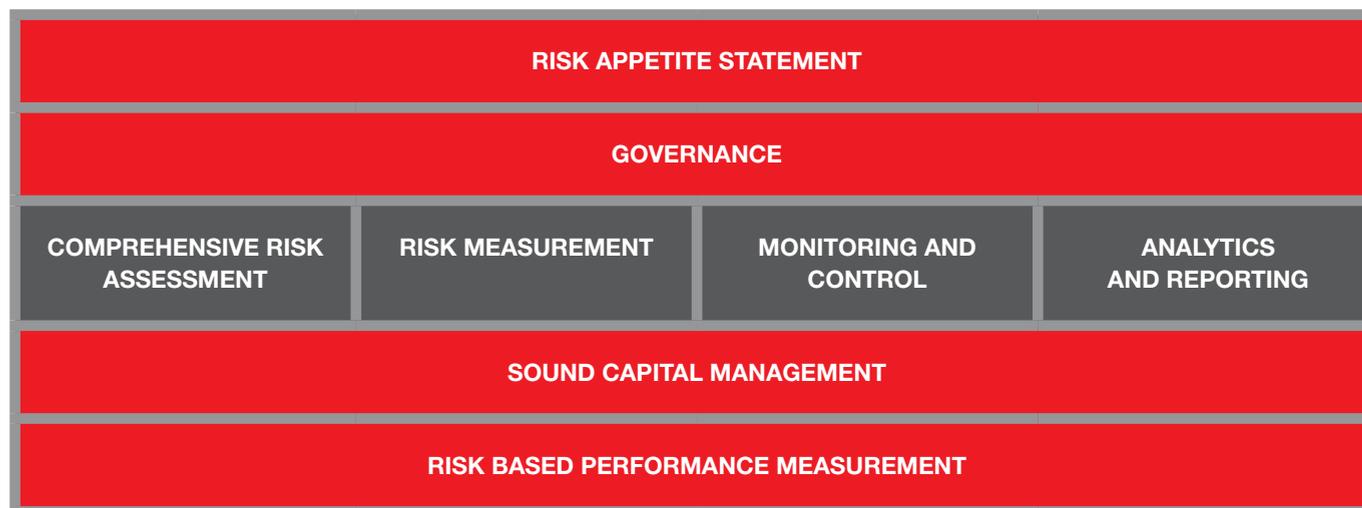
The objectives of the Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholders' value through proper allocation of capital and facilitate development of new businesses.

(b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Enterprise Wide Risk Management Framework (EWRM) (Continued)

The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

(a) Risk Appetite Statement

Risk appetite defines the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. In CIMB Group, the risk appetite is linked to strategy development and business and capital management plans. It takes into account not only growth, revenue and commercial aspirations, but also the capital and liquidity positions and risk management capabilities and strengths, including risk systems, processes and people. Going forward, risk appetite statements will be formulated for key business units as well as incorporate stress testing.

CIMB Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. Board Risk Committee (BRC) and Group Risk Committee (GRC) receive monthly reports on compliance with the risk appetite.

(b) Governance

A strong risk governance structure is what binds the EWRM framework together. The Board of Directors is ultimately responsible for the Group's risk management activities, and provides strategic direction through the Risk Appetite Statement and relevant risk management frameworks for the Group.

The implementation and administration of the EWRM framework are effected through the three lines of defence model with oversight by the risk governance structure which consists of various risk committees, as described below. Group Risk Division (GRD) is principally tasked to assist the various risk committees and undertakes the performance of independent risk management, monitoring and reporting functions of the EWRM. The implementation of the EWRM is also subjected to the independent assurance and assessment by Group Internal Audit Division.

(c) Comprehensive Risk Assessment

Comprehensive Risk Assessment provides the process for the identification of the Group's material risks, from the perspectives of impact on the Group's financial standing and reputation. Apart from the annual comprehensive risk assessment exercise, the Group's material risks are identified on an on-going basis as well as part of the consideration for any strategic projects, including new product development.

(d) Risk Measurement

Consistent and common methodologies of Risk Measurement allow for the Group to aggregate and compare risks across business units, geographies and risk types. Further, it provides a tool for the Board and Senior Management to assess the sufficiency of its liquidity surplus and reserves, and health of its capital position under various economic and financial situations.

(e) Monitoring and Control

Various risk management tools are employed to Monitoring and Control the risk taking activities within the Group, these include limit monitoring, hedging strategies and clearly documented control processes. These controls are regularly monitored and reviewed in the face of changing business needs, market conditions and regulatory changes.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Enterprise Wide Risk Management Framework (Continued)

- (f) Analytics and Reporting
Timely reporting and meaningful analysis of risk positions are critical to enable the Board and Senior Management to exercise control over material exposures and make informed business decisions.
- (g) Sound Capital Management
The Group's capital resources are continuously assessed and managed to undertake its day-to-day business operations and risk-taking activities, including considerations for its business expansion and growth. Each year internal capital targets will be set and capital will be allocated to each business units based on the respective business plans, budgeted profit and targeted Risk Adjusted Return on Capital (RAROC).
- (h) Risk Based Performance Measurement
Business units' economic profitability will be measured having considered both its risks and capital consumption. The adoption of a risk-based performance measurement allows for performance and profitability of different business units to be compared on a common yardstick.

(c) Risk Governance

In the year under review, the Board of Directors approved a revision to the Group's risk governance structure with the establishment of several risk committees and elevation of the existing Basel Steering Committee as a risk committee reporting to the GRC. The revised risk governance structure allows for thorough deliberations and clear accountability of each of the committees.

At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

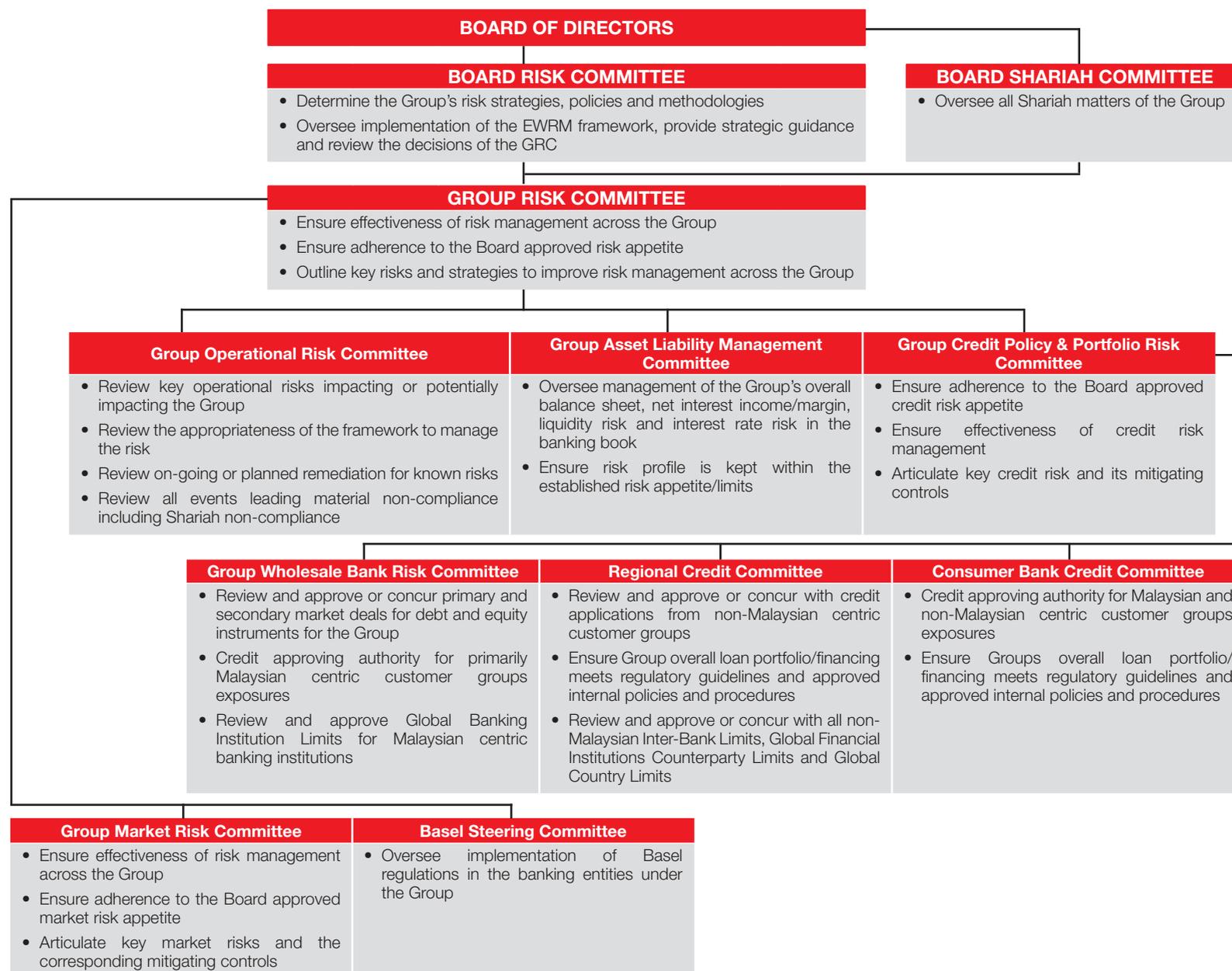
In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Policy & Portfolio Risk Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Basel Steering Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk Governance (Continued)

The revised structure of the Group’s Risk Committees and an overview of the respective committee’s roles and responsibilities are as follows:



55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk Governance (Continued)

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

Three-Lines of Defence

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group CRO who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

- (a) Actively engages the Board and senior management on risk management issues and initiatives.
- (b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Risk Governance (Continued)*****The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)***

- (a) Risk Analytics & Infrastructure Centre of Excellence
Risk Analytics & Infrastructure Centre of Excellence spearheads the Group's efforts towards Basel II implementation. In this regard, it develops and implements all internal rating and scoring models and closely monitors the performance of the rating and scoring models to ensure relevance to current market conditions and integrity of ratings. It also computes and aggregates the risk-weighted assets for credit risk for monthly regulatory reporting as well as projects the capital requirements for credit risk to support capital management planning and analysis. Risk Analytics & Infrastructure Centre of Excellence monitors the non-retail credit risk profile of risk-taking activities in terms of asset quality, rating distribution and credit concentrations. In addition, it initiates and/or proposes its risk policies, risk measurement methodologies and risk limits to the Board for approval.
- (b) Market Risk Centre of Excellence
In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation. It also coordinates capital market product deployments.
- (c) Operational Risk Centre of Excellence
The Operational Risk Centre of Excellence provides the methodology and process for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group.
- (d) Asset Liability Management Centre of Excellence
It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest/benchmark rate risk as well as recommending policies and methodologies to manage the said risks.
- (e) Credit Risk Centre of Excellence
The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of CIMB Group. It ensures a homogenous and consistent approach to:
- Credit Risk Policies and Procedures;
 - Credit Risk Models;
 - Credit Risk Methodologies; and
 - Portfolio Analytics,
- as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.
- (f) Shariah Risk Centre of Excellence
The Shariah Risk Centre of Excellence formulates Shariah Risk Management Framework and provides guidance and training on the Shariah Risk Management to enable the first line of defence to identify, assess, monitor and control Shariah risk in their Islamic business operations and activities.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk Governance (Continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (Continued)

(f) Shariah Risk Centre of Excellence (Continued)

In addition to the above Risk Centres of Excellence, Regional Risk was established with the objective of overseeing the risk management functions of the regional offices as well as the Group's unit trust and Non-Malaysian securities businesses. Regional Risk also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and Non-Malaysian securities businesses identify, analyse, monitor, review and report the relevant material risk exposures of each individual country and/or businesses.

The Validation Team is independent from the risk taking units and model development team, and reports to Regional Risk. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on rating systems, estimates of the risk components, and the processes by which the internal ratings are obtained and used. The unit provides recommendations to the model development team and the business users. The unit reports its findings and recommendations to GRC and BRC.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

55.1 Credit risk

Credit risk is defined as from the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group. It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, i.e. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

Credit Risk Management (Continued)

The Framework encompass the introduction of Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. Credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval.

The Group Credit Policy & Portfolio Risk Committee with the support of Group Wholesale Bank Risk Committee, Regional Credit Committee, Consumer Bank Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures on at least an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to Group Credit Policy & Portfolio Risk Committee, GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

(i) Collaterals/Securities

All extension of credit in so far as deemed prudent, must be appropriately and adequately secured. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GWBRC/RCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

(ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

(iii) Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

(iv) Concentrations within risk mitigation

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any counterparty, sectors and country.

Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR")

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

(i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GWBRC and/or RCC.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****Off-Balance Sheet Exposures and Counterparty Credit Risk (“CCR”) (Continued)**

(ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2013, there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

55.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	The Group	
	Maximum exposure	
	31 December	31 December
	2013	2013
	RM'000	RM'000
Financial guarantees	6,104,901	4,653,443
Credit related commitments and contingencies	63,304,668	57,383,909
	69,409,569	62,037,352

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group is 78% (2012: 76%) while the financial effect of collateral for derivatives for the Group is 76% (2012: 66%). The financial effect of collateral held for the remaining financial assets are insignificant.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

55.1.2 Offsetting financial assets and financial liabilities

(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group						The Company					
	Gross amounts of recognised financial liabilities in the statement of financial position		Related amounts not set off in the statement of financial position				Gross amounts of recognised financial liabilities in the statement of financial position		Related amounts not set off in the statement of financial position			
			Net amounts of financial assets	Financial instruments	Financial collateral received	Net amount			Net amounts of financial assets	Financial instruments	Financial collateral received	Net amount
	Gross amounts of recognised financial assets	statement of financial position	RM'000	RM'000	RM'000	RM'000	Gross amounts of recognised financial assets	statement of financial position	RM'000	RM'000	RM'000	RM'000
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets												
31 December 2013												
Derivatives	5,020,453	-	5,020,453	(2,796,554)	(666,903)	1,556,996	3,940	-	3,940	-	-	3,940
Reverse repurchase agreements	8,260,504	-	8,260,504	(1,526,380)	(6,667,026)	67,098	-	-	-	-	-	-
Total	13,280,957	-	13,280,957	(4,322,934)	(7,333,929)	1,624,094	3,940	-	3,940	-	-	3,940
31 December 2012												
Derivatives	4,083,969	-	4,083,969	(2,582,911)	(401,234)	1,099,744	10,712	-	10,712	(8,892)	-	1,820
Reverse repurchase agreements	5,594,278	-	5,594,278	(2,017,421)	(3,252,848)	50,495	-	-	-	-	-	-
Total	9,678,297	-	9,678,297	(4,600,412)	(3,927,596)	1,150,239	10,712	-	10,712	(8,892)	-	1,820

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.2 Offsetting financial assets and financial liabilities (Continued)**

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group						The Company					
	Gross amounts of recognised financial assets in the statement of financial position		Related amounts not set off in the statement of financial position		Net amount		Gross amounts of recognised financial assets in the statement of financial position		Related amounts not set off in the statement of financial position		Net amount	
	Gross amounts of recognised financial liabilities	statement of financial position	Net amounts of financial liabilities	Financial instruments	Financial collaterals pledged	Net amount	Gross amounts of recognised financial assets	statement of financial position	Net amounts of financial liabilities	Financial instruments	Financial collateral pledged	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities												
31 December 2013												
Derivatives	6,009,608	-	6,009,608	(2,613,900)	(645,300)	2,750,408	-	-	-	-	-	-
Repurchase agreements	5,922,788	-	5,922,788	(5,891,608)	(799)	30,381	-	-	-	-	-	-
Total	11,932,396	-	11,932,396	(8,505,508)	(398,229)	2,780,789	-	-	-	-	-	-
31 December 2012												
Derivatives	4,049,192	-	4,049,192	(2,214,293)	(112,929)	1,411,747	8,892	-	8,892	(8,892)	-	-
Repurchase agreements	3,068,039	-	3,068,039	(2,314,181)	-	4,094	-	-	-	-	-	-
Total	7,117,231	-	7,117,231	(4,528,472)	(112,929)	1,415,841	8,892	-	8,892	(8,892)	-	-

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

55.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2013, 31 December 2012 are as follows:

The Group 31 December 2013

	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Cash and short-term funds	16,949,292	5,490,129	32,304	1,080,160	1,585,914	1,714,045	374,675	2,470,748	29,697,267
Reverse repurchase agreements	4,906,389	68,133	2,671,693	315,413	-	179,964	62,411	56,501	8,260,504
Deposits and placements with banks and other financial institutions	1,693,437	479,583	78,366	274,746	-	110,383	-	1,152,504	3,789,019
- Financial assets held for trading									
- Money market instruments	6,889,126	35,353	-	4,032,527	129,638	-	-	-	11,086,644
- Quoted securities	-	943,696	1,029,154	-	-	-	-	-	1,972,850
- Unquoted securities	5,362,595	167,053	399,513	605,413	53,087	35,749	524,527	968,077	8,116,014
Financial investments available-for-sale									
- Money market instruments	3,737,735	195,893	-	-	-	27,052	-	58,142	4,018,822
- Quoted securities	-	3,573,503	2,618,858	-	-	-	-	-	6,192,361
- Unquoted securities	13,519,079	360,735	391,105	1,578,093	59,712	229,247	1,114,137	990,088	18,314,916
Financial investments held-to-maturity									
- Money market instruments	1,848,462	-	-	512,890	263,486	-	-	-	2,624,838
- Quoted securities	-	903,343	1,628,612	-	62,668	-	-	8,077	2,602,700
- Unquoted securities	4,473,214	-	881	839,165	6,235	-	25,978	248,450	5,593,953
Derivative financial instruments									
- Trading derivatives	2,002,213	323,727	854,526	301,818	220,292	554,791	33,406	522,559	4,833,332
- Hedging derivatives	126,204	605	-	13,751	2,789	41,777	-	1,995	187,121
Loans, advances and financing									
- Overdrafts	4,039,263	4,052	757,747	83,700	52	951	298	154,384	5,040,447
- Term loans/financing	117,525,961	21,833,046	12,504,249	15,206,168	168,036	991,578	635,906	2,026,322	170,891,266
- Bills receivable	547,590	448	2,807,424	479,684	-	24,340	28,830	5,244,225	9,132,541
- Trust receipts	274,004	80,092	1,233,784	272,608	-	-	-	14,796	1,875,284
- Claim on customers under acceptance credit	3,209,185	253,011	40,303	543,025	168,045	43,746	56,639	336,422	4,650,376
- Credit card receivables	4,245,765	1,071,480	-	988,117	-	-	-	-	6,305,362
- Revolving credit	6,490,169	19,486,761	87,273	1,520,365	-	253,223	-	396,389	28,234,180
- Share margin financing	715,200	850,166	128,614	595,838	-	-	-	11,649	2,301,467
- Other loans	-	-	782	-	-	-	-	-	782
Other assets	3,869,092	367,317	778,233	639,111	23,681	104,890	431,235	245,026	6,458,585
Financial guarantees	1,839,595	945,032	290,312	1,912,513	147,465	65,959	76,074	827,951	6,104,901
Credit related commitments and contingencies	52,698,048	4,188,862	1,200,345	3,874,894	-	14,899	231,146	1,096,474	63,304,668
Total credit exposures	256,053,648	61,622,020	29,534,078	35,669,999	2,891,100	4,104,928	3,595,262	16,830,779	411,589,480

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2013 and 31 December 2012 are as follows (Continued):

The Group**31 December 2012**

	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Cash and short-term funds	15,092,128	3,384,833	89,907	1,535,563	3,362,685	1,202,070	1,038,272	1,197,572	26,903,030
Reverse repurchase agreements	4,836,131	63,870	200,060	311,143	-	45,329	131,378	6,367	5,594,278
Deposits and placements with banks and other financial institutions	1,179,332	1,922,479	73,478	889,925	-	191,103	462,489	271,525	4,990,331
Financial assets held for trading									
- Money market instruments	12,484,412	48,553	7	3,417,579	108,193	-	-	-	16,058,744
- Quoted securities	-	679,172	330,052	-	-	-	-	-	1,009,224
- Unquoted securities	4,817,505	67,798	211,324	545,629	57,835	52,684	152,058	803,996	6,708,829
Financial investments available-for-sale									
- Money market instruments	5,539,772	104,099	-	-	-	49,398	-	-	5,693,269
- Quoted securities	-	3,218,291	1,199,552	-	-	-	-	-	4,417,843
- Unquoted securities	14,303,264	261,276	349,303	760,810	61,205	216,705	805,733	939,037	17,697,333
Financial investments held-to-maturity									
- Money market instruments	35,333	-	-	491,633	252,911	-	-	-	779,877
- Quoted securities	-	630,334	2,178,903	-	58,189	-	-	30,089	2,897,515
- Unquoted securities	3,567,562	-	279,735	1,155,606	-	25,321	25,107	254,568	5,307,899
Derivative financial instruments									
- Trading derivatives	1,712,346	77,405	214,633	624,272	518,113	193,488	127,192	361,830	3,829,279
- Hedging derivatives	114,522	24,660	-	94,914	17,655	-	-	2,939	254,690
Loans, advances and financing									
- Overdrafts	4,287,464	513	727,112	93,394	23	965	-	108,243	5,217,714
- Term loans/financing	103,533,029	22,784,979	9,460,988	10,358,562	196,190	675,343	890,495	2,385,109	150,284,695
- Bills receivable	442,493	-	2,554,447	593,658	1,257	-	-	26,231	3,618,086
- Trust receipts	323,083	77,445	1,546,795	225,523	-	-	9,868	3,070	2,185,784
- Claim on customers under acceptance credit	3,647,030	984,346	989	-	-	-	-	-	4,632,365
- Credit card receivables	3,848,906	1,122,656	-	630,601	-	-	-	-	5,602,163
- Revolving credit	4,945,458	21,225,899	63,778	1,030,706	-	354,376	218,496	516,722	28,355,435
- Share margin financing	691,687	987,181	127,380	421,754	-	-	-	-	2,241,576
Other assets	3,361,668	660,265	465,911	658,298	52,681	28,007	292,203	70,638	5,589,671
Financial guarantees	1,134,686	838,060	275,994	1,954,324	138,029	5,487	82,908	223,955	4,653,443
Credit related commitments and contingencies	45,712,889	4,531,011	1,131,084	5,608,069	757	27,338	19,784	352,977	57,383,909
Total credit exposures	235,610,700	63,695,125	21,481,432	31,401,963	4,825,723	3,067,614	4,255,983	7,568,442	371,906,982

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2013 and 31 December 2012 are as follows (Continued):

The Company**31 December 2013**

	Malaysia RM'000	Indonesia RM'000	Total RM'000
Cash and short-term funds	69,570	3	69,573
Derivative financial instruments			
- Hedging derivatives	3,940	-	3,940
Loans, advances and financing			
- Term loans/financing	71	-	71
Other assets	44,883	-	44,883
Amount owing by subsidiaries	788	-	788
	119,252	3	119,255

31 December 2012

Cash and short-term funds	135,071	4	135,075
Derivative financial instruments			
- Hedging derivatives	10,712	-	10,712
Loans, advances and financing	1,314		1,314
- Term loans/financing	95	-	95
Other assets	1,910	-	1,910
Amount owing by subsidiaries	4,238	-	4,238
	153,340	4	153,344

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2013 and 31 December 2012 based on the industry sectors of the counterparty are as follows:

The Group
31 December 2013

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial asset held for trading (i) RM'000	Financial investments available- for-sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments Trading derivatives RM'000	Hedging derivatives RM'000	Loans, advances and financing (ii) RM'000	Other financial assets RM'000	Total credit exposures RM'000
Agriculture	-	-	-	79,086	156,915	-	3,466	-	6,717,450	81	6,956,998
Mining and quarrying	-	-	-	197,564	181,476	-	10,855	-	3,339,609	317	3,729,821
Manufacturing	-	7,406	-	333,967	627,558	428,048	69,192	-	15,515,300	477	16,981,948
Electricity, gas and water	-	2,923	-	573,020	1,970,583	377,545	14,370	1,100	1,947,664	16,647	4,903,852
Construction	-	-	-	459,646	1,288,875	403,022	15,428	-	5,554,423	939	7,722,333
Transport, storage and communications	-	-	-	368,098	2,393,621	892,358	105,517	-	8,044,510	4,240	11,808,344
Education and health	-	-	-	12,543	19,680	-	-	-	3,700,749	-	3,732,972
Trade and hospitality	-	4,328	-	-	-	-	-	-	7,290,852	8,632	7,303,812
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	10,933,246	607,276	3,685,998	11,726,274	10,127,003	4,181,229	3,913,925	186,021	23,316,420	3,467,348	72,144,740
Real estate	-	20,182	-	24,194	227,559	-	676	-	11,352,260	4,053	11,628,924
<i>Others:</i>											
Purchase of landed property											
- Residential	-	-	-	-	-	-	-	-	52,542,437	52	52,542,489
- Non-residential	-	-	-	-	-	-	-	-	12,165,915	-	12,165,915
General commerce	-	28,296	-	481,045	491,966	55,103	6,315	-	14,111,022	52,213	15,225,960
Government and government agencies	18,460,469	6,920,606	54,652	6,001,486	8,329,538	3,730,993	76,073	-	11,869,343	540,019	55,983,179
Purchase of securities	165,533	440,296	-	-	-	-	-	-	12,044,509	1,981,844	14,632,182
Purchase of transport vehicles	-	-	-	-	-	-	-	-	17,270,643	-	17,270,643
Consumption credit	-	-	-	-	-	-	-	-	14,782,765	-	14,782,765
Others	138,019	229,191	48,369	918,585	2,710,605	753,193	617,515	-	6,865,834	381,723	12,663,034
	29,697,267	8,260,504	3,789,019	21,175,508	28,525,379	10,821,491	4,833,332	187,121	228,431,705	6,458,585	342,179,911

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors

The Group
31 December 2012

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available- for-sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments Trading derivatives RM'000	Hedging derivatives RM'000	Loans, advances and financing (ii) RM'000	Other financial assets RM'000	Total credit exposures RM'000
Agriculture	-	-	-	59,352	211,590	102,858	1,390	-	6,009,633	-	6,384,823
Mining and quarrying	-	-	-	152,059	163,090	-	11,940	-	4,298,855	1,072	4,627,016
Manufacturing	-	-	-	376,530	440,800	10,942	18,277	-	15,544,167	30,972	16,421,688
Electricity, gas and water	-	-	-	458,803	2,431,999	211,665	52,964	-	1,717,729	5,634	4,878,794
Construction	-	-	-	248,110	1,121,998	154,425	21,185	-	4,636,771	3,560	6,186,049
Transport, storage and communications	-	-	-	907,633	2,691,819	1,989,947	298,081	-	7,165,340	16,762	13,069,582
Education and health	-	-	-	-	5,685	-	-	-	2,962,871	3,547	2,972,103
Trade and hospitality	-	-	-	7,390	-	-	-	-	4,776,784	-	4,784,174
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	16,822,233	403,509	4,935,521	10,512,890	8,713,333	3,195,862	3,143,739	254,690	15,410,751	3,450,799	66,885,265
Real estate	-	11,654	-	10,200	585,284	-	315	-	10,734,423	12,620	11,354,496
<i>Others:</i>											
Purchase of landed property											
- Residential	-	-	-	-	-	-	37	-	52,187,431	388	52,187,856
- Non-residential	-	-	-	-	-	-	-	-	11,267,194	3,220	11,270,414
General commerce	-	-	-	8,388	79,162	189,401	6,392	-	13,396,978	176,553	13,856,874
Government and government agencies	10,062,690	4,894,739	54,810	10,565,530	10,146,642	3,088,184	14,195	-	12,818,225	414,841	52,059,856
Purchase of securities	-	168,024	-	-	-	-	-	-	8,054,841	1,425,750	9,648,615
Purchase of transport vehicles	-	-	-	-	-	-	-	-	13,988,992	-	13,988,992
Consumption credit	-	-	-	-	-	-	-	-	9,639,230	-	9,639,230
Others	18,107	116,352	-	469,912	1,217,043	42,007	218,826	-	7,527,603	43,953	9,653,803
	26,903,030	5,594,278	4,990,331	23,776,797	27,808,445	8,985,291	3,829,279	254,690	202,137,818	5,589,671	309,869,630

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial investments at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

The Group
31 December 2013

	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	Money market instruments	Quoted securities	Unquoted securities	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Agriculture	-	-	79,086	-	-	156,915	-	-	-	236,001
Mining and quarrying	-	7,249	190,315	-	68,499	112,977	-	-	-	379,040
Manufacturing	89,640	-	244,327	-	-	627,558	-	-	428,048	1,389,573
Electricity, gas and water	58,889	49,831	464,301	9,542	133,161	1,827,880	-	48,785	328,760	2,921,149
Construction	-	7,487	452,159	-	32,205	1,256,670	-	-	403,022	2,151,543
Transport, storage and communications	-	115,910	252,188	-	673,936	1,719,685	-	226,021	666,337	3,645,077
Education and health	-	12,543	-	-	19,680	-	-	-	-	32,223
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	6,045,807	1,004,110	4,676,357	284,465	2,765,652	7,076,886	171,827	1,592,711	2,416,690	26,034,505
Real estate	-	305	23,889	-	25,147	202,413	-	-	-	251,754
<i>Others:</i>										
Purchase of landed property - Residential	-	-	-	-	-	-	-	-	-	-
General commerce	-	5,548	475,497	20,466	32,364	439,136	-	-	55,103	1,028,114
Government and government agencies	4,882,970	764,309	354,208	3,704,349	2,396,153	2,229,036	2,453,011	670,967	607,015	18,062,018
Purchase of transport vehicles	-	-	-	-	-	-	-	-	-	-
Consumption credit	-	-	-	-	-	-	-	-	-	-
Others	9,338	5,558	903,687	-	45,564	2,665,040	-	64,216	688,978	4,382,381
	11,086,644	1,972,850	8,116,014	4,018,822	6,192,361	18,314,196	2,624,838	2,602,700	5,593,953	60,522,378

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial investments at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

The Group
31 December 2012

	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Agriculture	-	8,737	50,616	-	-	211,590	-	-	102,858	373,801
Mining and quarrying	-	-	152,059	-	70,624	92,466	-	-	-	315,149
Manufacturing	-	5,026	371,504	-	-	440,800	-	-	10,942	828,272
Electricity, gas and water	70,907	9,288	378,608	-	126,509	2,305,490	-	186,297	25,368	3,102,467
Construction	19,886	1,431	226,793	-	24,854	1,097,144	-	-	154,425	1,524,533
Transport, storage and communications	-	346,622	561,011	-	271,517	2,420,302	-	278,468	1,711,479	5,589,399
Education and health	-	-	-	-	5,685	-	-	-	-	5,685
Trade and hospitality	-	7,390	-	-	-	-	-	-	-	7,390
<u>Finance, insurance, real estate business:</u>										
Finance, insurance and business services	6,149,496	106,618	4,256,775	430,916	1,497,307	6,785,112	14,689	445,031	2,736,141	22,422,085
Real estate	-	-	10,200	-	1,017	584,266	-	-	-	595,483
<u>Others:</u>										
General commerce	-	-	8,388	-	20,403	58,759	-	-	189,401	276,951
Government and government agencies	9,781,258	522,606	261,666	5,242,609	2,369,958	2,534,075	765,188	1,987,719	335,277	23,800,356
Others	37,197	1,506	431,209	19,744	29,969	1,167,329	-	-	42,008	1,728,962
	16,058,744	1,009,224	6,708,829	5,693,269	4,417,843	17,697,333	779,877	2,897,515	5,307,899	60,570,533

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

The Group
31 December 2013

	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claim on customers under acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000	Share margin financing RM'000	Other loan RM'000	Total credit exposures RM'000
Agriculture	229,835	4,057,417	25,609	20,819	174,229	-	2,195,585	13,956	-	6,717,450
Mining and quarrying	42,000	2,685,696	2,013	-	7,022	-	602,878	-	-	3,339,609
Manufacturing	637,264	5,176,636	1,922,916	870,483	1,381,844	-	5,511,304	14,853	-	15,515,300
Electricity, gas and water	10,236	1,685,108	-	21,847	1,143	-	224,128	5,202	-	1,947,664
Construction	535,506	2,799,291	62,826	59,034	155,821	-	1,939,457	2,488	-	5,554,423
Transport, storage and communications	163,904	6,267,590	68,057	30,253	19,755	-	1,439,102	55,849	-	8,044,510
Education and health	111,107	3,431,758	15,131	1,353	3,372	-	138,028	-	-	3,700,749
Trade and hospitality	822,258	4,036,105	49,466	155,598	1,426,049	-	801,376	-	-	7,290,852
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	339,591	11,580,767	5,810,431	37,997	1,477,296	-	4,047,589	22,749	-	23,316,420
Real estate	190,995	8,195,821	95,827	48	2,862	-	2,859,153	7,554	-	11,352,260
<i>Others:</i>										
Purchase of landed property										
- Residential	23,183	52,519,254	-	-	-	-	-	-	-	52,542,437
- Non-residential	105,059	12,060,856	-	-	-	-	-	-	-	12,165,915
General commerce	28,749	7,676,109	208,546	120,552	-	-	5,428,113	648,953	-	14,111,022
Government and government agencies	-	11,869,343	-	-	-	-	-	-	-	11,869,343
Purchase of securities	13,556	10,606,084	-	-	-	-	-	1,424,087	782	12,044,509
Purchase of transport vehicles	-	16,521,290	-	-	-	-	749,353	-	-	17,270,643
Consumption credit	1,503,038	6,596,437	3,085	-	-	6,305,362	363,454	11,389	-	14,782,765
Others	284,166	3,125,704	868,634	557,300	983	-	1,934,660	94,387	-	6,865,834
	5,040,447	170,891,266	9,132,541	1,875,284	4,650,376	6,305,362	28,234,180	2,301,467	782	228,431,705

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

The Group
31 December 2012

	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claim on customers under acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000	Share margin financing RM'000	Total credit exposures RM'000
Agriculture	236,604	3,348,180	19,862	3,410	130,941	-	2,242,391	28,245	6,009,633
Mining and quarrying	32,380	2,907,557	18,485	36	6,363	-	1,334,034	-	4,298,855
Manufacturing	670,026	4,587,312	1,701,711	748,523	1,868,537	-	5,925,601	42,457	15,544,167
Electricity, gas and water	10,050	1,350,572	-	5,391	3,742	-	347,280	694	1,717,729
Construction	525,729	2,018,249	44,488	52,109	152,398	-	1,830,567	13,231	4,636,771
Transport, storage and communications	188,908	4,821,354	30,841	6,216	9,103	-	2,039,454	69,464	7,165,340
Education and health	136,691	2,572,462	-	337	45,589	-	207,792	-	2,962,871
Trade and hospitality	637,513	1,951,021	50,918	149,298	1,364,690	-	623,344	-	4,776,784
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	321,559	10,961,428	420,818	73,879	1,027,070	-	2,590,559	15,438	15,410,751
Real estate	200,334	7,058,610	779,138	238,707	692	-	2,446,849	10,093	10,734,423
<i>Others:</i>									
Purchase of landed property									
- Residential	22,562	52,164,869	-	-	-	-	-	-	52,187,431
- Non-residential	114,836	11,152,358	-	-	-	-	-	-	11,267,194
General commerce	41,317	6,994,315	-	12,290	-	-	5,692,101	656,955	13,396,978
Government and government agencies	-	12,818,225	-	-	-	-	-	-	12,818,225
Purchase of securities	16,149	6,724,330	-	-	-	-	-	1,314,362	8,054,841
Purchase of transport vehicles	-	13,120,501	-	-	-	-	868,491	-	13,988,992
Consumption credit	1,783,436	2,057,222	1,788	-	-	5,602,163	194,621	-	9,639,230
Others	279,620	3,676,130	550,037	895,588	23,240	-	2,012,351	90,637	7,527,603
	5,217,714	150,284,695	3,618,086	2,185,784	4,632,365	5,602,163	28,355,435	2,241,576	202,137,818

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for the following financial assets based on the industry sectors of the counterparty are as follows:

The Company**31 December 2013**

	Cash and short term funds RM'000	Derivative financial instruments * RM'000	Loans, advances and financing ** RM'000	Other financial assets *** RM'000	Total credit exposures RM'000
<i>Finance, insurance, real estate</i>					
<i>business:</i>					
Finance, insurance and business services	69,573	3,940	-	11,053	84,566
<i>Others:</i>					
Others	-	-	71	34,618	34,689
	69,573	3,940	71	45,671	119,255

The Company**31 December 2012**

	Cash and short term funds RM'000	Derivative financial instruments * RM'000	Loans, advances and financing ** RM'000	Other financial assets *** RM'000	Total credit exposures RM'000
<i>Finance, insurance, real estate</i>					
<i>business:</i>					
Finance, insurance and business services	135,075	10,712	-	6,143	151,930
<i>Others:</i>					
Others	-	-	95	5	100
	135,075	10,712	95	6,148	152,030

* Relates to trading and hedging derivatives

** Relates to term loans

*** Other financial assets include amount owing by subsidiaries and other financial assets

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations for financial guarantees and credit related commitments and contingencies based on the industry sectors of the counterparty are as follows:

	The Group			
	Financial guarantees		Credit related commitments and contingencies	
	31 December 2013		31 December 2012	
	RM'000	RM'000	RM'000	RM'000
Agriculture	10,695	842,473	9,789	701,722
Mining and quarrying	70,028	593,894	64,303	1,218,860
Manufacturing	289,695	5,161,199	316,393	5,186,178
Electricity, gas and water	79,536	682,612	57,464	563,390
Construction	343,366	5,678,849	390,142	4,680,657
Transport, storage and communications	87,375	972,112	95,588	1,257,410
Education and health	39,012	2,721,177	32,685	2,355,874
Trade and hospitality	219,407	5,466,393	96,469	3,942,664
<i>Finance, insurance, real estate business:</i>				
Finance, insurance and business services	4,463,196	14,055,057	3,422,127	10,654,180
Real estate	36,256	205,250	10,394	838,069
<i>Others:</i>				
Purchase of landed property				
- Residential	49	6,936	-	5,423
General commerce	27,277	669,406	121,647	850,389
Purchase of transport vehicles	-	-	-	-
Consumption credit	428,002	2,105,208	4,211	3,528,324
Others	11,007	24,144,102	32,231	21,600,769
	6,104,901	63,304,668	4,653,443	57,383,909

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets**

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

(a) Loans, advances and financing

Loans, advances and financing of the Group are summarised as follows:

The Group				
31 December 2013	Neither past due nor impaired (i) RM'000	Past due but not impaired (ii) RM'000	Impaired (iii) RM'000	Total gross amount RM'000
Overdrafts	4,717,536	451,150	490,366	5,659,052
Term loans/financing	155,926,670	13,968,937	5,263,850	175,159,457
Bills receivable	9,074,307	14,395	147,584	9,236,286
Trust receipts	1,841,491	33,349	198,040	2,072,880
Claim on customers under acceptance credit	4,599,495	3,194	339,405	4,942,094
Credit card receivables	5,958,400	388,124	94,409	6,440,933
Revolving credit	27,865,748	165,332	799,889	28,830,969
Share margin financing	2,190,942	104,874	58,843	2,354,659
Other loans	782	-	883	1,665
Total	212,175,371	15,129,355	7,393,269	234,697,995
Less: Impairment allowances *				(6,266,290)
Total net amount				228,431,705
31 December 2012				
Overdrafts	4,724,121	643,963	612,691	5,980,775
Term loans/financing	136,752,560	12,195,273	5,697,592	154,645,425
Bills receivable	3,616,915	5,384	94,611	3,716,910
Trust receipts	2,167,232	4,874	211,559	2,383,665
Claim on customers under acceptance credit	4,557,673	4,937	447,465	5,010,075
Credit card receivables	5,265,601	384,961	40,133	5,690,695
Revolving credit	28,088,491	118,215	759,649	28,966,355
Share margin financing	2,021,034	224,967	63,685	2,309,686
Other loans	-	-	432	432
Total	187,193,627	13,582,574	7,927,817	208,704,018
Less: Impairment allowances *				(6,566,200)
Total net amount				202,137,818

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)**

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

(a) Loans, advances and financing (Continued)

Loans, advances and financing of the Company as at 31 December 2013 of RM95,000 (31 December 2012: RM930,000) are categorised as “neither past due nor impaired”.

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Company.

The Group**31 December 2013**

	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000
Overdrafts	1,868,435	162,460	2,686,641	4,717,536
Term loans/financing	61,864,704	2,738,453	91,323,513	155,926,670
Bills receivable	8,517,814	48,499	507,994	9,074,307
Trust receipts	1,612,155	74,579	154,757	1,841,491
Claim on customers under acceptance credit	3,479,478	45,213	1,074,804	4,599,495
Credit card receivables	1,007,136	-	4,951,264	5,958,400
Revolving credit	26,332,283	13,894	1,519,571	27,865,748
Share margin financing	711,101	140,262	1,339,579	2,190,942
Other loans	-	782	-	782
Total	105,393,106	3,224,142	103,558,123	213,173,791

31 December 2012

Overdrafts	1,604,625	407,943	2,711,553	4,724,121
Term loans/financing	53,989,783	5,831,902	76,930,875	136,752,560
Bills receivable	2,312,241	851,650	453,024	3,616,915
Trust receipts	1,505,668	521,928	139,636	2,167,232
Claim on customers under acceptance credit	3,260,457	42,808	1,254,408	4,557,673
Credit card receivables	1,043,761	-	4,221,840	5,265,601
Revolving credit	26,297,554	491,280	1,299,657	28,088,491
Share margin financing	719,149	-	1,301,885	2,021,034
Total	90,733,238	8,147,511	88,312,878	187,193,627

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired” Continued)**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Company.

The Company

	31 December 2013		31 December 2012	
	No rating RM'000	Total RM'000	No rating RM'000	Total RM'000
Term loans/financing	71	71	95	95
Total	71	71	95	95

Credit quality description can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Company.

Satisfactory – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

No rating – Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

(ii) Loans, advances and financing that are “past due but not impaired”

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below:

The Group			
31 December 2013	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Overdrafts	388,454	62,696	451,150
Term loans/financing	9,840,257	4,128,680	13,968,937
Bills receivable	14,291	104	14,395
Trust receipts	29,267	4,082	33,349
Claim on customers under acceptance credit	3,194	-	3,194
Credit card receivables	338,395	49,729	388,124
Revolving credit	35,996	129,336	165,332
Share margin financing	104,874	-	104,874
Total	10,754,728	4,374,627	15,129,355
31 December 2012			
Overdrafts	559,438	84,525	643,963
Term loans/financing	8,477,125	3,718,148	12,195,273
Bills receivable	-	5,384	5,384
Trust receipts	62	4,812	4,874
Claim on customers under acceptance credit	2,619	2,318	4,937
Credit card receivables	331,064	53,897	384,961
Revolving credit	50,831	67,384	118,215
Share margin financing	223,348	1,619	224,967
Total	9,644,487	3,938,087	13,582,574

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(iii) Impaired loans, advances and financing**

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Total gross impaired loans	7,393,269	7,927,817
Less: Impairment allowances	(3,856,820)	(3,939,272)
Total net impaired loans	3,536,449	3,988,545

Refer to Note 8(vii) and Note 8(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(b) Financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

The Group 31 December 2013	Neither past due nor impaired (i) RM'000	Impaired RM'000	Total gross amount RM'000
Financial assets held for trading			
- Money market instruments	11,086,647	-	11,086,647
- Quoted securities	1,972,850	-	1,972,850
- Unquoted securities	8,116,014	8,000	8,124,014
Financial investments available-for-sale			
- Money market instruments	4,018,822	-	4,018,822
- Quoted securities	6,198,011	-	6,198,011
- Unquoted securities	18,314,194	77,543	18,391,737
Financial investments held-to-maturity			
- Money market instruments	2,624,838	-	2,624,838
- Quoted securities	2,604,017	4,036	2,608,053
- Unquoted securities	5,593,071	28,400	5,621,471
Total	60,528,464	117,979	60,646,443
Less: Impairment allowance *			(124,065)
Total net amount			60,522,378

* Impairment allowance represents allowance made against financial assets that have been impaired

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(b) Financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

The Group			
31 December 2012	Neither past due nor impaired (i) RM'000	Impaired RM'000	Total gross amount RM'000
Financial assets held for trading			
- Money market instruments	16,058,744	-	16,058,744
- Quoted securities	1,009,224	-	1,009,224
- Unquoted securities	6,708,829	8,000	6,716,829
Financial investments available-for-sale			
- Money market instruments	5,693,269	-	5,693,269
- Quoted securities	4,424,515	-	4,424,515
- Unquoted securities	17,347,057	482,303	17,829,360
Financial investments held-to-maturity			
- Money market instruments	779,877	-	779,877
- Quoted securities	2,899,733	4,761	2,904,494
- Unquoted securities	5,281,616	60,633	5,342,249
Total	60,202,864	555,697	60,758,561
Less: Impairment allowance *			(188,028)
Total net amount			60,570,533

* Impairment allowance represents allowance made against financial assets that have been impaired

There were no financial investments held for trading, financial investments available-for-sale and financial investments held-to-maturity that are "past due but not impaired" as at 31 December 2013 and 31 December for the Group.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(b) Financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

(i) Financial investments that are “neither past due nor impaired”

The table below presents an analysis of financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “neither past due nor impaired”, based on rating by major credit rating agencies:

The Group					
31 December 2013	Sovereign	Investment	Non	No rating	Total
	(no rating)	grade	investment	and below)	RM'000
	RM'000	(AAA to	grade	RM'000	RM'000
		BBB-)	(BB+		
		RM'000	and below)	RM'000	RM'000
			RM'000		
Financial assets held for trading					
- Money market instruments	8,440,147	2,646,496	-	4	11,086,647
- Quoted securities	1,647,189	325,661	-	-	1,972,850
- Unquoted securities	389,814	4,795,983	396,057	2,534,160	8,116,014
Financial investments available-for-sale					
- Money market instruments	3,693,893	530,929	-	-	4,018,822
- Quoted securities	4,611,523	1,586,488	-	-	6,198,011
- Unquoted securities	3,702,248	12,577,889	428,760	1,605,297	18,589,004
Financial investments held-to-maturity					
- Money market instruments	2,390,323	234,515	-	-	2,624,838
- Quoted securities	2,245,303	358,714	-	-	2,604,017
- Unquoted securities	645,719	2,449,495	-	2,497,857	5,593,071
Total	27,766,159	25,300,170	824,817	6,637,318	60,528,464

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(b) Financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

(i) Financial investments that are “neither past due nor impaired” (Continued)

The table below presents an analysis of financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “neither past due nor impaired”, based on rating by major credit rating agencies (Continued):

The Group
31 December 2012

	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Financial assets held for trading					
- Money market instruments	12,105,268	3,904,895	48,553	28	16,058,744
- Quoted securities	621,390	387,834	-	-	1,009,224
- Unquoted securities	852,726	3,598,839	114,553	2,142,711	6,708,829
Financial investments available-for-sale					
- Money market instruments	4,681,492	897,679	104,099	9,999	5,693,269
- Quoted securities	3,211,801	1,212,714	-	-	4,424,515
- Unquoted securities	3,413,279	12,459,228	184,932	1,289,618	17,347,057
Financial investments held-to-maturity					
- Money market instruments	295,044	484,833	-	-	779,877
- Quoted securities	2,509,738	389,995	-	-	2,899,733
- Unquoted securities	428,425	2,863,941	154,425	1,834,825	5,281,616
Total	28,119,163	26,199,958	606,562	5,277,181	60,202,864

The Securities with no ratings mainly consist of private debt securities

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(c) Other financial assets**

Other financial assets of the Group and the Company are summarised as follows:

The Group				
31 December 2013	Neither past	Past due but		Total gross
	due nor	not impaired		amount
	impaired	(i)	(ii)	RM'000
	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	29,697,267	-	-	29,697,267
Reverse repurchase agreements	8,260,504	-	-	8,260,504
Deposits and placements with banks and other financial institutions	3,789,019	-	-	3,789,019
Other assets	6,248,875	185,973	118,131	6,552,978
Derivative financial instruments	5,020,453	-	-	5,020,453
Total	53,016,118	185,973	118,131	53,320,222
Less: Impairment allowance *				(115,853)
Total net amount				53,204,369
31 December 2012				
Cash and short term funds	26,905,274	-	-	26,905,274
Reverse repurchase agreements	5,594,278	-	-	5,594,278
Deposits and placements with banks and other financial institutions	4,990,331	-	-	4,990,331
Other assets	5,401,657	168,683	113,811	5,684,151
Derivative financial instruments	4,083,969	-	-	4,083,969
Total	46,975,509	168,683	113,811	47,258,003
Less: Impairment allowance *				(96,724)
Total net amount				47,161,279

* Impairment allowance represents allowance made against financial assets that have been impaired

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(c) Other financial assets (Continued)**

Other financial assets of the Group and the Company are summarised as follows:

The Company			
31 December 2013	Neither past due nor impaired (i) RM'000	Impaired RM'000	Total gross amount RM'000
Cash and short term funds	69,573	-	69,573
Other assets	44,729	-	44,729
Derivative financial instruments	3,940	-	3,940
Amount owing by subsidiaries	788	2,225	3,013
Total	119,030	2,225	121,255
Less: Impairment allowance *			(2,225)
Total net amount			119,030
31 December 2012			
Cash and short term funds	135,075	-	135,075
Other assets	1,910	-	1,910
Derivative financial instruments	10,712	-	10,712
Amount owing by subsidiaries	4,238	775	5,013
Total	151,935	775	152,710
Less: Impairment allowance *			(775)
Total net amount			151,935

* Impairment allowance represents allowance made against financial assets that have been impaired

There were no other credit risk financial assets that are "past due but not impaired" as at 31 December 2013 and 31 December 2012 for the Company.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(c) Other financial assets (Continued)****(i) Other financial assets that are “neither past due nor impaired”**

The tables below present an analysis of other financial assets that are “neither past due nor impaired”, based on rating by major credit rating agencies:

The Group**31 December 2013**

	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	18,595,695	10,541,054	5,864	554,654	29,697,267
Reverse repurchase agreements	6,226,777	743,096	882	1,289,749	8,260,504
Deposits and placements with banks and other financial institutions	706,261	2,964,934	3,277	114,547	3,789,019
Other assets	451,061	2,030,678	-	3,767,136	6,248,875
Derivative financial instruments	162,633	3,618,156	372,311	867,353	5,020,453
Total	26,142,427	19,897,918	382,334	6,593,439	53,016,118

31 December 2012

Cash and short term funds	17,038,705	9,606,604	39,328	220,637	26,905,274
Reverse repurchase agreements	4,933,870	660,408	-	-	5,594,278
Deposits and placements with banks and other financial institutions	2,165,961	2,798,840	-	25,530	4,990,331
Other assets	166,664	538,375	-	4,696,618	5,401,657
Derivative financial instruments	75,242	3,364,431	379,269	265,027	4,083,969
Total	24,380,442	16,968,658	418,597	5,207,812	46,975,509

The Securities with no ratings mainly consist of private debt securities

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.1 Credit risk (Continued)****55.1.4 Credit quality of financial assets (Continued)****(c) Other financial assets (Continued)****(i) Other financial assets that are “neither past due nor impaired” (Continued)**

The Company			
31 December 2013	Investment grade (AAA to BBB-) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	69,573	-	69,573
Other assets	10,266	34,618	44,884
Derivative financial instruments	3,940	-	3,940
Amount owing by subsidiaries	-	788	788
Total	83,779	35,406	119,185
31 December 2012			
Cash and short term funds	135,075	-	135,075
Other assets	1,905	5	1,910
Derivative financial instruments	10,712	-	10,712
Amount owing by subsidiaries	-	4,238	4,238
Total	147,692	4,243	151,935

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.1 Credit risk (Continued)

55.1.4 Credit quality of financial assets (Continued)

(c) Other financial assets (Continued)

(ii) Other financial assets that are “past due but not impaired”

An age analysis of the other financial assets of the Group that are “past due but not impaired” as at 31 December 2013 and 31 December 2012 are set out as below.

The Group 31 December 2013	Past due but not impaired		Total RM'000
	Up to 1 month RM'000	>1 to 3 months RM'000	
Other assets	88,415	97,558	185,973
31 December 2012			
Other assets	127,774	40,909	168,683

55.1.5 Repossessed collateral

The Group obtained assets by taking possession of collateral held as security as at 31 December 2013 and 31 December 2012 are as follows:

31 December 2013 Nature of assets	The Group Carrying amount RM'000
Industrial and residential properties and development land	187,787
31 December 2012	
Nature of assets	
Industrial and residential properties and development land	178,713

Reposessed collaterals are sold as soon as practicable. The Group does not utilise the reposessed collaterals for its business use.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/benchmark rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

Market Risk Management (MRM)

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee ensures that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC and Group Market Risk Committee, supported by the Market Risk Centre of Excellence in GRD function in GRM is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

The Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/benchmark rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk

Market Risk Management (MRM) (Continued)

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee, GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, Market Risk Centre of Excellence undertakes the monitoring and oversight process at Group Treasury and Equity Derivatives Group trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

Treasury products approval processes will be led by Market Risk Centre of Excellence to ensure operational readiness before launching. All new products are assessed by components and in totality to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions. Back-testing of newly approved or revised models may be conducted to assess the appropriateness of the model and input data used.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's trading exposures are set out as below:

	The Group	
	31 December 2013	31 December 2012
	RM'000	RM'000
Foreign exchange risk	3,601	4,680
Interest rate risk	16,322	18,440
Equity risk	9,553	6,754
Commodity risk	6	-
Total	29,482	29,874
Total shareholder's fund	30,271,098	28,292,994
Percentage of shareholder's fund	0.10%	0.11%

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.2 Interest rate risk

Interest rate risk relates to the potential adverse impact on net interest income arising from changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The table below summarise the Group's and the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

The Group 31 December 2013	Note	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
		Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000			
Financial assets										
Cash and short-term funds		26,779,718	1,643,404	379	1,498	-	-	5,253,883	-	33,678,882
Reverse repurchase agreements		5,135,399	3,067,566	26,244	11,252	-	-	20,043	-	8,260,504
Deposits and placements with banks and other financial institutions		1,797,277	1,711,705	48,449	57,532	15,000	-	159,056	-	3,789,019
Financial assets held for trading		-	-	-	-	-	-	-	23,403,280	23,403,280
Financial investments available-for-sale	(i)	72,422	498,061	644,224	1,304,057	10,033,826	15,774,527	2,006,941	-	30,334,058
Financial investments held-to-maturity	(i)	66,026	132,292	140,393	537,009	5,930,836	3,906,672	108,265	-	10,821,493
Derivative financial instruments										
- Trading derivatives		-	-	-	-	-	-	-	4,833,332	4,833,332
- Hedging derivatives		1,102	14	26	-	116,412	69,567	-	-	187,121
Loans, advances and financing	(i)	140,304,106	19,756,172	8,350,788	6,686,606	29,145,193	24,186,376	2,464	-	228,431,705
Other assets		476,423	-	82,115	-	110,153	-	5,768,433	-	6,437,124
Total financial assets		174,632,473	26,809,214	9,292,618	8,597,954	45,351,420	43,937,142	13,319,085	28,236,612	350,176,518

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.2 Interest rate risk (Continued)**

- (a) The table below summarise the Group's and the Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continue)

The Group 31 December 2013	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	155,249,914	31,636,533	19,083,754	16,919,427	3,625,749	2,254,539	34,234,386	-	263,004,302
Deposits and placements of banks and other financial institutions	9,058,545	6,765,586	2,374,698	1,409,037	391,191	627,319	101,469	-	20,727,845
Repurchase agreements	2,888,316	2,201,210	47,659	-	775,418	-	10,185	-	5,922,788
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	5,741,386	5,741,386
- Hedging derivatives	1	15	15,339	4,536	131,642	112,043	4,646	-	268,222
Bills and acceptances payable	1,657,117	1,553,198	532,560	10,349	74,843	82,412	802,740	-	4,713,219
Financial liabilities designated at fair value	-	-	-	-	1,355,543	1,049,134	-	(272,507)	2,132,170
Other liabilities	162,142	195	-	-	-	-	7,578,158	-	7,740,495
Other borrowings	830,214	1,454,617	598,979	1,358,355	2,489,818	1,017,806	22,938	-	7,772,727
Subordinated obligations	-	-	-	-	4,115,458	7,794,896	156,346	-	12,066,700
Bonds and debentures	1,292,420	474,993	350,197	48,347	5,278,919	-	45,389	-	7,490,265
Non-cumulative guaranteed and redeemable preference shares	-	130,020	-	-	712,140	-	5,287	-	847,447
Total financial liabilities	171,138,669	44,216,367	23,003,186	19,750,051	18,950,721	12,938,149	42,961,544	5,468,879	338,427,566
Net interest sensitivity gap	3,493,804	(17,407,153)	(13,710,568)	(11,152,097)	26,400,699	30,998,993		22,767,733	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	6,104,901	-	6,104,901
Credit related commitments and contingencies	-	-	-	-	-	-	63,304,668	-	63,304,668
Treasury related commitments and contingencies (hedging)	504	193,105	259,483	85,947	14,435,613	6,775,525	-	-	21,750,177
Net interest sensitivity gap	504	193,105	259,483	85,947	14,435,613	6,775,525	69,409,569	-	91,159,746

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.2 Interest rate risk (Continued)

The Group 31 December 2012	Note	Non-trading book							Trading book RM'000	Total RM'000
		Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets										
Cash and short-term funds		26,457,442	-	-	-	-	-	4,302,457	-	30,759,899
Reverse repurchase agreements		2,530,176	1,729,721	564,668	752,915	-	-	16,798	-	5,594,278
Deposits and placements with banks and other financial institutions		2,000,718	1,832,362	335,015	666,398	-	15,000	140,838	-	4,990,331
Financial assets held for trading		-	-	-	-	-	-	-	25,383,276	25,383,276
Financial investments available-for-sale	(i)	781,281	296,979	476,101	1,077,703	8,715,304	15,971,914	1,888,240	-	29,207,522
Financial investments held-to-maturity	(i)	1,826,850	649,612	660,249	687,508	3,101,757	1,988,848	70,470	-	8,985,294
Derivative financial instruments										
- Trading derivatives		-	-	-	-	-	-	-	3,829,279	3,829,279
- Hedging derivatives		-	6,009	1,681	1,357	232,867	11,259	1,517	-	254,690
Loans, advances and financing	(i)	117,111,750	16,790,615	6,650,929	5,183,680	30,477,725	25,923,119	-	-	202,137,818
Other assets		265,891	-	80,493	55,000	112,053	-	5,076,234	-	5,589,671
Total financial assets		150,974,108	21,305,298	8,769,136	8,424,561	42,639,706	43,910,140	11,496,554	29,212,555	316,732,058

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.2 Interest rate risk (Continued)**

The Group 31 December 2012	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	155,694,704	28,339,784	14,355,700	10,944,073	5,979,627	1,822,459	30,158,692	-	247,295,039
Deposits and placements of banks and other financial institutions	10,022,945	2,993,838	1,221,639	281,773	437,957	511,461	52,978	-	15,522,591
Repurchase agreements	1,065,987	999,326	239,406	752,915	-	-	10,405	-	3,068,039
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,652,476	3,652,476
- Hedging derivatives	-	1,439	421	481	110,851	283,524	-	-	396,716
Bills and acceptances payable	2,025,677	873,365	440,332	24,339	61,219	49,968	782,357	-	4,257,257
Other liabilities	1,220	148	-	-	-	-	6,693,453	5,738	6,700,559
Other borrowings	795,425	680,526	378,044	389,121	4,337,084	1,024,765	35,395	-	7,640,380
Subordinated obligations	-	1,491,366	-	-	2,643,953	8,356,876	167,656	-	12,659,851
Bonds and debentures	294,500	219,850	326,268	-	1,879,369	1,115,141	15,532	-	3,850,660
Non-cumulative guaranteed and redeemable preference shares	-	128,196	-	-	697,086	-	6,638	-	831,920
Total financial liabilities	169,900,458	35,727,838	16,961,810	12,392,702	16,147,146	13,164,194	37,923,106	3,658,214	305,875,468
Net interest sensitivity gap	(18,926,350)	(14,422,540)	(8,192,674)	(3,968,141)	26,492,560	30,745,946		25,554,341	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,653,443	-	4,653,443
Credit related commitments and contingencies	-	-	-	-	-	-	57,383,909	-	57,383,909
Treasury related commitments and contingencies (hedging)	-	92,146	182,534	814,031	17,914,859	685,466	-	-	19,689,036
Net interest sensitivity gap	-	92,146	182,534	814,031	17,914,859	685,466	62,037,352	-	81,726,388

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.2 Interest rate risk (Continued)

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

The Group 31 December 2013	Non-trading book							Total RM'000
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
	Financial investments available-for-sale							
- Money market instruments	-	90,135	137,470	184,102	724,261	2,853,386	29,468	4,018,822
- Quoted securities	57,564	145,047	187,337	298,234	3,774,810	1,701,372	484,053	6,648,417
- Unquoted securities	14,858	262,879	319,417	821,721	5,534,755	11,219,769	1,493,420	19,666,819
Financial investments held-to-maturity								
- Money market instruments	-	-	21,816	9,845	1,278,670	1,288,899	25,608	2,624,838
- Quoted securities	66,025	132,292	118,563	327,163	1,605,895	323,473	29,289	2,602,700
- Unquoted securities	1	-	14	200,001	3,046,271	2,294,300	53,368	5,593,955
Loans, advances and financing								
- Overdrafts	5,040,449	-	-	-	-	-	-	5,040,449
- Term loans/financing	112,864,270	10,029,200	1,558,112	1,264,222	23,372,481	21,801,374	1,601	170,891,260
- Bills receivable	2,856,950	2,308,571	2,401,200	1,564,923	896	-	-	9,132,540
- Trust receipts	556,841	868,942	441,783	4,991	2,728	-	-	1,875,285
- Claim on customers under acceptance credit	1,203,078	2,167,371	905,042	374,886	-	-	-	4,650,377
- Credit card receivables	6,305,364	-	-	-	-	-	-	6,305,364
- Revolving credit	9,990,670	4,381,748	3,044,123	3,471,764	5,070,422	2,275,453	-	28,234,180
- Share margin financing	1,485,702	340	528	5,820	698,666	109,549	863	2,301,468
- Other loans	782	-	-	-	-	-	-	782
Total	140,442,554	20,386,525	9,135,405	8,527,672	45,109,855	43,867,575	2,117,670	269,587,256

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.2 Interest rate risk (Continued)

The Group 31 December 2012	Non-trading book							Total RM'000
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
	Financial investments available-for-sale							
- Money market instruments	309,999	-	246,784	525,840	1,232,746	3,335,168	42,732	5,693,269
- Quoted securities	19,251	56,805	120,418	265,921	1,844,759	2,073,023	471,221	4,851,398
- Unquoted securities	452,031	240,174	108,899	285,942	5,637,799	10,563,723	1,374,287	18,662,855
Financial investments held-to-maturity								
- Money market instruments	744,545	-	-	9,719	4,953	20,380	281	779,878
- Quoted securities	-	512,269	132,383	401,870	1,484,753	331,922	34,318	2,897,515
- Unquoted securities	1,082,305	137,343	527,866	275,919	1,612,051	1,636,546	35,871	5,307,901
Loans, advances and financing								
- Overdrafts	5,217,716	-	-	-	-	-	-	5,217,716
- Term loans/financing	92,119,853	7,565,484	1,686,592	1,662,592	23,657,188	23,592,135	-	150,283,844
- Bills receivable	2,276,226	931,102	399,018	11,742	-	-	-	3,618,088
- Trust receipts	765,200	919,957	488,684	10,215	1,728	-	-	2,185,784
- Claim on customers under acceptance credit	1,603,579	1,869,555	1,133,103	26,127	-	-	-	4,632,364
- Credit card receivables	5,602,165	-	-	-	-	-	-	5,602,165
- Revolving credit	8,209,834	5,476,698	2,942,387	3,451,050	6,029,497	2,245,967	-	28,355,433
- Share margin financing	1,317,177	27,819	1,145	21,954	788,464	85,017	-	2,241,576
- Other loans	-	-	-	-	848	-	-	848
Total	119,719,881	17,737,206	7,787,279	6,948,891	42,294,786	43,883,881	1,958,710	240,330,634

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.2 Interest rate risk (Continued)**

(b) Sensitivity of profit

The table below shows the sensitivity of the Group and the Company's banking book to movement in interest rates:

31 December 2013	The Group		The Company	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
Impact to profit (after tax)	(177,403)	177,403	(5,076)	5,076
31 December 2012				
Impact to profit (after tax)	(280,857)	280,857	(2,430)	2,430

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.2 Interest rate risk (Continued)

(c) Sensitivity of reserves

The table below shows the sensitivity of the Group's banking book to movement in interest rates:

The Group	+100 basis	-100 basis	+100 basis	-100 basis
	points	points	points	points
	31 December	31 December	31 December	31 December
	2013	2013	2012	2012
	RM'000	RM'000	RM'000	RM'000
Impact to revaluation reserve-financial investments available-for-sale	(1,474,570)	1,474,570	(1,524,053)	1,524,053

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserves in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group would take to mitigate the impact of this interest rate risk. In practice, the Group proactively seeks to mitigate the effect of prospective interest movements.

55.2.3 Foreign exchange risk

The Group and Company are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Company take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manage its exposure to foreign exchange currencies at each entity level.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Company.

The Group 31 December 2013	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	Others	Total	Grand
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	non-MYR RM'000	total RM'000
Financial assets											
Cash and short-term funds	15,950,557	4,080,370	610,489	602,169	9,152,129	373,993	468,835	167,957	2,272,383	17,728,325	33,678,882
Reverse repurchase agreements	4,673,724	67,160	2,671,693	520,406	282,203	19,963	13,316	-	12,039	3,586,780	8,260,504
Deposits and placements with banks and other financial institutions	1,775,386	529,026	78,366	314	1,343,143	9,938	-	-	52,846	2,013,633	3,789,019
Financial assets held for trading											
- Money market instruments	6,839,298	-	-	4,032,529	214,820	-	-	-	-	4,247,349	11,086,647
- Quoted securities	794,075	1,455,814	1,038,598	60,711	437,705	149,297	-	-	181,979	3,324,104	4,118,179
- Unquoted securities	4,822,800	-	9,393	624,278	2,477,071	3,371	171,485	-	90,056	3,375,654	8,198,454
Financial investments available-for-sale											
- Money market instruments	3,640,727	-	-	-	292,901	-	85,194	-	-	378,095	4,018,822
- Quoted securities	369,617	3,573,503	2,691,216	27	14,054	-	-	-	-	6,278,800	6,648,417
- Unquoted securities	13,647,029	36,470	29,496	1,186,778	4,308,381	55,860	-	-	492,805	6,019,790	19,666,819
Financial investments held-to-maturity											
- Money market instruments	1,848,462	-	-	512,890	263,486	-	-	-	-	776,376	2,624,838
- Quoted securities	-	757,546	1,628,612	-	208,464	-	-	-	8,078	2,602,700	2,602,700
- Unquoted securities	4,342,338	-	881	1,250,736	-	-	-	-	-	1,251,617	5,593,955
Derivative financial instruments											
- Trading derivatives	2,372,066	275,488	241,619	105,118	1,638,932	18,776	-	38,947	122,386	2,461,266	4,833,332
- Hedging derivatives	44,079	605	-	2,155	137,602	-	715	-	1,965	143,042	187,121
Loans, advances and financing											
- Overdrafts	4,057,516	-	744,222	93,274	145,436	1	-	-	-	982,933	5,040,449
- Term loans/financing	115,092,773	17,862,864	11,592,749	10,628,780	12,677,781	371,320	1,663,084	258,866	743,043	55,798,487	170,891,260
- Bills receivable	85,200	2,609	2,711,540	115,809	2,234,026	-	2,327	7,781	3,973,248	9,047,340	9,132,540
- Trust receipts	274,004	-	865,278	-	609,616	-	17,902	11,233	21,283	1,601,281	1,875,285
- Claim on customers under acceptance credit	3,193,259	192,065	932	6,054	1,232,609	-	-	11,105	14,353	1,457,118	4,650,377
- Staff loans	-	-	-	-	-	-	-	-	-	-	-
- Credit card receivables	4,245,767	1,071,480	-	988,117	-	-	-	-	-	2,059,597	6,305,364
- Revolving credit	5,711,957	15,067,662	81,549	1,225,890	5,655,605	17,633	377,707	51,594	44,583	22,522,223	28,234,180
- Share margin financing	715,199	850,052	140,262	593,966	1,989	-	-	-	-	1,586,269	2,301,468
- Other loans	-	-	782	-	-	-	-	-	-	782	782
Other assets	3,381,468	288,607	606,594	176,557	1,342,211	213,609	6,384	25,540	396,154	3,055,656	6,437,124
	197,877,301	46,111,321	25,744,271	22,802,527	44,670,164	1,233,761	2,806,949	593,023	8,337,201	152,299,217	350,176,518

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.3 Foreign exchange risk (Continued)****The Group****31 December 2013**

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities											
Deposits from customers	158,915,839	33,189,466	15,220,268	21,700,685	29,194,987	1,510,803	1,182,617	281,896	1,807,741	104,088,463	263,004,302
Deposits and placements of banks and other financial institutions	6,591,448	189,696	289,109	843,653	9,871,055	477,947	577,357	640,607	1,246,973	14,136,397	20,727,845
Repurchase agreements	1,010,452	-	3,646,636	776,546	417,753	-	-	-	71,401	4,912,336	5,922,788
Financial liabilities designated at fair value	1,979,716	-	-	152,454	-	-	-	-	-	152,454	2,132,170
Derivatives financial instruments											
- Trading derivatives	2,767,903	284,529	222,841	177,214	1,913,901	162,094	2,902	37,133	172,869	2,973,483	5,741,386
- Hedging derivatives	163,868	1,067	288	9,902	87,784	-	1,491	-	3,822	104,354	268,222
Bills and acceptances payable	1,828,261	190,260	1,260,597	6,054	1,340,697	59,876	17	11,105	16,352	2,884,958	4,713,219
Other liabilities	4,146,649	1,479,190	520,283	(163,430)	896,700	242,289	15,547	5,598	597,669	3,593,846	7,740,495
Other borrowings	3,215,941	1,452,455	64,961	644,924	2,384,040	-	1,625	327	8,454	4,556,786	7,772,727
Bonds and debentures	500,079	1,623,187	2,630,547	51,121	1,354,902	-	-	-	1,330,429	6,990,186	7,490,265
Subordinated obligations	10,589,280	807,784	669,636	-	-	-	-	-	-	1,477,420	12,066,700
Non-cumulative guaranteed and redeemable preference shares	847,447	-	-	-	-	-	-	-	-	-	847,447
	192,556,883	39,217,634	24,525,166	24,199,123	47,461,819	2,453,009	1,781,556	976,666	5,255,710	145,870,683	338,427,566
Financial guarantees	1,278,211	201,412	260,312	1,864,220	2,107,498	-	101,640	13,952	277,656	4,826,690	6,104,901
Credit related commitments and contingencies	48,959,038	3,153,631	913,258	3,897,300	5,174,492	3,265	786,222	311,680	105,782	14,345,630	63,304,668
	50,237,249	3,355,043	1,173,570	5,761,520	7,281,990	3,265	887,862	325,632	383,438	19,172,320	69,409,569

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.3 Foreign exchange risk (Continued)

The Group
31 December 2012

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets											
Cash and short-term funds	15,083,564	5,888,272	332,126	622,383	5,875,658	444,758	921,563	552,804	1,038,771	15,676,335	30,759,899
Reverse repurchase agreements	4,373,057	63,870	200,060	549,305	407,986	-	-	-	-	1,221,221	5,594,278
Deposits and placements with banks and other financial institutions	480,388	1,980,435	73,478	476,738	1,712,088	50,405	99,298	-	117,501	4,509,943	4,990,331
Financial assets held for trading											
- Money market instruments	12,420,325	-	9,981	3,417,579	210,859	-	-	-	-	3,638,419	16,058,744
- Quoted securities	620,282	1,114,678	341,151	22,465	421,471	7,162	-	-	12,685	1,919,612	2,539,894
- Unquoted securities	4,533,296	338	9,496	582,251	1,597,089	16,660	-	-	45,508	2,251,342	6,784,638
Financial investments available-for-sale											
- Money market instruments	5,382,129	104,099	-	-	157,644	-	49,397	-	-	311,140	5,693,269
- Quoted securities	140,537	3,218,291	1,490,527	289	-	-	-	-	-	4,709,107	4,849,644
- Unquoted securities	13,965,822	53,974	81,915	548,141	3,643,619	59,950	-	-	311,188	4,698,787	18,664,609
Financial investments held-to-maturity											
- Money market instruments	35,333	-	-	491,634	252,911	-	-	-	-	744,545	779,878
- Quoted securities	-	511,704	2,208,994	-	176,817	-	-	-	-	2,897,515	2,897,515
- Unquoted securities	4,224,906	-	689	1,082,306	-	-	-	-	-	1,082,995	5,307,901
Derivative financial instruments											
- Trading derivatives	2,285,209	76,117	87,436	50,441	1,237,045	24,221	108	7,633	61,069	1,544,070	3,829,279
- Hedging derivatives	74,502	24,660	-	3,273	142,515	-	637	-	9,103	180,188	254,690
Loans, advances and financing											
- Overdrafts	4,301,337	-	716,496	99,071	100,772	-	-	-	40	916,379	5,217,716
- Term loans/financing	102,141,929	19,417,157	9,139,236	8,265,568	8,608,761	392,526	1,657,128	156,514	505,025	48,141,915	150,283,844
- Bills receivable	28,019	-	2,505,825	81,905	886,061	-	-	9,955	106,323	3,590,069	3,618,088
- Trust receipts	323,083	-	1,292,484	59,563	478,087	-	2,926	3,592	26,049	1,862,701	2,185,784
- Claim on customers under acceptance credit	3,647,030	157,301	989	2,959	792,522	-	-	16,089	15,474	985,334	4,632,364
- Credit card receivables	3,848,910	1,122,656	-	630,599	-	-	-	-	-	1,753,255	5,602,165
- Revolving credit	4,325,183	16,789,979	63,778	1,019,735	5,662,394	17,861	450,069	-	26,434	24,030,250	28,355,433
- Share margin financing	691,687	984,931	140,954	421,754	2,250	-	-	-	-	1,549,889	2,241,576
- Other loans	-	-	848	-	-	-	-	-	-	848	848
Other assets	3,161,479	709,134	533,275	444,086	462,117	44,680	18,489	7,866	208,545	2,428,192	5,589,671
	186,088,007	52,217,596	19,229,738	18,872,045	32,828,666	1,058,223	3,199,615	754,453	2,483,715	130,644,051	316,732,058

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.3 Foreign exchange risk (Continued)**

The Group
31 December 2012

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities											
Deposits from customers	148,515,239	37,792,889	13,175,421	15,604,788	28,850,315	674,043	863,484	229,515	1,589,345	98,779,800	247,295,039
Deposits and placements of banks and other financial institutions	5,324,923	993,605	447,367	1,230,036	5,516,702	418,938	632,640	154,141	804,239	10,197,668	15,522,591
Repurchase agreements	2,017,420	-	300,091	750,528	-	-	-	-	-	1,050,619	3,068,039
Derivatives financial instruments											
- Trading derivatives	2,108,036	39,050	100,999	103,084	1,200,052	22,057	39	3,225	75,934	1,544,440	3,652,476
- Hedging derivatives	253,637	25,432	1,356	2,334	103,768	-	3,043	-	7,146	143,079	396,716
Bills and acceptances payable	1,797,734	138,458	1,450,603	48,273	790,610	-	16	16,089	15,474	2,459,523	4,257,257
Other liabilities	3,460,734	1,780,466	458,685	445,849	217,395	92,160	12,378	9,758	223,134	3,239,825	6,700,559
Other borrowings	2,944,254	1,224,999	155,065	529,040	2,780,429	2,227	-	-	4,346	4,696,106	7,640,360
Bonds and debentures	500,161	1,305,091	777,641	-	1,079,268	-	-	-	188,499	3,350,499	3,850,660
Subordinated obligations	11,091,372	973,867	594,612	-	-	-	-	-	-	1,568,479	12,659,851
Non-cumulative guaranteed and redeemable preference shares	831,920	-	-	-	-	-	-	-	-	-	831,920
	178,845,430	44,273,857	17,461,840	18,713,932	40,538,539	1,209,425	1,511,600	412,728	2,908,117	127,030,038	305,875,468
Financial guarantees	807,775	130,241	275,994	1,967,988	1,034,939	-	138,363	12,731	285,412	3,845,668	4,653,443
Credit related commitments and contingencies	42,481,242	4,114,972	906,641	5,776,419	3,362,268	1,362	282,614	98,341	360,050	14,902,667	57,383,909
	43,289,017	4,245,213	1,182,635	7,744,407	4,397,207	1,362	420,977	111,072	645,462	18,748,335	62,037,352

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.3 Foreign exchange risk (Continued)

**The Company
31 December 2013**

	MYR RM'000	IDR RM'000	USD RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets					
Cash and short-term funds	69,023	3	547	550	69,573
Derivative financial instruments					
- Trading derivatives	3,940	-	-	-	3,940
- Hedging derivatives	-	-	-	-	-
Loans, advances and financing					
- Term loans/financing	71	-	-	-	71
Other assets	44,729	-	-	-	44,729
Amount due from subsidiaries	788	-	-	-	788
	118,551	3	547	550	119,101
Financial liabilities					
Derivatives financial instruments					
- Trading derivatives	-	-	-	-	-
Other liabilities	5,027	-	-	-	5,027
Other borrowings	3,201,225	-	622,630	622,630	3,823,855
Subordinated notes	2,141,402	-	-	-	2,141,402
	5,347,659	-	622,630	622,630	5,970,284

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.2 Market risk (Continued)****55.2.3 Foreign exchange risk (Continued)****The Company****31 December 2012**

	MYR RM'000	IDR RM'000	USD RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets					
Cash and short-term funds	134,569	4	502	506	135,075
Derivative financial instruments					
- Trading derivatives	9,398	-	-	-	9,398
- Hedging derivatives	1,314	-	-	-	1,314
Loans, advances and financing					
- Term loans/financing	95	-	-	-	95
Other assets	1,910	-	-	-	1,910
Amount due from subsidiaries	4,238	-	-	-	4,238
	151,524	4	502	506	152,030
Financial liabilities					
Derivatives financial instruments					
- Trading derivatives	-	-	8,892	8,892	8,892
Other liabilities	1,408	-	-	-	1,408
Other borrowings	3,003,545	-	799,020	799,020	3,802,565
Subordinated notes	2,141,378	-	-	-	2,141,378
	5,146,331	-	807,912	807,912	5,954,243

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.2 Market risk (Continued)

55.2.3 Foreign exchange risk (Continued)

(b) Sensitivity of profit and reserves

The table below shows the sensitivity of the Group and the Company's profit and reserves to movement in foreign exchange rates:

31 December 2013	The Group		The Company	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit (after tax)	3,159	(3,159)	(4,691)	4,691
Impact to reserves	(26,759)	26,759	-	-
31 December 2012				
Impact to profit (after tax)	2,554	(2,554)	(6,781)	6,781
Impact to reserves	(22,069)	22,069	-	-

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

55.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk primarily arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Group a stable large funding base.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.3 Liquidity risk (Continued)

Liquidity risk management at CIMB is managed on Group basis. The day-to-day responsibility for liquidity risk management and control is delegated to the respective Country Asset Liability Management Committee (Country ALCO) which subsequently report to Group ALCO (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group and each individual entity under the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Group Treasury in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off-balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by the Group is governed by a set of established risk tolerance levels. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Policy is subject to annual review while the assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions.

Liquidity positions are monitored on a daily basis for compliance with internal risk thresholds. The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group.

The Group performs liquidity risk stress testing on a monthly basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. The stress tests are modeled based on three scenarios namely Group specific crisis, market wide crisis and combined crisis. The assumptions used includes run-off rates on deposits, draw down rates on undrawn commitments, and hair cuts for marketable securities are documented and the test results are submitted to the Country and Group ALCOs, the GRC and BRC/Board of Directors of the Group. The test results to date have indicated that the Group does possess sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions. In addition, the Group computes Basel III liquidity ratios namely Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at least on quarterly basis, in line with BNM observation period for Basel III liquidity ratios which started in June 2012.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities**

The table below analyses assets and liabilities of the Group and the Company based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM GP8:

The Group									
31 December 2013	Up to 1	> 1 - 3	> 3 - 6	> 6 - 12	> 1 - 5	Over 5	No-specific		
	month	months	months	months	years	years	maturity		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	33,678,882	-	-	-	-	-	-	-	33,678,882
Reverse repurchase agreements	5,166,460	3,082,792	11,252	-	-	-	-	-	8,260,504
Deposits and placements with banks and other financial institutions	1,453,865	2,162,113	123,004	34,960	15,077	-	-	-	3,789,019
Financial assets held for trading	4,583,776	5,678,004	1,349,090	984,583	6,076,378	2,503,677	2,227,772	-	23,403,280
Financial investments available-for-sale	311,697	498,292	646,422	1,314,571	10,076,790	15,793,563	1,692,723	-	30,334,058
Financial investments held-to-maturity	140,642	141,305	142,451	543,361	5,882,003	3,971,731	-	-	10,821,493
Derivatives financial instruments	1,090,044	296,515	222,148	228,297	2,015,218	1,168,231	-	-	5,020,453
Loans, advances and financing	25,653,758	13,774,243	9,333,071	10,529,186	53,529,464	115,611,983	-	-	228,431,705
Other assets	6,570,562	13,671	14,993	8,700	145,572	1,048,423	188,434	-	7,990,355
Taxation recoverable	64,578	-	-	-	-	-	-	-	64,578
Deferred tax assets	-	-	-	-	-	-	357,250	-	357,250
Statutory deposits with central banks	-	-	-	-	-	-	6,361,648	-	6,361,648
Investment in associates	-	-	-	-	-	-	703,947	-	703,947
Investment in joint ventures	-	-	-	-	-	-	309,535	-	309,535
Property, plant and equipment	-	-	-	-	-	-	1,546,783	-	1,546,783
Investment properties	-	-	-	-	-	-	4,000	-	4,000
Prepaid lease payment	-	-	-	-	-	-	147,901	-	147,901
Goodwill	-	-	-	-	-	-	7,877,463	-	7,877,463
Intangible assets	-	-	-	-	-	-	1,760,225	-	1,760,225
Non-current assets held for sale	-	-	-	-	-	-	49,718	-	49,718
Total assets	101,800,931	25,646,935	11,842,431	13,643,658	77,740,502	140,097,608	23,227,399	370,912,797	

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities (Continued)**

The Group 31 December 2013	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	189,453,561	31,607,109	19,113,331	16,945,607	3,630,055	2,254,639	-	263,004,302
Deposits and placements of banks and other financial institutions	9,099,477	6,788,703	2,404,567	1,414,464	393,313	627,321	-	20,727,845
Repurchase agreements	2,896,591	2,201,858	47,794	-	776,545	-	-	5,922,788
Derivatives financial instruments	2,510,100	290,673	190,876	290,247	1,581,043	1,146,669	-	6,009,608
Bills and acceptances payable	2,459,315	1,553,198	532,562	10,349	74,843	82,952	-	4,713,219
Other liabilities	7,488,769	170,531	37,806	104,332	44,318	123,569	592,714	8,562,039
Deferred tax liabilities	-	-	-	-	-	-	50,327	50,327
Current tax liabilities	384,800	-	-	-	-	-	-	384,800
Bonds and debentures	1,303,618	478,771	352,900	48,426	5,306,550	-	-	7,490,265
Other borrowings	835,486	1,164,175	210,917	981,433	3,561,962	1,018,754	-	7,772,727
Subordinated obligations	135,442	83	13,491	-	7,101,393	4,816,291	-	12,066,700
Non-cumulative guaranteed and redeemable preference shares	7,111	-	-	-	742,160	98,176	-	847,447
Total liabilities	216,574,270	44,255,101	22,904,244	19,794,858	23,212,182	10,168,371	643,041	337,552,067
Net liquidity gap	(114,779,476)	(18,552,059)	(11,046,120)	(6,158,265)	54,951,610	106,542,085	22,402,955	33,360,730

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities (Continued)**

The Group 31 December 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	30,759,899	-	-	-	-	-	-	30,759,899
Reverse repurchase agreements	2,546,933	1,729,762	564,668	752,915	-	-	-	5,594,278
Deposits and placements with banks and other financial institutions	1,550,333	2,835,521	337,736	251,665	-	15,076	-	4,990,331
Financial investments at fair value through profit or loss	4,461,892	7,002,324	3,905,671	1,368,585	5,091,217	1,939,965	1,613,622	25,383,276
Financial investments available-for-sale	583,558	298,810	476,681	1,355,906	8,934,139	16,137,889	1,420,539	29,207,522
Financial investments held-to-maturity	62,424	638,143	584,929	680,665	4,827,562	2,191,571	-	8,985,294
Derivatives financial instruments	451,908	282,366	171,100	363,064	1,559,297	1,256,234	-	4,083,969
Loans, advances and financing	21,765,761	10,403,818	7,267,899	7,917,968	50,474,203	104,308,169	-	202,137,818
Other assets	5,706,315	7,861	87,006	61,661	122,033	733,528	121,236	6,839,640
Taxation recoverable	73,934	-	-	-	-	-	-	73,934
Deferred tax assets	-	-	-	-	-	-	110,344	110,344
Statutory deposits with central banks	-	-	-	-	-	-	5,264,920	5,264,920
Investment in associates	-	-	-	-	-	-	589,907	589,907
Investment in jointly controlled entities	-	-	-	-	-	-	305,843	305,843
Property, plant and equipment	-	-	-	-	-	-	1,534,341	1,534,341
Investment properties	-	-	-	-	-	-	17,451	17,451
Prepaid lease payment	-	-	-	-	-	-	159,613	159,613
Goodwill	-	-	-	-	-	-	8,180,586	8,180,586
Intangible assets	-	-	-	-	-	-	1,677,520	1,677,520
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	564,674	564,674
Total assets	67,962,957	23,198,605	13,395,690	12,752,429	71,008,451	126,582,432	21,560,596	336,461,160

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities (Continued)**

The Group 31 December 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	185,800,465	28,361,235	14,373,773	10,953,785	5,982,849	1,822,932	-	247,295,039
Deposits and placements of banks and other financial institutions	9,872,356	2,998,467	1,221,792	282,561	635,954	511,461	-	15,522,591
Repurchase agreements	310,407	999,326	254,866	752,915	750,525	-	-	3,068,039
Derivatives financial instruments	852,865	298,218	191,288	334,730	1,615,067	757,024	-	4,049,192
Bills and acceptances payable	2,807,221	873,479	440,415	24,339	61,222	50,581	-	4,257,257
Other liabilities	6,348,723	464,003	8,465	38,350	16,425	677,709	11,175	7,564,850
Deferred tax liabilities	-	-	-	-	-	-	132,682	132,682
Current tax liabilities	322,400	-	-	-	-	-	-	322,400
Bonds and debentures	308,926	220,253	326,971	-	2,994,510	-	-	3,850,660
Other borrowings	392,280	766,344	433,305	760,715	4,256,467	1,031,249	-	7,640,360
Subordinated obligations	141,551	1,491,366	13,469	-	6,726,072	4,287,393	-	12,659,851
Non-cumulative guaranteed and redeemable preference shares	6,638	28,196	-	-	697,086	100,000	-	831,920
Total liabilities	207,163,832	36,500,887	17,264,344	13,147,395	23,736,177	9,238,349	143,857	307,194,841
Net liquidity gap	(139,200,875)	(13,302,282)	(3,868,654)	(394,966)	47,272,274	117,344,083	21,416,739	29,266,319

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities (Continued)**

The Company 31 December 2013	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	69,573	-	-	-	-	-	-	69,573
Derivatives financial instruments	-	-	-	-	3,940	-	-	3,940
Loans, advances and financing	-	-	1	-	56	14	-	71
Other assets	34,295	-	-	-	10,266	-	711	45,272
Taxation recoverable	37,636	-	-	-	-	-	-	37,636
Investment in subsidiaries	-	-	-	-	-	-	20,719,439	20,719,439
Amount owing from subsidiaries	-	-	-	788	-	-	-	788
Investment in associates	-	-	-	-	-	-	3,834	3,834
Property, plant and equipment	-	-	-	-	-	-	7,464	7,464
Investment properties	-	-	-	-	-	-	490	490
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	7,862	7,862
Total assets	141,504	-	1	788	14,262	14	20,739,800	20,896,369
Liabilities								
Other liabilities	5,027	-	-	-	-	-	-	5,027
Deferred tax liabilities	-	-	-	-	-	-	1,998	1,998
Other borrowings	692	5,601	4,545	622,630	3,190,387	-	-	3,823,855
Subordinated obligations	-	-	11,402	-	2,130,000	-	-	2,141,402
Total liabilities	5,719	5,601	15,947	622,630	5,320,387	-	1,998	5,972,282
Net liquidity gap	135,785	(5,601)	(15,946)	(621,842)	(5,306,125)	14	20,737,802	14,924,087

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.1 Contractual maturity of financial assets and liabilities**

The Company 31 December 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	135,075	-	-	-	-	-	-	135,075
Derivatives financial instruments	-	-	1,314	-	9,398	-	-	10,712
Loans, advances and financing	-	-	9	-	36	50	-	95
Other assets	4	-	-	-	1,905	-	550	2,459
Taxation recoverable	43,441	-	-	-	-	-	-	43,441
Investment in subsidiaries	-	-	-	-	-	-	18,930,222	18,930,222
Amount owing from subsidiaries	1,450	-	-	2,000	788	-	-	4,238
Investment in associates	-	-	-	-	-	-	3,834	3,834
Property, plant and equipment	-	-	-	-	-	-	28,717	28,717
Investment properties	-	-	-	-	-	-	508	508
Total assets	179,970	-	1,323	2,000	12,127	50	18,963,831	19,159,301
Liabilities								
Derivatives financial instruments	-	-	-	8,892	-	-	-	8,892
Other liabilities	1,408	-	-	-	-	-	-	1,408
Deferred tax liabilities	-	-	-	-	-	-	2,127	2,127
Other borrowings	2,856	149,452	353,387	305,900	2,990,970	-	-	3,802,565
Subordinated obligations	-	-	11,378	-	2,130,000	-	-	2,141,378
Total liabilities	4,264	149,452	364,765	314,792	5,120,970	-	2,127	5,956,370
Net liquidity gap	175,706	(149,452)	(363,442)	(312,792)	(5,108,843)	50	18,961,704	13,202,931

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivatives financial liabilities**

The tables below present the cash flows payable by the Group and the Company under non-derivatives financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group									
31 December 2013	Up to 1	> 1 – 3	> 3 – 6	> 6 – 12	> 1 – 5	Over 5	No-specific		Total
	month	months	months	months	years	years	maturity		RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-derivative financial liabilities									
Deposits from customers	189,843,512	31,771,954	19,275,064	17,107,066	3,896,782	2,335,793	-		264,230,171
Deposits and placements of banks and other financial institutions	9,165,741	6,803,305	2,428,271	1,446,910	394,279	647,353	-		20,865,859
Repurchase agreements	2,901,020	2,204,646	50,119	3,447	795,890	-	-		5,955,122
Bills and acceptances payable	2,459,804	1,553,198	532,562	10,349	74,843	106,570	-		4,737,326
Amount due to Cagamas Berhad	13,132	20,071	26,502	57,078	1,440,667	1,970,359	-		3,527,809
Other liabilities	7,155,548	198,584	39,523	108,575	73,854	134,445	60,607		7,771,136
Other borrowings	843,612	1,455,817	600,246	1,389,841	2,565,194	1,051,926	-		7,906,636
Bonds	1,307,166	496,119	389,711	122,315	5,806,206	-	-		8,121,517
Subordinated obligations	148,274	75,108	263,907	397,470	7,657,493	7,866,417	-		16,408,669
Non-cumulative guaranteed and redeemable preference shares	7,111	30,020	-	-	712,140	100,000	-		849,271
Financial guarantees	2,575,497	700,250	360,578	265,736	117,281	-	2,085,559		6,104,901
Credit related commitments and contingencies	52,459,721	761,258	512,122	2,717,727	2,583,780	4,270,060	-		63,304,668
	268,880,138	46,070,330	25,478,605	23,626,514	26,118,409	18,462,923	2,146,166		409,783,085

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivatives financial liabilities (Continued)**

The Group 31 December 2012	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivatives financial liabilities								
Deposits from customers	183,850,541	27,605,248	14,220,702	11,128,994	6,206,179	1,916,570	–	244,928,234
Deposits and placements of banks and other financial institutions	13,106,326	3,944,239	1,580,859	509,941	2,862,293	1,370,896	–	23,374,554
Repurchase agreements	1,079,458	988,788	257,882	769,466	–	–	–	3,095,594
Bills and acceptances payable	2,809,071	880,067	447,138	24,373	61,222	50,613	–	4,272,484
Other liabilities	5,302,550	48,097	5,718	41,716	34,043	90,994	–	5,523,118
Other borrowings	740,079	781,396	475,527	491,133	4,901,759	271,155	–	7,661,049
Bonds	325,904	239,249	345,400	56,349	2,663,186	–	–	3,630,088
Subordinated obligations	151,106	1,599,341	281,091	372,062	8,722,301	6,853,812	–	17,979,713
Non-cumulative guaranteed and redeemable preference shares	6,638	28,196	20,027	20,027	697,086	100,000	–	871,974
Financial guarantees	3,380,963	403,622	136,579	311,086	420,541	652	–	4,653,443
Credit related commitments and contingencies	41,219,262	3,823,165	1,129,492	3,769,126	3,390,377	4,052,487	–	57,383,909
	251,971,898	40,341,408	18,900,415	17,494,273	29,958,987	14,707,179	–	373,374,160

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.3 Liquidity risk (Continued)

55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Non-derivatives financial liabilities (Continued)

The Company 31 December 2013	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivatives financial liabilities								
Other liabilities	5,019	-	-	-	-	-	-	5,019
Other borrowings	8,577	296,429	392,959	1,028,471	2,187,045	-	-	3,914,481
Subordinated obligations	11,405	-	54,345	92,445	713,310	2,156,940	-	3,028,442
	24,998	296,429	447,304	1,120,916	2,900,355	2,156,940	-	6,947,942

The Company 31 December 2012	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivatives financial liabilities								
Other liabilities	1,408	-	-	-	-	-	-	1,408
Other borrowings	9,406	162,581	391,341	360,930	3,180,037	-	-	4,104,295
Subordinated obligations	-	-	72,918	73,596	717,274	2,226,170	-	3,089,958
	10,814	162,581	464,259	434,526	3,897,311	2,226,170	-	7,195,661

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivatives financial liabilities**

The table below analyses the Group's trading derivatives financial liabilities and hedging derivative financial liabilities that will be settled on a net basis.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

The Group							
31 December 2013	Up to 1	> 1 – 3	> 3 – 6	> 6 – 12	> 1 – 5	Over 5	Total
	month	months	months	months	years	years	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivatives financial liabilities							
Trading derivatives							
- Foreign exchange derivatives	2,374,028	-	-	-	-	-	2,374,028
- Interest rate derivatives	1,549,137	-	-	-	-	-	1,549,137
- Equity related derivatives	1,574,988	-	-	-	-	-	1,574,988
- Commodity related derivatives	154,057	-	-	-	-	-	154,057
- Credit related contracts	89,176	-	-	-	-	-	89,176
Hedging derivatives							
- Interest rate derivatives	9,624	401	310	19,910	196,117	24,514	250,876
	5,751,010	401	310	19,910	196,117	24,514	5,992,262

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.3 Liquidity risk (Continued)

55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities (Continued)

The Group								
31 December 2012	Up to 1	> 1 – 3	> 3 – 6	> 6 – 12	> 1 – 5	Over 5	Total	
	month	months	months	months	years	years		RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Derivatives financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	715,101	–	–	–	–	–	–	715,101
- Interest rate derivatives	1,710,095	–	–	–	–	–	–	1,710,095
- Equity related derivatives	1,000,082	–	–	–	–	–	–	1,000,082
- Commodity related derivatives	161,622	–	–	–	–	–	–	161,622
- Credit related contracts	99,750	–	–	–	–	–	–	99,750
Hedging derivatives								
- Interest rate derivatives	6,146	(44,967)	127,553	91,007	654,946	357,456	1,192,141	
	3,692,796	(44,967)	127,553	91,007	654,946	357,456	4,878,791	

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.3 Liquidity risk (Continued)****55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivatives financial liabilities (Continued)**

The Group's and the Company's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options and cross currency interest rate swaps.

The table below analyses the Group's and the Company's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

The Group									
31 December 2013	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Derivatives financial liabilities									
Trading derivatives									
Foreign exchange derivatives	659,809	-	-	-	-	-	-	659,809	
Hedging derivatives									
Cross currency interest rate derivatives									
- Outflow	(657)	(4,813)	(281,800)	(89,190)	(1,432,719)	-	-	(1,809,179)	
- Inflow	1,176	6,149	261,516	88,357	1,413,298	-	-	1,770,496	
	660,328	1,336	(20,284)	(833)	(19,421)	-	-	621,126	
The Group									
31 December 2012	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Derivatives financial liabilities									
Trading derivatives									
Foreign exchange derivatives	7,905,092	-	-	-	-	-	-	7,905,092	
Hedging derivatives									
Cross currency interest rate derivatives									
- Outflow	(3,692)	(5,979)	(4,204)	(10,719)	(533,211)	(467)	(247,789)	(806,061)	
- Inflow	2,702	5,038	5,188	9,753	518,707	431	233,887	775,706	
	7,904,102	(941)	984	(966)	(14,504)	(36)	(13,902)	7,874,737	

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.3 Liquidity risk (Continued)

55.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivatives financial liabilities (Continued)

The Company

31 December 2013

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Total RM'000
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Derivatives financial liabilities

Trading derivatives

- Foreign exchange derivatives	-	-	-	-	-	-
	-	-	-	-	-	-

31 December 2012

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Total RM'000
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Derivative financial liabilities

Trading derivatives

- Foreign exchange derivatives	8,892	-	-	-	-	8,892
	8,892	-	-	-	-	8,892

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

55.4.1 Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation. The validation includes an assessment of the stability of models in terms of performance over a variety of conditions and back-testing of the model outputs;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee and Board for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- Any material uncertainty arising from the modeling and market inputs shall be disclosed to the Group Risk Committee;
- Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Chief Risk Officer or/and Group Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodology. Group Risk Management Quantitative Analysts shall perform model verification at least once a year. The Group's policy is to recognise transfer into and transfer out of fair value hierarchy level as of the date of the event or change in circumstances that caused the transfer;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value; and
- Back testing of valuation models to assess the accuracy of the models is to be carried out for a period of one year or where 250 data points have been collected, whichever is later.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.1 Determination of fair value and fair value hierarchy (Continued)

The fair value hierarchy has the following levels:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets and liabilities in active markets; or• Quoted prices for identical or similar assets and liabilities in non-active markets; or• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3 | One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group					The Company				
	Carrying amount	Fair Value			Total	Carrying amount	Fair Value			Total
		Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)			Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31 December 2013										
Recurring fair value measurements										
Financial assets										
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	3,940	-	3,940	-	3,940
- Hedging derivatives	187,121	-	187,121	-	187,121	-	-	-	-	-
Total	58,755,770	2,623,918	54,732,216	1,399,636	58,755,770	3,940	-	3,940	-	3,940
Recurring fair value measurements										
Financial liabilities										
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	-	-	-	-	-
Financial liabilities designated at fair value	2,132,168	-	2,132,168	-	2,132,168	-	-	-	-	-
Total	8,141,776	2,314	7,196,311	943,151	8,141,776	-	-	-	-	-

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group					The Company				
	Carrying amount RM'000	Fair Value			Total RM'000	Carrying amount RM'000	Fair Value			Total RM'000
Quoted market prices (Level 1) RM'000		Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Quoted market prices (Level 1) RM'000			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000		
31 December 2012										
Financial assets										
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	9,398	-	9,398	-	9,398
- Hedging derivatives	254,690	-	254,690	-	254,690	1,314	-	1,314	-	1,314
Total	58,621,762	1,988,291	55,393,975	1,239,496	58,621,762	10,712	-	10,712	-	10,712
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	3,652,476	618	3,651,858	-	3,652,476	8,892	-	8,892	-	8,892
- Hedging derivatives	396,716	-	396,716	-	396,716	-	-	-	-	-
Total	4,049,192	618	4,048,574	-	4,049,192	8,892	-	8,892	-	8,892

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

The Group 31 December 2013	Financial Assets				Financial Liabilities	
	Financial assets held for trading Unquoted securities RM'000	Financial investments available- for-sale Unquoted securities RM'000	Derivative financial instruments RM'000	Total RM'000	Derivative financial instruments RM'000	Total RM'000
	At 1 January	66,313	1,173,183	-	1,239,496	-
Total gains recognised in statement of income	2,387	(41,647)	251	(39,009)	195	195
Total losses recognised in other comprehensive income	-	74,075	-	74,075	-	-
Purchases	-	77,553	49,424	126,977	943,051	943,051
Sales	-	(19,966)	-	(19,966)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3 to Level 1	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,765	-	28,113	-	-
At 31 December	73,048	1,276,913	49,675	1,399,636	943,151	943,151
Total gains recognised in Statement of Income relating to assets held on 31 December under "net non-interest income"	2,612	(22,504)	251	(19,641)	195	195
Total gains recognised in Other Comprehensive Income relating to assets held on 31 December under "revaluation reserves"	-	71,530	-	71,530	-	-
Change in unrealised gain/loss recognised in profit or loss relating to assets held on 31 December under "net non-interest income"	2,387	-	251	2,637	195	195

During the year, the transfer out of Level 3 of RM5,780,387 to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.1 Determination of fair value and fair value hierarchy (Continued)

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

The Group	Financial Assets		
	Financial assets held for trading	Financial investments available-for-sale	Total
31 December 2012	Unquoted securities	Unquoted securities	RM'000
	RM'000	RM'000	RM'000
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

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed**

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed:

	The Group		The Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
2013				
Financial assets				
Cash and short-term funds	29,697,267	29,697,267	69,573	69,573
Reverse repurchase agreements	8,260,504	8,260,504	-	-
Deposits and placements with banks and other financial institutions	3,789,019	3,788,770	-	-
Financial investments held-to-maturity	10,821,493	10,780,194	-	-
Loans, advances and financing	228,431,705	233,059,974	71	67
Other assets	6,437,126	6,441,163	44,729	44,729
Statutory deposits with central banks	6,361,648	6,361,648	-	-
Amount owing by subsidiaries net of allowance for doubtful debts	-	-	788	788
Financial liabilities				
Deposits from customers	263,004,302	262,874,691	-	-
Deposits and placements of banks and other financial institutions	20,727,846	20,658,968	-	-
Repurchase agreements	5,922,788	5,922,788	-	-
Bills and acceptances payable	4,713,219	4,713,219	-	-
Other liabilities	7,740,495	7,740,495	5,027	5,027
Bonds and debentures	7,490,265	7,327,424	-	-
Other borrowings	7,772,727	7,658,998	3,823,855	3,826,230
Subordinated obligations	12,066,700	12,033,241	2,141,402	2,359,529
Non-cumulative guaranteed and redeemable preference shares	847,447	847,447	-	-
Amount owing to subsidiaries	-	-	222	222

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)**

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed (Continued):

31 December 2013	The Group				The Company			
	Quoted market prices (Level 1) RM'000	Fair Value Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Quoted market prices (Level 1) RM'000	Fair Value Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Financial assets								
Cash and short-term funds	29,697,267	-	-	29,697,267	69,573	-	-	69,573
Reverse repurchase agreements	-	8,260,504	-	8,260,504	-	-	-	-
Deposits and placement with banks and other financial institutions	-	3,788,770	-	3,788,770	-	-	-	-
Financial investments held-to-maturity	-	10,780,194	-	10,780,194	-	-	-	-
Loans, advances and financing	-	223,059,974	-	233,059,974	-	67	-	67
Other assets	-	6,441,163	-	6,441,163	-	44,729	-	44,729
Amount owing by subsidiaries	-	-	-	-	-	788	-	788
Total	29,697,267	252,330,605	-	282,027,872	69,573	45,584	-	115,157
Financial liabilities								
Deposits from customers	-	262,937,122	-	262,937,122	-	-	-	-
Deposits and placements of banks and other financial institutions	-	20,658,968	-	20,658,968	-	-	-	-
Repurchase agreements	-	5,922,788	-	5,922,788	-	-	-	-
Bills and acceptances payable	-	4,713,219	-	4,713,219	-	-	-	-
Other liabilities	-	7,740,495	-	770,495	-	5,027	-	5,027
Bonds and debentures	-	7,327,424	-	7,327,424	-	-	-	-
Other borrowings	-	7,658,998	-	7,658,998	-	3,826,230	-	3,826,230
Subordinated obligations	-	12,033,241	-	12,033,241	-	2,359,529	-	2,359,529
Non-cumulative guaranteed and redeemable preference shares	-	847,447	-	847,447	-	-	-	-
Amount owing to subsidiaries	-	-	-	-	-	222	-	222
Total	-	329,839,702	-	329,839,702	-	6,191,008	-	6,191,008

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)**

The total fair value of each financial assets and liabilities presented on the statements of financial position as at year ended 31 December 2012 of the Group and the Company approximates the total carrying value as at the reporting date, except for the following:

	The Group		The Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
2012				
Financial assets				
Deposits and placements with banks and other financial institutions	4,990,331	5,167,762	–	–
Financial investments held-to-maturity	8,985,294	9,328,236	–	–
Loans, advances and financing	202,137,818	202,849,612	95	91
Other assets	5,587,427	5,570,634	–	–
Financial liabilities				
Deposits from customers	247,295,039	246,931,642	–	–
Deposits and placements of banks and other financial institutions	15,522,591	15,630,811	–	–
Bonds and debentures	3,850,660	3,827,716	–	–
Other borrowings	7,640,360	7,644,855	3,802,565	3,812,678
Subordinated obligations	12,659,851	12,874,553	2,141,378	2,425,660

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds, placements with financial institutions and reverse repurchase agreements with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance/specific allowance, being the expected recoverable amount.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)****Amount due (to)/from subsidiaries and related companies**

The estimated fair values of the amount due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Other borrowings

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

Subordinated notes

The fair values for the quoted subordinated notes are obtained from quoted market prices while the fair values for unquoted subordinated notes are estimated based on discounted cash flow models.

Redeemable preference shares

The estimated fair value of redeemable preference shares ("RPS") approximates the carrying value based on Directors' estimate as the effective interest rate of the RPS is a reflection of the current rate for such similar instrument.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3)

Certain credit derivatives products where market rate inputs are unobservable are valued using simulation approach comprising statistical models that interact with each other. These models describe the default process and other market random variables like interest rates and foreign currency (“FX”) rates in a mathematically and theoretically consistent framework. These statistical models are the usual market standard when it comes to modeling rates, FX and credit. Credit derivatives inputs include:

- Observable Credit default swap (“CDS”) spreads
- Loss given default or loss severity
- Credit correlation between the underlying debt instruments (models are structured on a transaction basis and calibrated to liquid benchmark indices)
- Correlation between Credit and FX
- Credit spread and FX volatility
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit correlation –
 1. Long correlation positions will be shocked with lower correlation
 2. Short correlation positions will be shocked with higher correlation
- Credit & FX correlation –
 1. Short Quanto CDS position shocked with larger negative correlation
 2. Long Quanto CDS position shocked with larger positive correlation
- FX Volatility –
 1. Long volatility shocked with lower volatility
 2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations. These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares’ historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

55.4 Fair value estimation (Continued)

55.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)

(a) Financial instruments carried at fair value

Description	Fair value Assets RM'000	Fair value (Liabilities) RM'000	Valuation technique(s)	Unobservable input	Range (Weighted average)	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments - Trading derivatives Credit derivatives	9,649	(12,396)	Discounted Cash Flow, Stochastic Default and Foreign Exchange Correlation Model	Credit spread	5 bps – 650 bps	Increase in credit spread would result in a decrease in fair value measurement
				Loss severity	60% – 80%	Increase in the loss severity, in isolation, would result in a decrease in a fair value measurement
				Credit/foreign exchange correlation	-55% – +10%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement
Equity derivatives	40,026	(930,755)	Option pricing	Equity Volatility	6.72% – 77.69%	Higher volatility results in higher fair value
Financial assets held for trading Unquoted shares	73,048	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
Financial investments available-for-sale Unquoted shares	1,276,913	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value

55 FINANCIAL RISK MANAGEMENT (CONTINUED)**55.4 Fair value estimation (Continued)****55.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)****(a) Financial instruments carried at fair value (Continued)****Sensitivity analysis for level 3**

The Group 2013	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:			
		Profit or loss		Other comprehensive income	
		Favourable changes RM'000	Unfavourable changes RM'000	Favourable changes RM'000	Unfavourable changes RM'000
Financial assets					
Derivative financial instruments – Trading					
- Credit derivatives	5%–10%	-	(494)	-	-
- Equity derivatives	+25%	-	(322)	-	-
	-25%	242	-	-	-
Total		242	(816)	-	-

56 THE OPERATIONS OF ISLAMIC BANKING**Statement of Financial Position as at 31 December 2013**

	Note	31 December 2013 RM'000	31 December 2012 RM'000
Assets			
Cash and short-term funds	(a)	8,558,114	7,418,491
Reverse repurchase agreements		18,645	–
Deposits and placements with banks and other financial institutions	(b)	730,415	873,775
Financial assets held for trading	(c)	3,329,824	6,252,944
Islamic derivative financial instruments	(d)	271,201	261,629
Financial investments available-for-sale	(e)	1,783,107	3,296,450
Financial investments held-to-maturity	(f)	1,040,933	1,075,590
Financing, advances and other financing/loans	(g)	37,851,664	36,002,810
Deferred tax assets	(h)	25,241	11,070
Amount due from conventional operations		3,391,843	1,932,621
Statutory deposits with Bank Negara Malaysia	(i)	1,436,747	1,104,097
Property, plant and equipment	(j)	9,485	10,680
Other assets	(k)	588,654	524,408
Goodwill	(l)	136,000	136,000
Intangible assets	(m)	14,225	7,328
Total assets		59,186,098	58,907,893

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statement of Financial Position as at 31 December 2013 (Continued)**

	Note	31 December 2013 RM'000	31 December 2012 RM'000
Liabilities			
Deposits from customers	(n)	41,186,141	38,903,965
Deposits and placements of banks and other financial institutions	(o)	7,296,029	11,428,893
Islamic derivative financial instruments	(d)	294,760	382,290
Amount due from conventional operations		786,600	868,493
Provision for taxation and Zakat	(p)	17,978	138,568
Other liabilities	(q)	4,181,097	2,452,580
Financial liabilities designated at fair value	(r)	146,216	–
Subordinated Sukuk	(s)	856,722	863,557
Total liabilities		54,765,543	55,038,346
Equity			
Islamic banking funds		55,250	55,250
Ordinary share capital	(t)	1,000,000	1,000,000
Perpetual preference shares	(t)	70,000	70,000
Reserves	(u)	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 equity and liabilities		59,186,098	58,907,893
Commitments and contingencies	(d) (ii)	27,950,457	28,404,477

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statement of Income for the financial year ended 31 December 2013**

	Note	2013 RM'000	2012 RM'000
Income derived from investment of depositors' funds and others	(v)	2,312,485	2,143,277
Net income derived from investment of shareholders' funds	(w)	331,899	462,277
Allowance made for impairment losses on financing, advances and other financing/loans	(x)	(147,768)	(90,179)
Allowance (made)/written back for impairment losses on other receivables		(565)	217
Total distributable income		2,496,051	2,515,592
Income attributable to depositors	(y)	(1,051,521)	(916,211)
Total net income		1,444,530	1,599,381
Personnel expenses	(z)	(111,956)	(103,793)
Other overheads and expenditures	(aa)	(468,545)	(422,936)
Profit before allowances		864,029	1,072,652
Allowance made for impairment losses		(3,024)	(16)
Profit before taxation		(861,005)	1,072,636
Taxation	(ab)	(205,422)	(255,418)
Profit after taxation		(655,583)	817,218
Profit attributable to:			
Owners of the Parent		655,278	815,796
Non-controlling interests		305	1,422
		655,583	817,218

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statement of Comprehensive Income for the financial year ended 31 December 2013**

	2013	2012
	RM'000	RM'000
Net profit after taxation	655,583	817,218
Other comprehensive income:		
Revaluation reserve-financial investments available-for-sale	(40,545)	17,630
- Net (loss)/gain from change in fair value	(35,825)	27,000
- Realised gain transferred to statement of income on disposal and impairment	(20,303)	(6,815)
- Income tax effects	15,583	(2,555)
Exchange fluctuation reserve	(8,301)	(2,763)
Other comprehensive income, net of tax	(48,846)	14,867
Total comprehensive income for the financial year	606,737	832,085
Total comprehensive income attributable to:		
Owners of the Parent	606,828	834,335
Non-controlling interests	(91)	(2,250)
	606,737	832,085
Income from Islamic Banking operations:		
Total net income	1,444,530	1,599,381
Add: Allowance made for impairment losses on financing, advances and other financing/loans	147,768	90,179
Add: Allowance made/(written back) for impairment losses on other receivables	565	(217)
	1,592,863	1,689,343

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statements of changes in equity for the financial year ended 31 December 2013

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available- for-sale RM'000	Exchange fluctuation reserve RM'000	Regulatory reserve RM'000	Share-based payment RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
2013												
At 1 January 2013	1,000,000	70,000	55,250	671,625	26,605	6,130	242,624	335	1,787,761	3,860,330	9,217	3,869,547
Net profit for the financial year	-	-	-	-	-	-	-	-	655,278	655,278	305	655,583
Other comprehensive income (net of tax)	-	-	-	-	(40,545)	(8,210)	-	-	-	(48,755)	(91)	(48,846)
Financial investments available-for-sale	-	-	-	-	(40,545)	-	-	-	-	(40,545)	-	(40,545)
Currency translation difference	-	-	-	-	-	(8,210)	-	-	-	(8,210)	(91)	(8,301)
Total comprehensive income for the financial year	-	-	-	-	(40,545)	(8,210)	-	-	655,278	606,523	214	606,737
Dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	(56,000)	(56,000)	-	(56,000)
Share-based payment expense	-	-	-	-	-	-	-	591	-	591	-	591
Transfer to statutory reserve	-	-	-	91,390	-	-	-	-	(91,390)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	(12,536)	-	12,536	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(320)	-	(320)	-	(320)
At 31 December 2013	1,000,000	70,000	55,250	763,015	(13,940)	(2,080)	230,088	606	2,308,185	4,411,124	9,431	4,420,555

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statements of changes in equity for the financial year ended 31 December 2013 (Continued)

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available- for-sale RM'000	Exchange fluctuation reserve RM'000	Regulatory reserve RM'000	Share-based payment RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
2012												
At 1 January 2012	1,000,000	70,000	55,000	471,090	8,975	6,643	59,113	16,499	1,339,732	3,027,052	10,045	3,037,097
Net profit for the financial year	-	-	-	-	-	-	-	-	815,796	815,796	1,422	817,218
Other comprehensive income (net of tax)	-	-	-	-	17,630	(513)	-	-	-	17,117	(2,250)	14,867
Financial investments available-for-sale	-	-	-	-	17,630	-	-	-	-	17,630	-	17,630
Currency translation difference	-	-	-	-	-	(513)	-	-	-	(513)	(2,250)	(2,763)
Total comprehensive income for the financial year	-	-	-	-	17,630	(513)	-	-	815,796	832,913	(828)	832,085
Expiry of Management Equity Scheme	-	-	-	-	-	-	-	(16,279)	16,279	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	571	-	571	-	571
Transfer to statutory reserve	-	-	-	200,535	-	-	-	-	(200,535)	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	183,511	-	(183,511)	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(456)	-	(456)	-	(456)
Issue of share capital during the year	-	-	250	-	-	-	-	-	-	250	-	250
At 31 December 2012	1,000,000	70,000	55,250	671,625	26,605	6,130	242,624	335	1,787,761	3,860,330	9,217	3,869,547

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statements of Cash Flows for the financial year ended 31 December 2013**

	2013 RM'000	2012 RM'000
Operating activities		
Profit before taxation	861,005	1,072,636
Add/(less) adjustments:		
Depreciation of property, plant and equipment	3,553	3,691
Written off property, plant and equipment	35	116
Amortisation of intangible assets	3,150	2,811
Net unrealised (gain)/loss on revaluation of financial assets held for trading	8,452	(444)
Net unrealised (gain)/loss on derivatives	8,275	(9,842)
Accretion of discount less amortisation of premium	(17,676)	(42,479)
Net gain from sale of financial investments available-for-sale	(20,303)	(6,815)
Profit income from financial investments held-to-maturity	(49,867)	(69,021)
Profit income from financial investments available-for-sale	(109,722)	(84,224)
Profit expense on Subordinated Sukuk	38,010	28,740
Share-based payment expense	591	571
Net gain from sale of financial investment held-to-maturity	(286)	(1,245)
Unrealised gain from financial liabilities designated at fair value	(8,464)	-
Net loss from foreign exchange transactions	117,044	47,261
Net loss/(gain) from hedging derivatives	4,760	(2,002)
Shares vested under Equity Ownership Plan	(321)	-
Net loss from hedging derivatives	4,760	(2,002)
Impairment losses on securities	3,538	16
Allowance for impairment losses on other receivables	565	(217)
Allowance for impairment losses on financing, advances and other financing/loans	195,263	146,262
	1,037,923	1,085,815

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statements of Cash Flows for the financial year ended 31 December 2013 (Continued)**

	2013 RM'000	2012 RM'000
(Increase)/decrease in operating assets		
Reverse repurchase agreements	(18,645)	–
Deposits and placements with banks and other financial institutions	143,360	563,682
Financial assets held for trading	2,936,884	(3,293,121)
Islamic derivative financial instruments	(105,377)	(72,910)
Financing, advances and other financing/loans	(2,051,043)	(6,657,703)
Statutory deposits with Bank Negara Malaysia	(332,650)	(6,300)
Other assets	(197,591)	15,609
Amount due from conventional operations	(1,525,221)	(1,394,429)
	(1,150,283)	(10,845,172)
Increase/(decrease) in operating liabilities		
Deposits from customers	2,282,176	7,338,150
Deposits and placements of banks and other financial institutions	(4,132,864)	975,933
Other liabilities	1,611,472	1,396,349
Financial liabilities designated at fair value	154,680	–
Amount due to conventional operations	(88,757)	464,894
	(173,293)	10,175,326
Cash flows generated from operations	(285,653)	415,969
Taxation paid	(126,655)	(146,361)
Net cash flows generated from operating activities	(412,308)	269,608

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**Statements of Cash Flows for the financial year ended 31 December 2013 (Continued)**

	Note	2013 RM'000	2012 RM'000
Investing activities			
Net proceeds from purchase of financial investments available-for-sale		1,449,964	(1,813,170)
Purchase of property, plant and equipment		(3,049)	(5,499)
Purchase of intangible assets		(10,014)	(5,824)
Net proceeds from sale of financial investments held-to-maturity		34,692	322,391
Profit income from financial investments held-to-maturity		50,118	68,631
Profit income from financial investments available-for-sale		124,439	58,758
Net cash flows generated from/(used in) investing activities		1,646,150	(1,374,713)
Financing activities			
Issuance of Subordinated Sukuk		-	300,000
Profit expense paid on Subordinated Sukuk		(37,981)	(25,180)
Dividend paid		(56,000)	-
Issuance of share capital		-	250
Net cash flows (used in)/generated from financing activities		(93,981)	275,070
Net increase/(decrease) in cash and cash equivalents		1,139,861	(830,035)
Cash and cash equivalents at beginning of financial year		7,418,491	8,238,796
Effect of exchange rate changes		(238)	9,730
Cash and cash equivalents at end of financial year		8,558,114	7,418,491
Cash and cash equivalents comprise:			
Cash and short-term funds	(a)	8,558,114	7,418,491

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	31 December 2013 RM'000	31 December 2012 RM'000
(a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	977,947	846,726
Money at call and deposit placements maturing within one month	7,580,167	6,571,765
	8,558,114	7,418,491
(b) Deposits and placements with banks and other financial institutions		
Licensed banks	730,415	717,377
Licensed investment banks	-	146,362
Other financial institutions	-	10,036
	730,415	873,775
(c) Financial assets held for trading		
Money market instruments:		
Unquoted:		
Government Investment Issues	27,647	251,804
Malaysian Government treasury bills	-	68,456
Bank Negara Malaysia monetary notes	2,184,341	3,540,897
Islamic accepted bills	-	150,202
Other Government securities	-	100,262
Islamic negotiable instruments of deposits	748,368	1,656,985
	2,960,356	5,768,606
Quoted securities:		
<u>Outside Malaysia</u>		
Private debt securities	47,696	-
Sukuk	77,770	-
	125,466	-
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	221,440	461,627
Outside Malaysia		
Islamic debt securities	22,562	22,711
	244,002	484,338
	3,329,824	6,252,944

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(d) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at statements of financial position date, and do not represent amounts at risk. In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Islamic derivative financial instruments" Assets and Liabilities respectively.

	31 December 2013		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forwards	1,311,116	30,226	(5,215)
- Less than 1 year	650,332	21,019	(3,922)
- 1 year to 3 years	1,787	32	-
- More than 3 years	658,997	9,175	(1,293)
Currency swaps	2,961,169	31,757	(29,390)
- Less than 1 year	2,961,169	31,757	(29,390)
Currency spots	8,625	10	(5)
- Less than 1 year	8,625	10	(5)
Currency options	27,230	93	(93)
- Less than 1 year	27,230	93	(93)
Cross currency profit rate swaps	834,259	37,105	(36,600)
- Less than 1 year	93,859	4,878	(4,878)
- More than 3 years	740,400	32,227	(31,722)
<u>Profit rate derivatives</u>			
Islamic profit rate swaps	8,846,909	113,256	(94,931)
- Less than 1 year	450,001	839	(455)
- 1 year to 3 years	1,335,090	3,993	(3,457)
- More than 3 years	7,061,818	108,424	(91,019)

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(d) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

	31 December 2013		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives (Continued)			
<u>Equity derivatives</u>			
Equity options	909,075	13,513	(13,513)
- 1 year to 3 years	119,822	3,043	(3,043)
- More than 3 years	789,253	10,470	(10,470)
Credit related contracts			
Total return swaps	115,960	586	(586)
- More than 3 years	115,960	586	(586)
Held for hedging derivatives			
Islamic profit rate swaps	6,930,427	44,655	(114,427)
- 1 year to 3 years	265,304	2,882	(320)
- More than 3 years	6,665,123	41,773	(114,107)
Total derivative assets/(liabilities)	21,944,770	271,201	(294,760)

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) Islamic derivative financial instruments, commitments and contingencies (Continued)

(i) Islamic derivative financial instruments (Continued)

	31 December 2012		
	Principal RM'000	Asset RM'000	Liability RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forwards	1,579,365	33,775	(31,665)
- Less than 1 year	858,428	10,507	(17,666)
- 1 year to 3 years	60,153	1,167	(1,011)
- More than 3 years	660,784	22,101	(12,988)
Currency swaps	2,803,898	17,819	(8,780)
- Less than 1 year	2,803,898	17,819	(8,780)
Currency spots	1,604	1	(1)
- Less than 1 year	1,604	1	(1)
Currency options	92,114	297	(297)
- Less than 1 year	92,114	297	(297)
Cross currency profit rate swaps	331,784	17,994	(17,994)
- 1 year to 3 years	91,384	5,480	(5,480)
- More than 3 years	240,400	12,514	(12,514)
<u>Profit rate derivatives</u>			
Islamic profit rate swaps	8,931,122	164,711	(52,312)
- Less than 1 year	1,370,107	8,400	(193)
- 1 year to 3 years	1,527,680	9,391	(7,377)
- More than 3 years	6,033,335	146,920	(44,742)
<u>Equity derivatives</u>			
Equity options	1,949,304	16,024	(16,024)
- Less than 1 year	925,607	2,615	(2,615)
- 1 year to 3 years	151,964	2,556	(2,556)
- More than 3 years	871,733	10,853	(10,853)
Credit related contracts			
Total return swaps	121,760	1,634	(1,634)
- More than 3 years	121,760	1,634	(1,634)
Held for hedging derivatives			
Islamic profit rate swaps	7,078,403	9,374	(253,583)
- 1 year to 3 years	7,078,403	9,374	(253,583)
Total derivative assets/(liabilities)	22,889,354	261,629	(382,290)

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(d) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

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

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

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

	31 December 2013 Principal RM'000	31 December 2012 Principal RM'000
Credit related		
Direct credit substitutes	153,960	195,449
Certain transaction-related contingent items	390,323	434,554
Short-term self-liquidating trade-related contingencies	19,725	85,180
Irrevocable commitments to extend credit:		
- Maturity less than one year	4,383,087	3,852,873
- Maturity exceeding one year	868,416	901,637
Miscellaneous commitments and contingencies:		
- Shariah-compliant equity option	190,176	45,430
Total credit-related commitments and contingencies	6,005,687	5,515,123
Total treasury-related commitments and contingencies (Note 56(d)(i))	21,944,770	22,889,354
Total commitments and contingencies	27,950,457	28,404,477

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	31 December 2013 RM'000	31 December 2012 RM'000
(e) Financial investments available-for-sale		
Money market instruments:		
Unquoted:		
Government Investment Issues	377,791	1,140,378
Islamic Cagamas bonds	25,491	20,764
Malaysian Government Securities	34,793	99,200
Khazanah bonds	-	54,240
	438,075	1,314,582
Quoted securities:		
<u>Outside Malaysia</u>		
Private debt securities	11,533	8,142
Government bonds	100,144	71,494
	111,677	79,636
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	873,751	1,547,118
Placements with Islamic Banking and Finance Institute Malaysia	575	575
<u>Outside Malaysia</u>		
Private debt securities	335,405	340,844
Private equity funds	23,624	13,695
	1,233,355	1,902,232
	1,783,107	3,296,450

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	31 December 2013 RM'000	31 December 2012 RM'000
(f) Financial investments held-to-maturity		
Quoted securities:		
<u>Outside Malaysia</u>		
Islamic bonds	22,932	18,519
Bank Indonesia Certificates	89,510	89,356
	112,442	107,875
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	602,177	778,948
<u>Outside Malaysia</u>		
Private debt securities	326,446	188,991
	928,623	967,939
Amortisation of premium less accretion of discount	(65)	(40)
Less: Allowance for impairment loss	(67)	(184)
	1,040,933	1,075,590

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(g) Financing, advances and other financing/loans**

	31 December 2013 RM'000	31 December 2012 RM'000
(i) By type:		
Cash line	478,132	471,590
Term financing		
- House financing	9,506,746	8,647,391
- Syndicated financing	502,996	422,285
- Hire purchase receivables	7,074,809	7,651,197
- Other term financing	17,521,614	16,727,879
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 purchase financing	200,937	182,099
Other financing/loans	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) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

As at 31 December 2013, the gross exposures to RPSIA financing is RM2,476 million (31 December 2012: RM988 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM11.3 million (31 December 2012: RM3.5 million) is recognised in the Financial Statements of CIMB Bank. There was no individual impairment provided on this RPSIA financing.

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(g) Financing, advances and other financing/loans (Continued)**

- (i) (b) During the financial year, the Group has undertaken fair value hedges on RM6,350 million (31 December 2012: RM6,500 million) financing using Islamic profit rate swaps.

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

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

	31 December 2013 RM'000	31 December 2012 RM'000
(ii) By contract:		
Bai' Bithaman Ajil (<i>Deferred payment sale</i>)	13,754,515	12,957,557
Murabahah (<i>Cost Plus Sale</i>)	2,862,118	3,119,959
Ijarah Muntahia Bittamlik/AITAB (<i>Lease Ending With Ownership</i>)	7,577,297	7,346,892
Bai' al-'inah (<i>Sale and repurchase</i>)	11,806,734	12,455,612
Others	2,273,352	407,430
	38,274,016	36,287,450
(iii) By type of customers:		
Domestic non-bank financial institutions	1,505,087	574,212
Domestic business enterprises		
- Small medium enterprises	2,541,769	2,168,026
- Others	5,180,126	5,245,295
Government and statutory bodies	6,746,098	6,747,294
Individuals	21,092,572	20,766,552
Other domestic entities	31,022	16,981
Foreign entities	1,177,342	769,090
	38,274,016	36,287,450

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(g) Financing, advances and other financing/loans (Continued)**

	31 December 2013 RM'000	31 December 2012 RM'000
(iv) By profit sensitivity:		
Fixed rate		
- House financing	565,911	732,222
- Hire purchase receivables	7,074,809	7,651,197
- Other fixed rate financing	12,857,952	12,887,863
Variable rate		
- House financing	8,940,835	7,915,170
- Others	8,834,509	7,100,998
	38,274,016	36,287,450
(v) By economic purposes:		
Personal use	3,194,892	3,250,913
Credit card	121,965	112,543
Purchase of consumer durables	17,995	11,584
Construction	1,930,087	1,970,429
Residential property	9,555,442	8,689,174
Non-residential property	3,206,670	2,573,888
Purchase of fixed assets other than land and building	270,074	360,709
Purchase of securities	21,839	35,648
Purchase of transport vehicles	7,132,059	7,668,152
Working capital	8,733,774	7,936,945
Other purpose	4,089,219	3,677,465
	38,274,016	36,287,450
(vi) By geographical distribution:		
Malaysia	35,523,792	33,312,865
Indonesia	1,847,307	2,495,884
Singapore	902,917	386,429
Other countries	-	92,272
	38,274,016	36,287,450

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(g) Financing, advances and other financing/loans (Continued)**

	31 December 2013 RM'000	31 December 2012 RM'000
(vii) By residual contractual maturity:		
Within one year	3,777,017	3,396,462
One year to less than three years	2,120,729	1,633,898
Three years to less than five years	6,300,584	4,171,901
Five years and more	26,075,686	27,085,189
	38,274,016	36,287,450
(viii) Impaired financing, advances and other financing/loans by economic purposes:		
Personal use	25,081	15,570
Credit cards	2,285	419
Residential property	97,844	108,014
Non-residential property	29,202	35,148
Purchase of fixed assets other than land and building	1,682	1,966
Construction	1,312	894
Purchase of securities	223	10
Purchase of transport vehicles	100,454	87,913
Working capital	109,100	186,303
Other purpose	8,245	7,436
	375,428	443,673
(ix) Impaired financing, advances and other financing/loans by geographical distribution:		
Malaysia	310,151	304,128
Indonesia	65,277	47,274
Other countries	–	92,271
	375,428	443,673

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other financing/loans (Continued)

	31 December 2013 RM'000	31 December 2012 RM'000
(x) Movements in impaired financing, advances and other financing/loans:		
At 1 January	443,673	472,632
Classified as impaired during the financial year	493,410	411,956
Reclassified as not impaired during the financial 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	375,428	443,673
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	0.98%	1.22%

* Represents restatement of income-in-suspense and financing previously classified as performing.

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(g) Financing, advances and other financing/loans (Continued)****(xi) Movements in allowance for impaired financing, advances and other financing/loans:**

	2013	2012
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	127,290	139,775
Allowance made during the financial year	(12,569)	34,150
Amount written off	(100,377)	(50,675)
Unwinding income	-	4,090
Exchange fluctuation	33,749	(50)
At 31 December	48,093	127,290
<u>Portfolio impairment allowance</u>		
At 1 January	380,259	428,666
Allowance made during the financial year	205,711	112,112
Amount written off	(136,989)	(162,602)
Unwinding income	-	6,019
Allowance transferred from conventional operations	2,715	-
Exchange fluctuation	(36,889)	(3,936)
At 31 December	414,807	380,259

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(h) Deferred taxation**

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

	31 December 2013 RM'000	31 December 2012 RM'000
Portfolio impairment allowance for bad and doubtful financing	45	78
Accelerated tax depreciation	(3,821)	(2,234)
Revaluation reserve financial investments available-for-sale	8,596	(6,987)
Other temporary differences	20,421	20,213
Deferred tax assets	25,241	11,070

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

Deferred tax assets/(liabilities)	Note	Portfolio impairment allowance/ general allowance for bad and doubtful financing RM'000	Accelerated tax depreciation RM'000	Financial investments available- for-sale RM'000	Other temporary differences RM'000	Total RM'000
2013						
At 1 January		78	(2,234)	(6,987)	20,213	11,070
Credited/(charged) to statement of income	(ab)	(33)	(1,247)	-	208	(1,072)
Under provision in prior year		-	(340)	-	-	(340)
Transferred from equity		-	-	15,583	-	15,583
At 31 December 2013		45	(3,821)	8,596	20,421	25,241
2012						
At 1 January		27	(839)	(4,432)	11,603	6,359
Credited/(charged) to statement of income	(ab)	51	(1,336)	-	8,893	7,608
Under provision in prior year		-	(59)	-	(283)	(342)
Transferred to equity		-	-	(2,555)	-	(2,555)
At 31 December 2012		78	(2,234)	(6,987)	20,213	11,070

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(i) Statutory deposits with Bank Negara Malaysia**

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.

(j) Property, plant and equipment

	Note	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
2013					
Cost					
At 1 January		12,246	3,384	7,215	22,845
Additions		2,109	393	547	3,049
Reclassified to intangible assets	(m)	(33)	-	-	(33)
Written off		-	(82)	-	(82)
Exchange fluctuation		(985)	(3)	(1,079)	(2,067)
At 31 December		13,337	3,692	6,683	23,712
Accumulated depreciation					
At 1 January		6,592	951	4,622	12,165
Charge for the financial year		2,186	446	921	3,553
Written off		-	(47)	-	(47)
Exchange fluctuation		(660)	(1)	(783)	(1,444)
At 31 December		8,118	1,349	4,760	14,227
Net book value at 31 December		5,219	2,343	1,923	9,485

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(j) Property, plant and equipment**

	Note	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
2012					
Cost					
At 1 January		15,079	2,589	7,063	24,731
Additions		3,561	1,157	781	5,499
Reclassified to intangible assets	(m)	(1,407)	-	-	(1,407)
Written off		(4,472)	(360)	(10)	(4,842)
Exchange fluctuation		(515)	(2)	(619)	(1,136)
At 31 December		12,246	3,384	7,215	22,845
Accumulated depreciation					
At 1 January		10,729	645	3,790	15,164
Charge for the financial year		1,878	571	1,242	3,691
Reclassified to intangible assets	(m)	(1,262)	-	-	(1,262)
Written off		(4,453)	(263)	(10)	(4,726)
Exchange fluctuation		(300)	(2)	(400)	(702)
At 31 December		6,592	951	4,622	12,165
Net book value at 31 December		5,654	2,433	2,593	10,680

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(k) Other assets**

	31 December 2013 RM'000	31 December 2012 RM'000
Deposits and prepayments	20,832	100
Clearing accounts	184,092	170,309
Collateral pledged for derivative transactions	221,233	61,430
Sundry debtors	162,497	292,569
	588,654	524,408

(l) Goodwill

At 1 January/31 December	136,000	136,000
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Goodwill is wholly allocated to the retail banking cash-generating unit ("CGU").

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2014 financial budgets approved by management, projected for 5 years based on the average to year historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (31 December 2012: 5.00%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rate is 6.55% (31 December 2012: 7.10%) which reflects the specific risks relating to the CGU.

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

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(m) Intangible assets**

	Note	31 December 2013 RM'000	31 December 2012 RM'000
Computer software			
Cost			
At 1 January		24,373	17,142
Additions		10,014	5,824
Reclassified from property, plant and equipment	(j)	33	1,407
At 31 December		34,420	24,373
Accumulated amortisation			
At 1 January		17,045	12,972
Charge for the financial year		3,150	2,811
Reclassified from property, plant and equipment	(j)	-	1,262
At 31 December		20,195	17,045
Net book value at 31 December		14,225	7,328

The above intangible assets include computer software under construction at cost of RM249,457 (31 December 2012: RM247,332).

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

Computer software 1 – 13 years

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(n) Deposits from customers**

	31 December 2013 RM'000	31 December 2012 RM'000
(i) By type of deposits		
Savings deposits		
Wadiah	1,734,338	1,527,782
Mudharabah	711,650	634,512
	2,445,988	2,162,294
Demand deposit		
Wadiah	3,439,690	3,638,360
Qard	11,854	1,875
Mudharabah	4,793,196	4,240,189
	8,244,740	7,880,424
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	-
	30,469,985	28,820,486
Others	25,428	40,761
Qard	25,428	40,761
	41,186,141	38,903,965

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	31 December 2013 RM'000	31 December 2012 RM'000
(n) Deposits from customers (Continued)		
(i) By type of deposits (Continued)		
The maturity structure of term deposit is as follows:		
Due within six months	29,055,401	26,691,764
Six months to one year	628,554	1,057,691
One year to three years	68,248	189,331
Three years to five years	383,128	434,327
More than five years	334,654	447,373
	30,469,985	28,820,486
(ii) By type of customer		
Government and statutory bodies	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
	41,186,141	38,903,965

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	31 December 2013 RM'000	31 December 2012 RM'000
(o) Deposits and placements of banks and other financial institutions		
Licensed banks	6,816,280	10,037,011
Licensed investment banks	230	998,659
Other financial institutions	479,519	393,223
	7,296,029	11,428,893
(p) Provision for taxation and Zakat		
Taxation	17,523	137,173
Zakat	455	1,395
	17,978	138,568
(q) Other liabilities		
Clearing accounts	2,975,794	1,828,337
Due to brokers	6,446	237
Accruals and other payables	1,198,857	624,006
	4,181,097	2,452,580
(r) Financial liabilities designated at fair value		
Deposits from customers - structured investments	146,216	-

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(r) Financial liabilities designated at fair value (Continued)

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.

(s) Subordinated Sukuk

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

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

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

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

The RM850 million Sukuk qualify as Tier-II capital for the purpose of the total capital ratio computation (subject to the general phase-out treatment under Basel III).

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(t) Ordinary share capital and perpetual preference shares**

	31 December 2013 RM'000	31 December 2012 RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	1,500,000	1,500,000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	1,000,000	1,000,000
Perpetual preference shares		
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	100,000	100,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	70,000	70,000

(u) Reserves

- (a) The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.
- (b) Regulatory reserves are maintained as an additional credit risk absorbent to ensure robustness on the financing impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010.
- (c) The Share-based payment reserve arose from the Management Equity Scheme ("MES") and Employee Ownership Plan ("EOP"), the Group's share-based compensation benefits.

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(v) Income derived from investment of depositors' funds and others**

	2013 RM'000	2012 RM'000
Income derived from investment of:		
(i) General investment deposits	1,236,393	1,053,521
(ii) Specific investment deposits	89,121	97,510
(iii) Other deposits	986,971	992,246
	2,312,485	2,143,277
(i) Income derived from investment of general investment deposits		
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	1,023,862	871,374
- Unwinding income*	3,360	2,762
Financial assets held for trading	18,595	14,514
Financial investments available-for-sale	51,116	38,955
Financial investments held-to-maturity	22,584	26,650
Money at call and deposit with financial institutions	115,647	76,191
Securities purchased under resale agreement	501	-
Others	7,823	-
	1,243,488	1,030,446
Accretion of discount less amortisation of premium	8,120	18,664
	1,251,608	1,049,110
Other operating income:		
Net loss from foreign exchange transactions	(52,424)	(26,199)
Net gain from sale of financial investments available-for-sale	13,414	3,591
Net gain from sale of financial investments held-to-maturity	135	528
Net gain/(loss) from financial assets held for trading		
- Realised	18,722	9,578
- Unrealised	(6,516)	558
	(26,669)	(11,944)
Fees and commission income:		
Fee on financing and advances	6,398	7,544
Guarantee fees	1,831	2,785
Service charges and fees	1,667	5,439
	9,896	15,768
Other income:		
Sundry income	1,558	587
	1,236,393	1,053,521

* Unwinding income is income earned on impaired financial assets

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(v) Income derived from investment of depositors' funds and others (Continued)**

	2013 RM'000	2012 RM'000
(ii) Income derived from investment of specific investment deposits		
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	64,763	60,404
Money at call and deposit with banks and other financial institutions	24,358	37,106
	89,121	97,510
(iii) Income derived from investment of other deposits		
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	832,248	809,175
- Unwinding income*	3,302	2,641
Financial assets held for trading	17,347	15,508
Financial investments available-for-sale	46,358	37,861
Financial investments held-to-maturity	15,156	22,613
Money at call and deposit with banks and other financial institutions	92,213	83,449
	1,006,624	971,247
Accretion of discount less amortisation of premium	8,733	21,919
	1,015,357	993,166
Other operating income:		
Net gain from sale of financial investments available-for-sale	9,473	2,967
Net gain/(loss) from financial assets held for trading		
- Realised	20,579	11,397
- Unrealised	(1,699)	(112)
Net gain from sale of financial investments held-to-maturity	137	661
Net loss from foreign exchange transactions	(58,880)	(19,222)
	(30,390)	(4,309)
Fees and commission income:		
Guarantee fees	2,004	3,389
	986,971	992,246

* Unwinding income is income earned on impaired financial assets

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(w) Net income derived from investment of shareholders' funds

	2013	2012
	RM'000	RM'000
Finance income and hibah:		
Financing, advances and other financing/loans		
- Income other than recoveries	81,417	84,161
- Unwinding income *	313	229
Financial investments available-for-sale	12,248	7,408
Financial assets held for trading	1,674	1,361
Financial investments held-to-maturity	12,127	19,758
Money at call and deposit with financial institutions	23,794	49,833
	131,573	162,750
Accretion of discount less amortisation of premium	823	1,896
	132,396	164,646
Other operating income:		
Net gain/(loss) from financial assets held for trading		
- Realised	2,013	964
- Unrealised	(237)	(2)
Net (loss)/gain from sale of financial investments available-for-sale	(2,584)	257
Net gain/(loss) from sale of financial investments held-to-maturity	14	56
Net gain/(loss) from Islamic derivative financial instruments		
- Realised	100,665	47,187
- Unrealised	(8,275)	9,842
Net (loss)/gain arising from financial liabilities designated at fair value		
- Realised	(1,572)	-
- Unrealised	8,464	-
Net loss from foreign exchange transactions	(5,740)	(1,840)
Net (loss)/gain from hedging derivatives	(4,760)	2,002
	87,988	58,466

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(w) Net income derived from investment of shareholders' funds (Continued)**

	2013	2012
	RM'000	RM'000
Net fees and commission income:		
Advisory fees	2,898	62
Guarantee fees	13,422	13,533
Service charges and fees	43,707	81,385
Placement fees	20,385	110,859
Underwriting commission	3,147	12,577
Others	24,370	9,576
Fee and commission income	107,929	227,992
Fee and commission expense	(1,417)	(1,909)
Net fees and commission income	106,512	226,083
Sundry income	5,003	13,082
	331,899	462,277

* Unwinding income is income earned on impaired financial assets

(x) Allowance for impairment losses on financing, advances and other financing/loans

	2013	2012
	RM'000	RM'000
(i) Individual impairment allowance		
- Made during the financial year	(12,569)	34,150
(ii) Portfolio impairment allowance		
- Made during the financial year	205,711	112,112
Bad debts on financing:		
- Recovered	(47,495)	(56,102)
- Written-off	2,121	19
	147,768	90,179

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(y) Income attributable to depositors**

	2013	2012
	RM'000	RM'000
Deposits from customers		
- Mudharabah	263,200	238,407
- Non-Mudharabah	650,539	559,646
- Financial liabilities designated at fair value	4,518	-
Deposits and placements of banks and other financial institutions		
- Mudharabah	58,624	61,290
- Non-Mudharabah	32,460	27,355
Others	42,180	29,513
	1,051,521	916,211

(z) Personnel expenses

	2013	2012
	RM'000	RM'000
- Salaries, allowances and bonuses	92,698	91,405
- Others	19,258	12,388
	111,956	103,793

Included in the personnel costs are fees paid to the Shariah Committee members amounting to RM605,984 (2012: RM802,070).

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(aa) Other overheads and expenditures**

	2013	2012
	RM'000	RM'000
Establishment costs		
- Rental	3,279	3,361
- Depreciation of property, plant and equipment	3,553	3,691
- Others	7,700	16,995
	14,532	24,047
Marketing expenses		
- Advertisement and publicity	8,571	9,725
- Others	2,161	2,603
	10,732	12,328
Administration and general expenses		
- Legal and professional fees	4,953	2,555
- Amortisation of intangible assets	3,150	2,811
- Others	39,820	33,360
	47,923	38,726
Shared service cost		
Personnel expenses	241,375	208,662
Establishment	107,921	95,478
Promotion	13,611	10,097
General expenses	32,451	33,598
	395,358	347,835
	468,545	422,936

56 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**(ab) Taxation****(i) Tax expense for the financial year**

	Note	2013 RM'000	2012 RM'000
Current year tax			
- Malaysian income tax		204,174	262,684
Deferred taxation	(h)	1,072	(7,608)
Under accrual in prior year		176	342
		205,422	255,418

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation is as follows:

	2013 RM'000	2012 RM'000
Profit before taxation	861,005	1,072,636
Tax calculated at tax rate of 25%	215,251	268,159
- Effect of different tax rates	950	1,829
- Income not subject to tax	(14,409)	(16,076)
- Expenses not deductible for tax purposes	3,454	1,164
Under accrual in prior year	176	342
	205,422	255,418

57 CLIENT TRUST ACCOUNTS

As at 31 December 2013, cash held in trust for clients by the Group amounted to RM962,855,000 (31 December 2012: RM486,594,000, 1 January 2012: RM464,867,000). These amounts are not recognised in the financial statements as the Group held them in a fiduciary capacity.

58 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 7 March 2014.

59 REALISED AND UNREALISED PROFITS

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 and the directive of Bursa Malaysia Securities Berhad.

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 earnings 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.

	The Group		The Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	12,070,506	9,835,615	1,032,415	1,511,685
- Unrealised	182,063	330,623	273,643	9,925
	12,252,569	10,166,238	1,306,058	1,521,610
Total share of retained earnings from associates				
- Realised	627,592	322,064	-	-
- Unrealised	1,290	550	-	-
Total share of retained earnings from joint ventures				
- Realised	101,803	46,633	-	-
- Unrealised	1	1	-	-
	12,983,255	10,535,486	1,306,058	1,521,610
Consolidation adjustments	(767,897)	680,779	-	-
Total group retained earnings as per consolidated financial statements	12,215,358	11,216,265	1,306,058	1,521,610

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Basel II Pillar 3 Disclosure

ABBREVIATIONS

A-IRB Approach	: Advanced Internal Ratings Based Approach
BI	: Banking Institutions
BNM	: Bank Negara Malaysia
BRC	: Board Risk Committee
CAF	: Capital Adequacy Framework and, in some instances referred to as the Risk-Weighted Capital Adequacy Framework
CAFIB	: Capital Adequacy Framework for Islamic Banks
CAR	: Capital Adequacy Ratio and, in some instances referred to as the Risk Weighted Capital Ratio
CBSM	: Capital and Balance Sheet Management
CBTM	: Corporate Banking, Treasury and Markets
CCR	: Counterparty Credit Risk
CIMBBG	: CIMB Bank, CIMBISLG, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factorlease Berhad and non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
CIMBIBG	: CIMB Investment Bank Berhad, CIMB Futures Sdn Bhd and non-financial subsidiaries
CIMBGH Group	: Group of Companies under CIMB Group Holdings Berhad
CIMBTH	: CIMB Thai Bank Public Company Ltd and its subsidiaries
CIMB Bank	: CIMB Bank Berhad and CIMB Bank (L) Ltd (as determined under the CAF (Capital Components) and CAFIB (Capital Components) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	: Collectively CIMBBG, CIMBIBG and CIMBISLG as described within this disclosure
CIMB IB	: CIMB Investment Bank Berhad
CIMB Islamic	: CIMB Islamic Bank Berhad
CRM	: Credit Risk Mitigants
CRO	: Group Chief Risk Officer
CSA	: Credit Support Annexes, International Swaps and Derivatives Association Agreement
DFIs	: Development Financial Institutions
EAD	: Exposure At Default
EaR	: Earnings-at-Risk
ECAs	: External Credit Assessment Institutions
EL	: Expected Loss
EP	: Eligible Provision
EVE	: Economic Value of Equity
EWRM	: Enterprise Wide Risk Management
Group EXCO	: Group Executive Committee
F-IRB Approach	: Foundation Internal Ratings Based Approach
Fitch	: Fitch Ratings

ABBREVIATIONS (CONTINUED)

GRC	:	Group Risk Committee
GRD	:	Group Risk Division
GWBRC	:	Group Wholesale Bank Risk Committee
HPE	:	Hire Purchase Exposures
IRB Approach	:	Internal Ratings Based Approach
IRRBB	:	Interest Rate Risk in the Banking Book
KRI	:	Key Risk Indicators
LGD	:	Loss Given Default
MARC	:	Malaysian Rating Corporation Berhad
MDBs	:	Multilateral Development Banks
Moody's	:	Moody's Investors Service
MTM	:	Mark-to-Market and/or Mark-to-Model
ORM	:	Operational Risk Management
ORMF	:	Operational Risk Management Framework
OTC	:	Over the Counter
PD	:	Probability of Default
PSEs	:	Non-Federal Government Public Sector Entities
PSIA	:	Profit Sharing Investment Accounts
QRRE	:	Qualifying Revolving Retail Exposures
R&I	:	Rating and Investment Information, Inc
RAM	:	RAM Rating Services Berhad
RAROC	:	Risk Adjusted Return on Capital
RCC	:	Regional Credit Committee
RORBB	:	Rate of Return Risk in the Banking Book
RRE	:	Residential Real Estate
RWA	:	Risk-Weighted Assets
RWCAF	:	Risk-Weighted Capital Adequacy Framework and, in some instances referred to as the Capital Adequacy Framework
RWCR	:	Risk-Weighted Capital Ratio and, in some instances referred to as the Capital Adequacy Ratio
S&P	:	Standard & Poor's
SA	:	Standardised Approach
SCF	:	Shariah Compliance Framework
SMEs	:	Small and Medium Enterprises
VaR	:	Value at Risk

OVERVIEW OF BASEL II AND PILLAR 3

The 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework' or commonly known as 'Basel II' issued by the Bank of International Settlements, as adopted by BNM seeks to increase the risk sensitivity in capital computations and prescribed a number of different approaches to risk calculation that allows the use of internal models to calculate regulatory capital. The particular approach selected must commensurate with the financial institution's risk management capabilities. The Basel II requirements are stipulated within three broad 'Pillars' or sections.

Pillar 1 focuses on the minimum capital measurement methodologies and their respective qualifying criteria to use specified approaches available to calculate the RWA for credit, market and operational risks. CIMB Bank and its subsidiaries including CIMBISLG which offers Islamic banking financial services (collectively known as 'CIMBBG'); apply the IRB Approach for its major credit exposures. The IRB Approach prescribes two approaches, the F-IRB Approach and A-IRB Approach. Under F-IRB Approach, the Group applies its own PD and the regulator prescribed LGD, whereas under the A-IRB Approach, the Group applies its own risk estimates of PD, LGD and EAD. The remaining credit exposures are on the SA and where relevant, will progressively migrate to the IRB Approach. CIMB IB and its subsidiaries ('CIMBIBG') adopt the SA for credit risk. CIMBBG, CIMBISLG and CIMBIBG (collectively known as 'CIMB Group' or the 'Group') adopt the SA for market risk and BIA for operational risk.

Pillar 2 focuses on how sound risk management practices should be implemented from the Supervisory Review perspective. It requires financial institutions to make their own assessments of capital adequacy in light of their risk profile and to have a strategy in place for maintaining their capital levels.

Pillar 3 complements Pillar 1 and Pillar 2 by presenting disclosure requirements aimed to encourage market discipline in a sense that every market participant can assess key pieces of information attributed to the capital adequacy framework of financial institutions.

Frequency of Disclosure

The qualitative disclosures contained herein are required to be updated on an annual basis and more frequently if significant changes to policies are made. The capital structure and adequacy disclosures are published on a quarterly basis. All other quantitative disclosures are published semi-annually in conjunction with the Group's half yearly reporting cycles.

Medium and Location of Disclosure

These disclosures are also available on CIMBGH Group's corporate website (www.cimb.com). The individual disclosures for CIMB Bank, CIMB Islamic and CIMB IB are also available at the CIMBGH Group's corporate website.

Basis of Disclosure

These disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2013.

Pursuant to paragraph 7.2 of BNM's guidelines on CAFIB – Disclosure Requirements (Pillar 3), the Group has applied the provision in whereby the Group has been exempted from disclosing comparative information as a first time adoption of this requirement for CIMBISLG.

OVERVIEW OF BASEL II AND PILLAR 3 (CONTINUED)

Basis of Disclosure (continued)

The basis of consolidation for financial accounting purposes is described in the 2013 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, the Group did not experience any impediments in the distribution of dividends. There were also no capital deficiencies in any subsidiaries that are not included in the consolidation for regulatory purposes.

The term 'credit exposure' as used in this disclosure is a prescribed definition by BNM based on the RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). Credit exposure is defined as the estimated maximum amount a banking institution may be exposed to a counterparty in the event of a default or EAD. This differs with similar terms applied in the 2013 financial statements as the credit risk exposure definition within the ambit of accounting standards represent the balance outstanding as at balance sheet date and do not take into account the expected undrawn contractual commitments. Therefore, information within this disclosure is not directly comparable to that of the 2013 financial statements.

Any discrepancies between the totals and sum of the components in the tables contained in this disclosure are due to actual summation method and then rounded up to the nearest thousands.

These disclosures have been reviewed and verified by internal auditors and approved by the Board of Directors of CIMBGH Group.

RISK MANAGEMENT OVERVIEW

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

The objectives of CIMB Group's risk management activities are to:

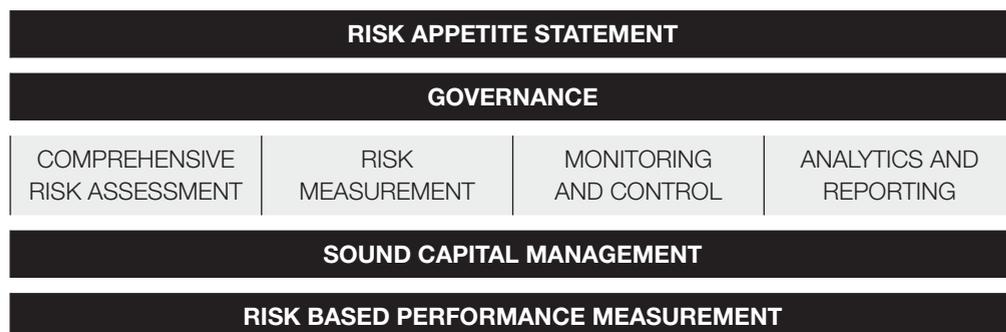
- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholder value through proper allocation of capital and facilitate development of new businesses.

RISK MANAGEMENT OVERVIEW (CONTINUED)

Enterprise Wide Risk Management Framework

CIMB Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

a) Risk Appetite Statement

Risk appetite defines the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. In CIMB Group, the risk appetite is linked to strategy development and business and capital management plans. It takes into account not only growth, revenue and commercial aspirations, but also the capital and liquidity positions and risk management capabilities and strengths, including risk systems, processes and people. Going forward, risk appetite statements will be formulated for key business units as well as incorporate stress testing.

CIMB Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. BRC and GRC receive monthly reports on compliance with the risk appetite.

b) Governance

A strong risk governance structure is what binds the EWRM framework together. The Board of Directors is ultimately responsible for the Group's risk management activities, and provides strategic direction through the Risk Appetite Statement and relevant risk management frameworks for the Group.

The implementation and administration of the EWRM framework are effected through the three lines of defence model with oversight by the risk governance structure which consists of various risk committees, as described below. GRD is principally tasked to assist the various risk committees and undertakes the performance of independent risk management, monitoring and reporting functions of the EWRM. The implementation of the EWRM is also subjected to the independent assurance and assessment by Group Internal Audit Division.

RISK MANAGEMENT OVERVIEW (CONTINUED)

Enterprise Wide Risk Management Framework (continued)

c) Comprehensive Risk Assessment

Comprehensive Risk Assessment provides the process for the identification of the Group's material risks, from the perspectives of impact on the Group's financial standing and reputation. Apart from the annual comprehensive risk assessment exercise, the Group's material risks are identified on an on-going basis as well as part of the consideration for any strategic projects, including new product development.

d) Risk Measurement

Consistent and common methodologies of Risk Measurement allow for the Group to aggregate and compare risks across business units, geographies and risk types. Further, it provides a tool for the Board and Senior Management to assess the sufficiency of its liquidity surplus and reserves, and health of its capital position under various economic and financial situations.

e) Monitoring and Control

Various risk management tools are employed to Monitor and Control the risk taking activities within the Group. These include limit monitoring, hedging strategies and clearly documented control processes. These controls are regularly monitored and reviewed in the face of changing business needs, market conditions and regulatory changes.

f) Analytics and Reporting

Timely reporting and meaningful analysis of risk positions are critical to enable the Board and Senior Management to exercise control over material exposures and make informed business decisions.

g) Sound Capital Management

The Group's capital resources are continuously assessed and managed to undertake its day-to-day business operations and risk-taking activities, including considerations for its business expansion and growth. Each year internal capital targets will be set and capital will be allocated to each business unit based on the respective business plans, budgeted profit and targeted Risk Adjusted Return on Capital (RAROC).

h) Risk Based Performance Measurement

Business units' economic profitability will be measured having considered both its risks and capital consumption. The adoption of a risk-based performance measurement allows for performance and profitability of different business units to be compared on a common yardstick.

Risk Governance

In the year under review, the Board of Directors approved a revision to the Group's risk governance structure with the establishment of several risk committees and elevation of the existing Basel Steering Committee as a risk committee reporting to the GRC. The revised risk governance structure allows for thorough deliberations and clear accountability of each of the committees.

At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

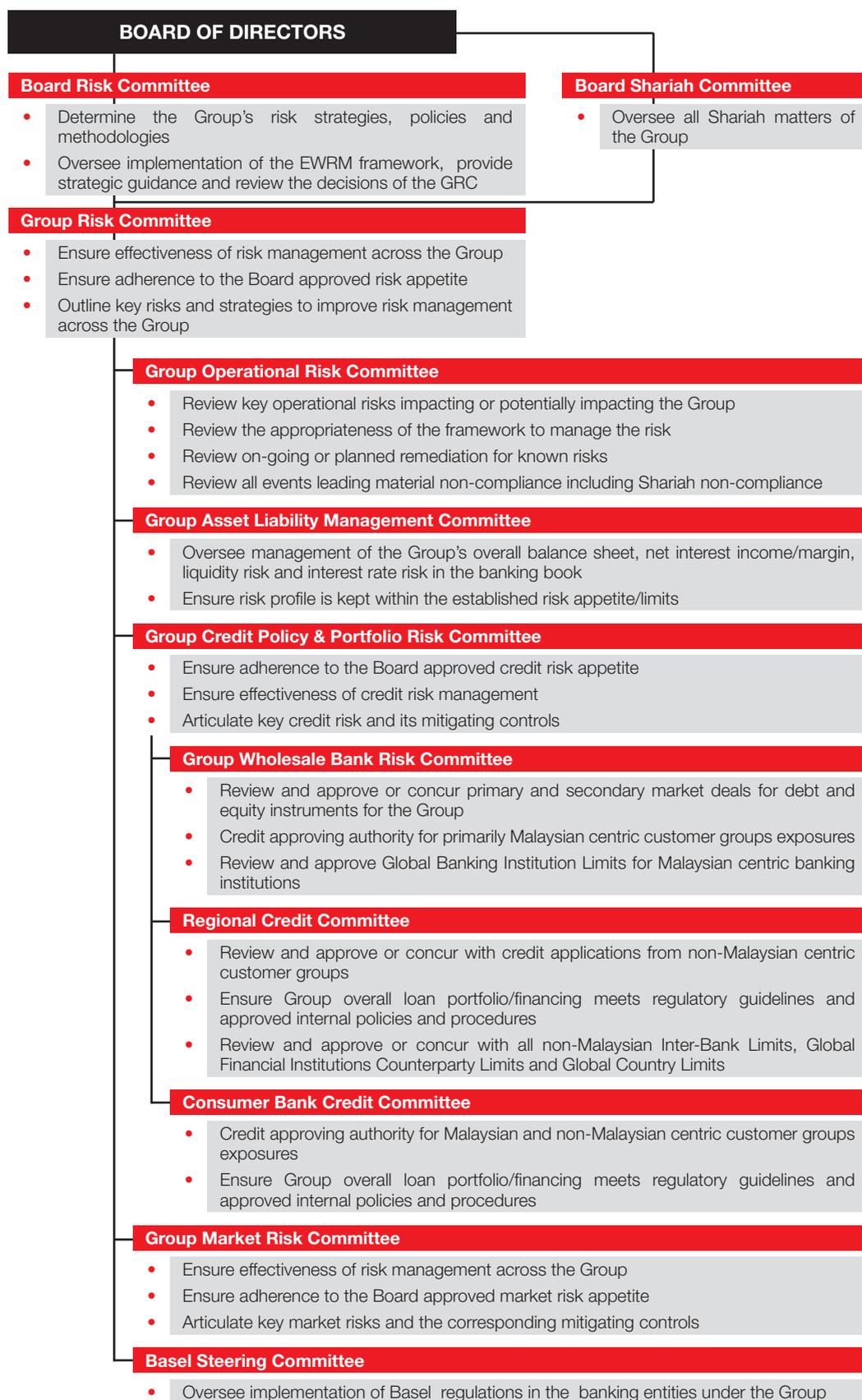
In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

RISK MANAGEMENT OVERVIEW (CONTINUED)

Risk Governance (continued)

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Policy & Portfolio Risk Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Basel Steering Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

The revised structure of the Group's Risk Committees and an overview of the respective committee's roles and responsibilities are as follows:



RISK MANAGEMENT OVERVIEW (CONTINUED)

Risk Governance (continued)

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

Three-Lines of Defence

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

The Roles of CRO and Group Risk Division

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group Chief Risk Officer who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

- a) Actively engages the Board and senior management on risk management issues and initiatives.
- b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

a) Risk Analytics & Infrastructure Centre of Excellence

Risk Analytics & Infrastructure Centre of Excellence spearheads the Group's efforts towards Basel II implementation. In this regard, it develops and implements all internal rating and scoring models and closely monitors the performance of the rating and scoring models to ensure relevance to current market conditions and integrity of ratings. It also computes and aggregates the risk-weighted assets for credit risk for monthly regulatory reporting as well as projects the capital requirements for credit risk to support capital management planning and analysis. Risk Analytics & Infrastructure Centre of Excellence monitors the non-retail credit risk profile of risk-taking activities in terms of asset quality, rating distribution and credit concentrations. In addition, it initiates and/or proposes its risk policies, risk measurement methodologies and risk limits to the Board for approval.

RISK MANAGEMENT OVERVIEW (CONTINUED)

The Roles of CRO and Group Risk Division (continued)

b) Market Risk Centre of Excellence

In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation. It also coordinates capital market product deployments.

c) Operational Risk Centre of Excellence

The Operational Risk Centre of Excellence provides the methodology and process for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group.

d) Asset Liability Management Centre of Excellence

It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest/benchmark rate risk as well as recommending policies and methodologies to manage the said risks.

e) Credit Risk Centre of Excellence

The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of CIMB Group. It ensures a homogenous and consistent approach to:

- Credit Risk Policies and Procedures;
- Credit Risk Models;
- Credit Risk Methodologies; and
- Portfolio Analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.

f) Shariah Risk Centre of Excellence

The Shariah Risk Centre of Excellence formulates Shariah Risk Framework and provides guidance and training on the Shariah Risk Management to enable the first line of defence to identify, assess, monitor and control Shariah risk in their Islamic business operations and activities.

In addition to the above Risk Centres of Excellence, Regional Risk was established with the objective of overseeing the risk management functions of the regional offices as well as the Group's unit trust and Non-Malaysian securities businesses. Regional Risk also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and Non-Malaysian securities businesses identify, analyse, monitor, review and report the relevant material risk exposures of each individual country and/or businesses.

The Validation Team is independent from the risk taking units and model development team, and reports to Regional Risk. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on rating systems, estimates of the risk components, and the processes by which the internal ratings are obtained and used. The unit provides recommendations to the model development team and the business users. The unit reports its findings and recommendations to GRC and BRC.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

RISK MANAGEMENT OVERVIEW (CONTINUED)

Strategies and Processes for Various Risk Management

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk and Interest Rate Risk/Rate of Return Risk in the Banking Book are available in the later sections.

SHARIAH GOVERNANCE DISCLOSURE

The Islamic business in CIMB Group is managed and overseen by the Group Islamic Banking Division (GIBD). Its products and services are managed in strict compliance with Shariah under the guidance of CIMB Group Shariah Committee.

The Board of Directors of CIMB Group, CIMB Investment Bank Berhad, and CIMB Bank Berhad delegate and empower CIMB Islamic Bank's Board of Directors to undertake the overall oversight function of the Islamic businesses and operations of the whole CIMB Group, which in turn delegates the Shariah governance functions to the Group Shariah Committee established under CIMB Islamic Bank.

Whilst the Board of Directors is accountable for the overall Shariah governance and compliance of the Islamic businesses in CIMB Group, the day-to-day running of Shariah management is performed by the Group CEO and Head of Group Islamic Banking.

Shariah Department which is basically a component of the Management serves as a coordinator and manager of the overall Shariah governance and compliance of the Islamic businesses in CIMB. In performing its role, the department is complemented by the roles of the Shariah Compliance Functions/Units consisting of Shariah Review, Shariah Audit, Shariah Risk Management and Shariah Research.

The Group operates on a dual banking leverage model that utilises the full resources and infrastructure of CIMB Group. Accordingly, all divisions and staff of CIMB Group are responsible for complying with Shariah in their respective Islamic business activities.

Monitoring of Shariah compliance and Shariah governance process is carried out through Shariah Review and Shariah Audit functions, supported by Shariah Risk Management control process and internal Shariah Research capacity. In CIMB Group, the Shariah Review, Shariah Audit and Shariah Risk Management functions reside in Group Compliance, Group Internal Audit Division and GRD respectively, supported by Shariah Department.

In summary, the ownership of the whole Shariah governance framework is under the purview of GIBD with the nexus of its oversight function residing under Shariah Department. The implementation of the various component of the Shariah governance framework therefore falls within the purview of GRD, Group Internal Audit Division, Group Compliance and Shariah Research (under Shariah Department) and it is looked at jointly and severally by the four divisions/departments.

Rectification process of non-Shariah compliant income occurring during the year

During the year ended 31 December 2013, an amount of RM366,144.90 was recorded as non-Shariah compliant income. For the purpose of rectification, the stated amount will be channelled to the approved charitable bodies accordingly.

CAPITAL MANAGEMENT

Key Capital Management Principles

The key driving principles of CIMBGH Group's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the CIMBGH Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the Group EXCO who periodically assess and review the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

Included in the annual Capital Management Plan is the establishment of the internal minimum capital adequacy target which is substantially above the minimum regulatory requirement. In establishing this internal capital adequacy target, the Group considers many critical factors, including, amongst others, phasing-in of the capital adequacy requirement and capital buffer requirements, credit rating implication, current and future operating environment and peers comparisons.

Capital Structure and Adequacy

The relevant entities under the Group has issued various capital instruments pursuant to the respective regulatory guidelines, including Tier 2 subordinated debt, innovative and non-innovative tier 1 hybrid securities that qualify as capital pursuant to the RWCAF and CAFIB issued by BNM. However, with the implementation of Basel III under the Capital Adequacy Framework (Capital Components) beginning 1 January 2013, these capital instruments are subject to a gradual phase-out treatment which will eventually result in a full derecognition by 1 January 2022. Therefore, in order for the Group to maintain adequate capital it has issued a few Basel III compliant instruments during the financial year and will continually review potential future issuances under the Capital Management Plan. Notes 26 to 28 in CIMBGH Financial Statement show the summary information of terms and conditions of the main features of capital instruments.

In addition to the above mentioned capital issuance, the Group has also increased CIMB Bank's common equity tier 1 capital via right subscriptions. This exercise was part of the reinvestment of excess cash dividend surplus arising pursuant to the implementation of Dividend Reinvestment Scheme at CIMBGH. The Dividend Reinvestment Scheme was announced by the Group on 18 January 2013.

The components of eligible regulatory capital as at 31 December 2013 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). The minimum regulatory capital adequacy requirement for the total capital ratio is 8%.

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)**

The tables below present the Capital Position of CIMBBG, CIMBISLG and CIMBIBG:

Table 1(a): Capital Position for CIMBBG

(RM'000)	CIMBBG 2013
Common Equity Tier 1 capital	
Ordinary shares	4,131,410
Other reserves	18,954,705
Qualifying non-controlling interests	243,991
<u>Less Proposed dividend</u>	(752,000)
Common Equity Tier 1 capital before regulatory adjustments	22,578,106
<u>Less: Regulatory adjustments</u>	
Goodwill	(4,890,179)
Intangible assets	(874,518)
Deferred Tax Assets	(263,926)
Deductions in excess of Tier 2 capital	-
Others	(2,094,446)
Common equity Tier 1 capital after regulatory adjustments	14,455,037
Additional Tier 1 capital	
Perpetual preference shares	180,000
Non-innovative Tier 1 capital	900,000
Innovative Tier 1 Capital	1,450,620
Qualifying capital instruments held by third parties	48,180
Additional Tier 1 capital before regulatory adjustments	2,578,800
<u>Less: Regulatory adjustments</u>	
Investments in Additional Tier 1 capital instruments of unconsolidated financial and insurance/takaful entities	-
Additional Tier 1 capital after regulatory adjustments	2,578,800
Total Tier 1 capital after regulatory adjustments	17,033,837

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1(a): Capital Position for CIMBBG (continued)

(RM'000)	CIMBBG 2013
Tier 2 Capital	
Subordinated notes	6,050,000
Redeemable Preference Shares	29,740
Surplus eligible provisions over expected losses	-
Qualifying capital instruments held by third parties	30,471
Portfolio impairment allowance and regulatory reserves	486,766
Tier 2 capital before regulatory adjustments	6,596,977
<u>Less: Regulatory adjustments</u>	
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(800,439)
Total Tier 2 Capital	5,796,538
Total Capital	22,830,375
RWA	
Credit risk	145,845,320
Market risk	13,826,815
Operational risk	14,615,092
Large Exposure risk requirement	423,320
Total RWA	174,710,547
Capital Adequacy Ratios	
Common Equity Tier 1 Ratio	8.274%
Tier 1 ratio	9.750%
Total capital ratio	13.068%

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(a): Capital Position for CIMBBG (continued)**

(RM'000)	CIMBBG 2012
Tier 1 Capital	
Paid-up share capital + Share Premium	8,798,102
Non-Innovative Tier 1 instruments	1,200,000
Innovative Tier 1 instruments	1,611,800
Statutory Reserve	4,223,657
Retained Earnings/Profits	5,015,661
General Reserve Fund	23,337
Interim Dividend	–
Minority Interest	306,905
Less: Deductions from Tier 1 Capital	
Goodwill	(4,891,433)
Eligible Tier 1 Capital	16,288,029
Tier 2 Capital	
Subordinated Debt Capital	7,881,400
Cumulative Preference Shares	29,740
General Provision	1,451,589
Surplus of EP over EL	91,670
Tier 2 Capital Subject to Limits	9,454,399
Less: Deductions from Tier 2 capital	
Investment in subsidiaries	(158,742)
Investment in capital instruments of other BI	(333,743)
Other Deductions	(65,621)
Eligible Tier 2 Capital	8,896,293
Total Eligible Capital	25,184,322

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(a): Capital Position for CIMBBG (continued)**

(RM'000)	CIMBBG 2012
RWA	
Credit	126,983,208
Credit RWA Absorbed by PSIA	–
Market	14,568,174
Operational	13,560,253
Large Exposure for Equity Holdings	397,786
Total RWA	155,509,421
Capital Adequacy Ratios	
Core Capital Ratio	10.47%
RWCR	16.19%
Proposed Dividends	(959,000)
Capital Adequacy Ratios After Dividends	
Core Capital Ratio	9.86%
RWCR	15.58%

The increase in Credit RWA around RM18.9 billion between December 2012 and December 2013 was mainly due to large drawdown by Corporate customers and growth in Retail portfolio which is partially offset by the savings in RWA arising from migration of the Business Premises Loan/Financing portfolio from SA to IRB Approach. The drop in Market RWA by RM741.4 million between December 2012 and December 2013 mainly due to (i) lower interest rate risk attributed to additional pay fixed MYR IRS and USD IRS that reduced the net interest rate exposure, which was partially offset by disposal of Government Investment Issues, Bank Negara Monetary Notes, MYR Sukuk and Negotiable Instrument Deposits by CIMB Islamic; and (ii) lower equity risk following decline in EUR equity swap positions.

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(b): Capital Position for CIMBISLG****(RM'000)****CIMBISLG
2013****Common Equity Tier 1 capital**

Ordinary shares	1,000,000
Other reserves	1,600,928
Qualifying non-controlling interests	–
Common Equity Tier 1 capital before regulatory adjustments	2,600,928

Less: Regulatory adjustments

Goodwill	(136,000)
Intangible assets	(11,080)
Deferred Tax Assets	(25,566)
Deductions in excess of Tier 2 capital	–
Others	(322,811)

Common equity Tier 1 capital after regulatory adjustments**2,105,471****Additional Tier 1 capital**

Perpetual preference shares	63,000
Non-innovative Tier 1 capital	–
Innovative Tier 1 Capital	–
Qualifying capital instruments held by third parties	–
Additional Tier 1 capital before regulatory adjustments	63,000

Less: Regulatory adjustments

Investments in Additional Tier 1 capital instruments of unconsolidated financial and insurance/takaful entities	–
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Additional Tier 1 capital after regulatory adjustments**63,000****Total Tier 1 capital after regulatory adjustments****2,168,471**

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(b): Capital Position for CIMBISLG (continued)**

(RM'000)	CIMBISLG 2013
Tier 2 Capital	
Subordinated notes	765,000
Redeemable Preference Shares	-
Surplus eligible provisions over expected losses	-
Qualifying capital instruments held by third parties	-
Portfolio impairment allowance and regulatory reserves	46,854
Tier 2 capital before regulatory adjustments	811,854
<u>Less: Regulatory adjustments</u>	
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-
Total Tier 2 Capital	811,854
Total Capital	2,980,325
RWA	
Credit risk	18,769,386
Market risk	620,945
Operational risk	1,866,607
Large Exposure risk requirement	-
Total RWA	21,256,938
Capital Adequacy Ratios	
Common Equity Tier 1 Ratio	9.905%
Tier 1 ratio	10.201%
Total capital ratio	14.020%

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(c): Capital Position for CIMBIBG****(RM'000)****CIMBIBG
2013****Common Equity Tier 1 capital**

Ordinary shares	100,000
Other reserves	469,418
Qualifying non-controlling interests	–
Common Equity Tier 1 capital before regulatory adjustments	569,418

Less: Regulatory adjustments

Goodwill	(964)
Intangible assets	–
Deferred Tax Assets	(48,914)
Deductions in excess of Tier 2 capital	(6,921)
Others	(271)

Common equity Tier 1 capital after regulatory adjustments**512,348****Additional Tier 1 capital**

Perpetual preference shares	–
Non-innovative Tier 1 capital	–
Innovative Tier 1 Capital	–
Qualifying capital instruments held by third parties	–
Additional Tier 1 capital before regulatory adjustments	–

Less: Regulatory adjustments

Investments in Additional Tier 1 capital instruments of unconsolidated financial and insurance/takaful entities	–
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Additional Tier 1 capital after regulatory adjustments**–****Total Tier 1 capital after regulatory adjustments****512,348**

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1(c): Capital Position for CIMBIBG (continued)

(RM'000)

**CIMBIBG
2013**

Tier 2 Capital

Subordinated notes	-
Redeemable Preference Shares	9
Surplus eligible provisions over expected losses	-
Qualifying capital instruments held by third parties	-
Portfolio impairment allowance and regulatory reserves	1,996
Tier 2 capital before regulatory adjustments	2,005

Less: Regulatory adjustments

Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(8,926)
---	---------

Total Tier 2 Capital

-

Total Capital

512,348

RWA

Credit risk	1,208,453
Market risk	58,618
Operational risk	758,001
Large Exposure risk requirement	-

Total RWA

2,025,072

Capital Adequacy Ratios

Common Equity Tier 1 Ratio	25.300%
Tier 1 ratio	25.300%
Total capital ratio	25.300%

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 1(c): Capital Position for CIMBIBG (continued)****(RM'000)****CIMBIBG
2012****Tier 1 Capital**

Paid-up share capital + Share Premium	100,000
Non-Innovative Tier 1 instruments	–
Innovative Tier 1 instruments	–
Statutory Reserve	155,175
Retained Earnings/Profits	216,548
General Reserve Fund	18,598
Interim Dividend	–
Minority Interest	–
Less: Deductions from Tier 1 Capital	
Goodwill	–

Eligible Tier 1 Capital**490,321****Tier 2 Capital**

Subordinated Debt Capital	
Cumulative Preference Shares	10
General Provision	1,115
Surplus of EP over EL	–

Tier 2 Capital Subject to Limits**1,125**

Less: Deductions from Tier 2 capital	
Investment in subsidiaries	(50)
Investment in capital instruments of other BI	–
Other Deductions	–

Eligible Tier 2 Capital**1,075****Total Eligible Capital****491,396**

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1(c): Capital Position for CIMBIBG (continued)

(RM'000)	CIMBIBG 2012
RWA	
Credit	1,387,711
Credit RWA Absorbed by PSIA	-
Market	126,634
Operational	823,010
Large Exposure for Equity Holdings	-
Total RWA	2,337,355
Capital Adequacy Ratios	
Core Capital Ratio	20.98%
RWCR	21.02%
Proposed Dividends	(56,000)
Capital Adequacy Ratios After Dividends	
Core Capital Ratio	18.58%
RWCR	18.63%

The decrease in the Credit RWA of around RM179 million between December 2012 and December 2013 was mainly due to decrease in interbank lending with CIMB Bank and CIMB Islamic Bank. The decrease in Market RWA by RM69 million between December 2012 and December 2013 was mainly due to: (i) lower interest rate risk mainly due to exclusion of affiliate bonds holding under the Basel 3 guidelines effective from January 2013; and (ii) lower FX risk due to lower exposure to USD.

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)**

The tables below show the RWA under various exposure classes under the relevant approach and applying the minimum regulatory capital requirement at 8% to establish the minimum capital required for each of the exposure classes:

Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG

2013 (RM'000) Exposure Class	CIMBBG				
	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	42,873,661	42,873,661	19,402	19,402	1,552
Public Sector Entities	3,400,296	2,288,450	20,490	20,490	1,639
Banks, DFIs & MDBs	6,996,517	6,996,517	619,243	619,243	49,539
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,662,262	1,577,923	921,884	921,884	73,751
Corporate	16,329,361	15,507,423	16,296,451	16,296,451	1,303,716
Regulatory Retail	28,276,065	17,243,562	14,951,135	14,951,135	1,196,091
Residential Mortgages/RRE Financing	3,922,320	3,922,320	1,525,871	1,525,871	122,070
Higher Risk Assets	1,098,029	1,098,029	1,647,043	1,647,043	131,763
Other Assets	6,796,373	6,834,960	2,607,731	2,607,731	208,618
Securitisation	815,187	815,187	331,994	331,994	26,559
Total for SA	112,170,069	99,158,032	38,941,243	38,941,243	3,115,299
Exposures under the IRB Approach					
Sovereign/Central Banks	1,974,001	1,974,001	279,845	279,845	22,388
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	27,886,979	27,886,979	6,774,574	6,774,574	541,966
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	88,843,244	88,843,244	53,161,663	53,161,663	4,252,933
Residential Mortgages/RRE Financing	48,820,074	48,820,074	17,250,917	17,250,917	1,380,073
Qualifying Revolving Retail	11,344,007	11,344,007	7,426,464	7,426,464	594,117
Hire Purchase	12,991,519	12,991,519	8,564,077	8,564,077	685,126
Other Retail	19,715,940	19,715,940	7,395,364	7,395,364	591,629
Securitisation	-	-	-	-	-

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG (continued)

2013 (RM'000) Exposure Class	CIMBBG				
	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Total for IRB Approach	211,575,763	211,575,763	100,852,903	100,852,903	8,068,232
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	323,745,831	310,733,795	145,845,320	145,845,320	11,667,626
Large Exposure Risk Requirement	423,320	423,320	423,320	423,320	33,866
Market Risk (SA)					
Interest Rate Risk/Benchmark Rate Risk			11,849,121	11,849,121	947,930
Foreign Currency Risk			540,181	540,181	43,214
Equity Risk			463,907	463,907	37,113
Commodity Risk			-	-	-
Options Risk			973,607	973,607	77,889
Total Market Risk			13,826,815	13,826,815	1,106,145
Operational Risk (BIA)			14,615,092	14,615,092	1,169,207
Total RWA and Capital Requirement			174,710,548	174,710,548	13,976,844

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG (continued)**

2012 (RM'000) Exposure Class	CIMBBG				
	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	41,972,488	41,972,488	32,226	32,226	2,578
Public Sector Entities	1,641,480	1,559,107	386,790	386,790	30,943
Banks, DFIs & MDBs	1,291,895	871,439	240,962	240,962	19,277
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,488	2,484	1,242	1,242	99
Corporate	16,505,140	14,068,255	13,813,939	13,813,939	1,105,115
Regulatory Retail	33,223,424	25,866,278	20,138,993	20,138,993	1,611,119
Residential Mortgages/RRE Financing	5,736,745	5,736,745	2,117,986	2,117,986	169,439
Higher Risk Assets	1,200,956	1,200,956	1,801,434	1,801,434	144,115
Other Assets	6,928,071	6,928,071	3,562,947	3,562,947	285,036
Securitisation	787,605	787,605	151,339	151,339	12,107
Total for SA	109,290,293	98,993,427	42,247,860	42,247,860	3,379,829
Exposures under the IRB Approach					
Sovereign/Central Banks	875,586	875,586	209,095	209,095	16,728
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	20,986,172	20,986,172	4,927,490	4,927,490	394,199
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	77,296,942	77,296,942	43,140,692	43,140,692	3,451,255
Residential Mortgages/RRE Financing	40,889,486	40,889,486	15,074,936	15,074,936	1,205,995
Qualifying Revolving Retail	8,325,262	8,325,262	5,631,892	5,631,892	450,551
Hire Purchase	11,476,260	11,476,260	7,856,050	7,856,050	628,484

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 2(a): Disclosure on Total RWA and Minimum Capital Requirement for CIMBBG (continued)

2012 (RM'000) Exposure Class	CIMBBG				
	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Other Retail	4,625,334	4,625,334	3,098,853	3,098,853	247,908
Securitisation	–	–	–	–	–
Total for IRB Approach	164,475,042	164,475,042	79,939,008	79,939,008	6,395,121
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	273,765,335	263,468,470	126,983,208	126,983,208	10,158,657
Large Exposure Risk Requirement	397,786	397,786	397,786	397,786	31,823
Market Risk (SA)					
Interest Rate Risk/Benchmark Rate Risk			12,346,842	12,346,842	987,747
Foreign Currency Risk			535,315	535,315	42,825
Equity Risk			1,033,695	1,033,695	82,696
Commodity Risk			–	–	–
Options Risk			652,322	652,322	52,186
Total Market Risk			14,568,174	14,568,174	1,165,454
Operational Risk (BIA)			13,560,253	13,560,253	1,084,820
Total RWA and Capital Requirement			155,509,421	155,509,421	12,440,754

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 2(b): Disclosure on Total RWA and Minimum Capital Requirement for CIMBISLG**

2013 (RM'000) Exposure Class	CIMBISLG				
	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	13,695,774	13,695,774	6,959	6,959	557
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	91,894	91,894	39,447	39,447	3,156
Takaful Operators, Securities Firms & Fund Managers	450	-	-	-	-
Corporate	244,876	236,014	156,996	156,996	12,560
Regulatory Retail	4,312,222	4,272,303	3,491,536	3,491,536	279,323
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	48,408	48,408	48,408	48,408	3,873
Securitisation	20,466	20,466	4,093	4,093	327
Total for SA	18,414,666	18,365,435	3,748,302	3,748,302	299,864
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	2,427,898	2,427,898	519,390	519,390	41,551
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	11,929,952	11,929,952	7,180,059	5,976,921	478,154
RRE Financing	8,292,858	8,292,858	2,767,897	2,767,897	221,432
Qualifying Revolving Retail	190,285	190,285	148,958	148,958	11,917
Hire Purchase	6,213,282	6,213,282	3,962,010	3,962,010	316,961
Other Retail	2,140,757	2,140,757	795,658	795,658	63,653
Securitisation	-	-	-	-	-
Total for IRB Approach	31,195,032	31,195,032	15,373,973	14,170,834	1,133,667

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 2(b): Disclosure on Total RWA and Minimum Capital Requirement for CIMBISLG (continued)

2013 (RM'000) Exposure Class	CIMBISLG				
	Gross Exposure before CRM (SA)/ EAD (IRB)	Net Exposure after CRM (SA)/ EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	49,609,698	49,560,467	20,044,713	18,769,386	1,501,551
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Benchmark Rate Risk			385,827	385,827	30,866
Foreign Currency Risk			235,118	235,118	18,809
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			620,945	620,945	49,676
Operational Risk (BIA)			1,866,607	1,866,607	149,329
Total RWA and Capital Requirement			22,532,265	21,256,939	1,700,555

CAPITAL MANAGEMENT (CONTINUED)**Capital Structure and Adequacy (continued)****Table 2(c): Disclosure on Total RWA and Minimum Capital Requirement for CIMBIBG**

2013 (RM'000) Exposure Class	CIMBIBG				
	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	1,450,913	1,450,913	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,110,351	1,110,351	544,474	544,474	43,558
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	50,154	50,154	50,154	50,154	4,012
Regulatory Retail	53,036	53,036	52,150	52,150	4,172
Residential Mortgages	57,807	57,807	32,408	32,408	2,593
Higher Risk Assets	1,083	1,083	1,624	1,624	130
Other Assets	527,691	527,691	527,641	527,641	42,211
Securitisation	-	-	-	-	-
Total Credit Risk	3,251,034	3,251,034	1,208,453	1,208,453	96,676
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			24,368	24,368	1,949
Foreign Currency Risk			31,184	31,184	2,495
Equity Risk			3,066	3,066	245
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			58,618	58,618	4,689
Operational Risk (BIA)			758,001	758,001	60,640
Total RWA and Capital Requirement			2,025,072	2,025,072	162,006

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 2(c): Disclosure on Total RWA and Minimum Capital Requirement for CIMBIBG (continued)

2012 (RM'000) Exposure Class	CIMBIBG				
	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	151,798	151,798	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, DFIs & MDBs	2,699,115	2,699,115	853,982	853,982	68,319
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate	42,760	42,760	42,760	42,760	3,421
Regulatory Retail	44,676	44,676	33,740	33,740	2,699
Residential Mortgages	19,474	19,474	7,352	7,352	588
Higher Risk Assets	2,946	2,946	4,418	4,418	353
Other Assets	445,507	445,507	445,459	445,459	35,637
Securitisation	–	–	–	–	–
Total Credit Risk	3,406,275	3,406,275	1,387,711	1,387,711	111,017
Large Exposure Risk Requirement	–	–	–	–	–
Market Risk (SA)					
Interest Rate Risk			71,801	71,801	5,744
Foreign Currency Risk			54,325	54,325	4,346
Equity Risk			508	508	41
Commodity Risk			–	–	–
Options Risk			–	–	–
Total Market Risk			126,634	126,634	10,131
Operational Risk (BIA)			823,010	823,010	65,841
Total RWA and Capital Requirement			2,337,355	2,337,355	186,988

CAPITAL MANAGEMENT (CONTINUED)

Internal Capital Adequacy Assessment Process (ICAAP)

The Group has in place an EWRM framework that aligns ICAAP requirements into the Group's risk management and control activities. The coverage of ICAAP includes the following:

- a) Assessing the risk profile of the bank.
- b) Assessing the capital adequacy and capital management strategies.
- c) Monitoring compliance with regulatory requirement on capital adequacy.
- d) Reporting to management and regulator on ICAAP.
- e) Governance and independent review.

The full ICAAP cycle, from initial planning to regulatory submission and independent review, involves close coordination among the risk, capital and finance functions together and business and support divisions. In line with BNM's guidelines on RWCAF (Basel II) – ICAAP (Pillar 2) and CAFIB – ICAAP (Pillar 2), the Group has submitted its Board-approved ICAAP report to BNM by 31 March 2013. The next ICAAP report submission which will outline updates to the ICAAP is due on 31 March 2014.

ICAAP will be implemented in phases to the overseas subsidiaries over the next few years. In 2013, risk-adjusted performance measurement was implemented at the Group. These measures will be linked to key performance indicators and compensation of the business units in 2014 and it is expected that business strategy, pricing and business decisions would incorporate risk and capital considerations.

CREDIT RISK

Credit risk, is defined as the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support customer's obligation to third parties, e.g. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

CREDIT RISK (CONTINUED)

Credit Risk Management (continued)

The Framework encompass the introduction of Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. Credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval.

The Group Credit Policy & Portfolio Risk Committee with the support of Group Wholesale Bank Risk Committee, Regional Credit Committee, Consumer Bank Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures at least on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to Group Credit Policy & Portfolio Risk Committee, GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

CREDIT RISK (CONTINUED)**Summary of Credit Exposures****i) Gross Credit Exposures by Geographic Distribution**

The geographic distribution is based on the country in which the portfolio is geographically managed. The following tables represent the Group's credit exposures by geographic region:

Table 3(a): Geographic distribution of credit exposures for CIMBBG

(RM'000) Exposure Class	CIMBBG				Total
	Malaysia	Singapore	Thailand	Other Countries	
2013					
Sovereign	40,834,479	1,742,875	2,182,756	87,552	44,847,661
Bank	17,472,157	8,955,640	9,915,690	1,940,304	38,283,791
Corporate	76,110,064	17,477,728	11,445,259	1,801,816	106,834,867
Mortgage/RRE Financing	46,117,316	3,103,393	3,521,684	–	52,742,394
HPE	12,991,519	–	–	–	12,991,519
QRRE	8,968,985	2,375,022	–	–	11,344,007
Other Retail	41,615,176	2,182,338	4,095,447	99,044	47,992,005
Other Exposures	5,650,895	265,186	2,679,463	114,045	8,709,589
Total Gross Credit Exposure	249,760,592	36,102,181	33,840,299	4,042,760	323,745,831
2012					
Sovereign	39,050,666	1,386,419	2,361,264	49,724	42,848,074
Bank	15,221,163	4,499,010	2,732,804	1,469,057	23,922,035
Corporate	70,789,128	11,182,256	10,631,103	1,199,596	93,802,083
Mortgage/RRE Financing	41,199,869	2,943,799	2,482,563	–	46,626,231
HPE	11,476,260	–	–	–	11,476,260
QRRE	8,325,262	–	–	–	8,325,262
Other Retail	31,424,826	3,208,150	3,172,755	43,027	37,848,759
Other Exposures	6,803,392	341,826	1,542,288	229,126	8,916,632
Total Gross Credit Exposure	224,290,567	23,561,460	22,922,777	2,990,531	273,765,335

CREDIT RISK (CONTINUED)

Summary of Credit Exposures (continued)

i) Gross Credit Exposures by Geographic Distribution (continued)

Table 3(b): Geographic Distribution of Credit Exposures for CIMBISLG

(RM'000) Exposure Class	CIMBISLG				Total
	Malaysia	Singapore	Thailand	Other Countries	
2013					
Sovereign	13,695,774	-	-	-	13,695,774
Bank	2,519,792	-	-	-	2,519,792
Corporate	12,175,278	-	-	-	12,175,278
RRE Financing	8,292,858	-	-	-	8,292,858
HPE	6,213,282	-	-	-	6,213,282
QRRE	190,285	-	-	-	190,285
Other Retail	6,452,979	-	-	-	6,452,979
Other Exposures	69,449	-	-	-	69,449
Total Gross Credit Exposure	49,609,698	-	-	-	49,609,698

CREDIT RISK (CONTINUED)**Summary of Credit Exposures (continued)****i) Gross Credit Exposures by Geographic Distribution (continued)****Table 3(c): Geographic Distribution of Credit Exposures for CIMBIBG**

(RM'000) Exposure Class	CIMBIBG				Total
	Malaysia	Singapore	Thailand	Other Countries	
2013					
Sovereign	1,450,913	-	-	-	1,450,913
Bank	1,110,351	-	-	-	1,110,351
Corporate	50,154	-	-	-	50,154
Mortgage	57,807	-	-	-	57,807
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	53,036	-	-	-	53,036
Other Exposures	528,773	-	-	-	528,773
Total Gross Credit Exposure	3,251,034	-	-	-	3,251,034
2012					
Sovereign	151,798	-	-	-	151,798
Bank	2,699,115	-	-	-	2,699,115
Corporate	42,760	-	-	-	42,760
Mortgage	19,474	-	-	-	19,474
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	44,676	-	-	-	44,676
Other Exposures	448,452	-	-	-	448,452
Total Gross Credit Exposure	3,406,275	-	-	-	3,406,275

CREDIT RISK (CONTINUED)

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector

The following tables represent the Group's credit exposure analysed by sector:

Table 4(a): Distribution of Credit Exposures by Sector for CIMBBG

(RM'000) Exposure Class	CIMBBG											
	Primary Agriculture	Mining and Quarrying	Manufac- turing	Electricity, Gas and Water Supply	Construc- tion	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communi- cation	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
2013												
Sovereign	344,623	-	-	725,777	563,184	-	1,527,712	1,482,504	40,203,761	-	100	44,847,661
Bank	-	-	-	-	-	-	-	37,833,142	450,649	-	-	38,283,791
Corporate	4,022,383	3,366,997	11,679,944	4,462,384	10,372,167	13,313,985	13,522,634	30,520,584	5,085,992	2,264,028	8,223,770	106,834,867
Mortgage/ RRE Financing	-	-	-	-	-	-	-	-	-	52,742,394	-	52,742,394
HPE	-	-	-	-	-	-	-	-	-	12,991,519	-	12,991,519
QRRE	-	-	-	-	-	-	-	-	-	11,344,007	-	11,344,007
Other Retail	367,852	24,337	783,392	18,855	542,510	1,338,654	131,648	1,572,147	3,389,534	39,817,798	5,279	47,986,725
Other Exposures	-	-	-	1,490	-	1,109	-	513,119	432,593	-	7,761,279	8,709,589
Total Gross Credit Exposure	4,734,858	3,391,333	12,463,335	5,208,505	11,477,861	14,653,748	15,181,994	71,921,495	49,562,528	119,159,745	15,990,428	323,745,832
2012												
Sovereign	-	-	-	548,848	-	-	1,139,000	7,698,116	33,226,580	-	235,529	42,848,074
Bank	-	-	-	-	-	-	-	23,920,596	1,439	-	-	23,922,035
Corporate	3,673,876	2,786,316	12,304,940	4,297,874	8,877,530	10,131,588	10,879,473	25,138,241	4,666,265	-	11,045,979	93,802,083
Mortgage/ RRE Financing	-	-	-	-	-	-	-	-	-	46,626,231	-	46,626,231
HPE	-	-	-	-	-	-	-	-	-	11,476,260	-	11,476,260
QRRE	-	-	-	-	-	-	-	-	-	8,325,262	-	8,325,262
Other Retail	373,364	14,205	630,685	10,652	434,199	1,171,497	106,377	2,874,148	2,163,674	30,069,958	-	37,848,759
Other Exposures	-	-	-	1,491	-	1,122	-	6,566,157	-	-	2,347,862	8,916,632
Total Gross Credit Exposure	4,047,241	2,800,521	12,935,625	4,858,866	9,311,729	11,304,206	12,124,850	66,197,258	40,057,959	96,497,711	13,629,370	273,765,335

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Summary of Credit Exposures (continued)****ii) Gross Credit Exposures by Sector (continued)****Table 4(b): Distribution of Credit Exposures by Sector for CIMBISLG**

(RM'000) Exposure Class	CIMBISLG											Total
	Primary Agriculture	Mining and Quarrying	Manufac- turing	Electricity, Gas and Water Supply	Construc- tion	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communi- cation	Islamic Finance, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	
2013												
Sovereign	53,950	-	-	20,139	116,962	-	30,141	-	13,474,583	-	-	13,695,774
Bank	-	-	-	-	-	-	-	2,519,792	-	-	-	2,519,792
Corporate	713,510	30,462	1,144,072	100,446	3,262,071	705,600	1,482,718	3,855,904	646,960	18,707	214,828	12,175,278
RRE Financing	-	-	-	-	-	-	-	-	-	8,292,858	-	8,292,858
HPE	-	-	-	-	-	-	-	-	-	6,213,282	-	6,213,282
QRRE	-	-	-	-	-	-	-	-	-	190,285	-	190,285
Other Retail	16,049	2,373	65,974	1,952	78,415	157,293	7,731	222,437	57,891	5,799,918	42,948	6,452,979
Other Exposures	-	-	-	-	-	-	-	-	20,466	-	48,983	69,449
Total Gross Credit Exposure	783,508	32,835	1,210,045	122,537	3,457,449	862,893	1,520,589	6,598,133	14,199,900	20,515,050	306,759	49,609,698

Note: All sectors above are Shariah compliant.

**Others are exposures which are not elsewhere classified.*

CREDIT RISK (CONTINUED)

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector (continued)

Table 4(c): Distribution of Credit Exposures by Sector for CIMBIBG

(RM'000) Exposure Class	CIMBIBG											Total
	Primary Agriculture	Mining and Quarrying	Manufac- turing	Electricity, Gas and Water Supply	Construc- tion	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communi- cation	Finance, Insurance/ Real Estate and Business Activities	Education, Health and Others	Household	Others*	
2013												
Sovereign	-	-	-	-	-	-	-	-	1,450,913	-	-	1,450,913
Bank	-	-	-	-	-	-	-	1,110,351	-	-	-	1,110,351
Corporate	-	-	-	-	1	-	-	662	198	31,666	17,628	50,154
Mortgage	-	-	-	-	-	-	-	-	-	57,807	-	57,807
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	53,036	-	53,036
Other Exposures	-	-	-	-	-	-	-	-	-	-	528,773	528,773
Total Gross Credit Exposure	-	-	-	-	1	-	-	1,111,013	1,451,111	142,508	546,401	3,251,034
2012												
Sovereign	-	-	-	-	-	-	-	1,176	150,622	-	-	151,798
Bank	-	-	-	-	-	-	-	2,699,115	-	-	-	2,699,115
Corporate	-	-	-	-	-	-	-	628	-	-	42,131	42,760
Mortgage	-	-	-	-	-	-	-	-	-	19,474	-	19,474
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	44,676	-	44,676
Other Exposures	-	-	-	-	-	-	-	-	-	-	448,452	448,452
Total Gross Credit Exposure	-	-	-	-	-	-	-	2,700,920	150,622	64,151	490,583	3,406,275

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Summary of Credit Exposures (continued)****iii) Gross Credit Exposures by Residual Contractual Maturity**

The following tables represent the Group's credit exposure analysed by residual contractual maturity:

Table 5(a): Distribution of Credit Exposures by Residual Contractual Maturity for CIMBBG

(RM'000) Exposure Class	CIMBBG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
2013				
Sovereign	18,886,456	7,592,634	18,368,572	44,847,661
Bank	27,034,362	8,438,567	2,810,862	38,283,791
Corporate	34,830,560	42,624,014	29,380,293	106,834,867
Mortgage/RRE Financing	24,457	496,008	52,221,928	52,742,394
HPE	181,625	3,582,495	9,227,398	12,991,519
QRRE	11,344,007	–	–	11,344,007
Other Retail	3,051,765	5,540,652	39,399,587	47,992,005
Other Exposures	136,371	575,545	7,997,672	8,709,589
Total Gross Credit Exposure	95,489,604	68,849,916	159,406,312	323,745,831
2012				
Sovereign	16,080,841	7,174,237	19,592,995	42,848,074
Bank	15,931,154	6,730,953	1,259,928	23,922,035
Corporate	35,964,456	31,480,429	26,357,197	93,802,083
Mortgage/RRE Financing	22,800	522,170	46,081,261	46,626,231
HPE	157,114	3,524,582	7,794,564	11,476,260
QRRE	8,325,262	–	–	8,325,262
Other Retail	6,922,147	2,648,677	28,277,935	37,848,759
Other Exposures	15,702	638,410	8,262,520	8,916,632
Total Gross Credit Exposure	83,419,477	52,719,459	137,626,399	273,765,335

CREDIT RISK (CONTINUED)

Summary of Credit Exposures (continued)

iii) **Gross Credit Exposures by Residual Contractual Maturity (continued)**

Table 5(b): Distribution of Credit Exposures by Residual Contractual Maturity for CIMBISLG

(RM'000) Exposure Class	CIMBISLG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
2013				
Sovereign	5,118,254	2,073,749	6,503,771	13,695,774
Bank	2,043,418	397,525	78,849	2,519,792
Corporate	5,020,781	2,996,092	4,158,404	12,175,278
RRE Financing	2,536	42,427	8,247,895	8,292,858
HPE	49,226	1,761,313	4,402,743	6,213,282
QRRE	190,285	–	–	190,285
Other Retail	73,001	539,863	5,840,116	6,452,979
Other Exposures	–	20,466	48,983	69,449
Total Gross Credit Exposure	12,497,503	7,831,435	29,280,761	49,609,698

CREDIT RISK (CONTINUED)**Summary of Credit Exposures (continued)****iii) Gross Credit Exposures by Residual Contractual Maturity (continued)****Table 5(c): Distribution of Credit Exposures Residual Contractual Maturity for CIMBIBG**

(RM'000) Exposure Class	CIMBIBG			Total
	Less than 1 year	1 to 5 years	More than 5 years	
2013				
Sovereign	1,448,353	–	2,560	1,450,913
Bank	1,088,435	8,033	13,883	1,110,351
Corporate	3	1,202	48,949	50,154
Mortgage	3	779	57,025	57,807
HPE	–	–	–	–
QRRE	–	–	–	–
Other Retail	109	7,382	45,545	53,036
Other Exposures	3,253	–	525,521	528,773
Total Gross Credit Exposure	2,540,155	17,396	693,482	3,251,034
2012				
Sovereign	150,622	–	1,176	151,798
Bank	2,424,912	12,245	261,959	2,699,115
Corporate	11	6,579	36,170	42,760
Mortgage	5	671	18,798	19,474
HPE	–	–	–	–
QRRE	–	–	–	–
Other Retail	186	2,652	41,838	44,676
Other Exposures	305	–	448,147	448,452
Total Gross Credit Exposure	2,576,041	22,146	808,088	3,406,275

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing****i) Past Due But Not Impaired**

A loan/financing is considered past due when any payment due under strict contractual terms is received late or missed. Late processing and other administrative delays on the side of the borrower/customer can lead to a financial asset being past due but not impaired. Therefore, loans/financings and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. For the purposes of this analysis, an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment, of principal or interest/profit or both, overdue.

The following tables provide an analysis of the outstanding balances as at 31 December 2013 and 31 December 2012 which were past due but not impaired by sector and geographical respectively:

Table 6(a): Past Due but Not Impaired Loans, Advances and Financing by Sector

(RM'000)	CIMBBG	
	2013	2012
Primary Agriculture	33,452	32,743
Mining and Quarrying	2,489	729
Manufacturing	103,455	170,891
Electricity, Gas and Water Supply	4,060	2,143
Construction	133,417	149,465
Wholesale and Retail Trade, and Restaurants and Hotels	284,185	193,533
Transport, Storage and Communication	25,923	71,478
Finance, Insurance/Takaful, Real Estate and Business Activities	162,592	392,515
Education, Health and Others	56,720	49,413
Household	12,013,328	11,368,787
Others*	445,437	313,553
Total	13,265,058	12,745,250

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****i) Past Due But Not Impaired (continued)****Table 6(a): Past Due but Not Impaired Loans, Advances and Financing by Sector (continued)**

(RM'000)	CIMBISLG
	2013
Primary Agriculture	18,293
Mining and Quarrying	1
Manufacturing	6,618
Electricity, Gas and Water Supply	3
Construction	32,590
Wholesale and Retail Trade, and Restaurants and Hotels	15,432
Transport, Storage and Communication	1,752
Islamic Finance, Takaful, Real Estate and Business Activities	23,091
Education, Health and Others	7,563
Household	1,831,454
Others*	1,149
Total	1,937,946

Note: All sectors above are Shariah compliant.

**Others are exposures which are not elsewhere classified.*

(RM'000)	CIMBIBG	
	2013	2012
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	-	-
Others*	-	-
Total	-	-

**Others are exposures which are not elsewhere classified.*

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances & Financing (continued)

i) Past Due But Not Impaired (continued)

Table 6(b): Past Due but Not Impaired Loans, Advances and Financing by Geographic Distribution

(RM'000)	CIMBBG	
	2013	2012
Malaysia	12,205,982	12,110,382
Singapore	43,828	44,075
Thailand	1,011,271	588,896
Other Countries	3,977	1,897
Total	13,265,058	12,745,250

(RM'000)	CIMBISLG
	2013
Malaysia	1,937,946
Singapore	-
Thailand	-
Other Countries	-
Total	1,937,946

(RM'000)	CIMBIBG	
	2013	2012
Malaysia	-	-
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	-	-

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings**

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

Impairment losses are calculated on individual loans/financings and on loans/financings assessed collectively.

Losses for impaired loans/financings are recognised promptly when there is objective evidence that impairment of a portfolio of loans/financings has occurred. Evidence of impairment may include indications that the borrower/customer or a group of borrowers/customers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest/profit or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the individual impairment allowance account and the amount of the loss is recognised in the statements of comprehensive income. Interest/profit income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. The interest/profit income is recorded as part of interest/profit income.

Loans/Financings that have not been individually assessed are grouped together for portfolio impairment assessment. These loans/financings are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The following tables provide an analysis of the outstanding balances as at 31 December 2013 and 31 December 2012 which were impaired by sector and geographical respectively:

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances & Financing (continued)

ii) Impaired Loans/Financings (continued)

Table 7(a): Impaired Loans, Advances and Financing by Sector

(RM'000)	CIMBBG	
	2013	2012
Primary Agriculture	109,562	34,894
Mining and Quarrying	46,579	33,327
Manufacturing	642,168	808,291
Electricity, Gas and Water Supply	2,453	767
Construction	239,592	338,688
Wholesale and Retail Trade, and Restaurants and Hotels	435,950	411,725
Transport, Storage and Communication	983,040	981,740
Finance, Insurance/Takaful, Real Estate and Business Activities	179,017	277,694
Education, Health and Others	29,207	60,865
Household	1,426,693	1,403,447
Others*	180,682	177,193
Total	4,274,943	4,528,631

*Others are exposures which are not elsewhere classified.

(RM'000)	CIMBISLG
	2013
Primary Agriculture	4,961
Mining and Quarrying	-
Manufacturing	9,152
Electricity, Gas and Water Supply	572
Construction	35,747
Wholesale and Retail Trade, and Restaurants and Hotels	25,329
Transport, Storage and Communication	1,861
Islamic Finance, Takaful, Real Estate and Business Activities	7,218
Education, Health and Others	8,975
Household	216,217
Others*	119
Total	310,151

Note: All sectors above are Shariah compliant.

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 7(a): Impaired Loans, Advances and Financing by Sector (continued)**

(RM'000)	CIMBIBG	
	2013	2012
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	883	432
Others*	-	-
Total	883	432

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances & Financing (continued)

ii) Impaired Loans/Financings (continued)

Table 7(b): Impaired Loans, Advances and Financing by Geographic Distribution

(RM'000)	CIMBBG	
	2013	2012
Malaysia	3,622,893	4,008,279
Singapore	36,027	20,855
Thailand	597,943	499,497
Other Countries	18,080	-
Total	4,274,943	4,528,631

(RM'000)	CIMBISLG
	2013
Malaysia	310,150
Singapore	-
Thailand	-
Other Countries	-
Total	310,150

(RM'000)	CIMBIBG	
	2013	2012
Malaysia	883	432
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	883	432

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 8: Individual Impairment and Portfolio Impairment Allowances by Sector**

(RM'000)	CIMBBG			
	2013		2012	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	28,006	23,184	14,256	24,780
Mining and Quarrying	34,574	7,090	28,426	7,253
Manufacturing	455,255	103,587	557,043	112,140
Electricity, Gas and Water Supply	1,234	5,034	–	5,141
Construction	133,515	73,492	201,697	78,264
Wholesale and Retail Trade, and Restaurants and Hotels	191,549	183,936	177,703	197,438
Transport, Storage and Communication	720,478	34,792	636,492	38,486
Finance, Insurance/Takaful, Real Estate and Business Activities	42,704	110,219	110,659	94,828
Education, Health and Others	7,370	27,251	20,819	24,059
Household	21,039	1,267,280	27,501	1,172,305
Others*	131,506	97,687	125,697	86,531
Total	1,767,230	1,933,552	1,900,293	1,841,225

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances & Financing (continued)

ii) Impaired Loans/Financings (continued)

Table 8: Individual Impairment and Portfolio Impairment Allowances by Sector (continued)

(RM'000)	CIMBISLG 2013	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	1,431	8,564
Mining and Quarrying	–	277
Manufacturing	3,029	9,018
Electricity, Gas and Water Supply	–	930
Construction	8,646	13,381
Wholesale and Retail Trade, and Restaurants and Hotels	11,030	10,916
Transport, Storage and Communication	1,722	3,338
Islamic Finance, Takaful, Real Estate and Business Activities	3,180	18,011
Education, Health and Others	763	5,307
Household	–	306,173
Others*	–	934
Total	29,801	376,849

Note: All sectors above are Shariah compliant.

**Others are exposures which are not elsewhere classified.*

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 8: Individual Impairment and Portfolio Impairment Allowances by Sector (continued)**

(RM'000)	CIMBIBG			
	2013	2013	2012	2012
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-
Transport, Storage and Communication	-	-	-	-
Finance, Insurance, Real Estate and Business Activities	-	-	-	-
Education, Health and Others	-	-	-	-
Household	883	1,996	432	1,115
Others*	-	-	-	-
Total	883	1,996	432	1,115

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances & Financing (continued)

ii) **Impaired Loans/Financings (continued)**

Table 9: Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution

(RM'000)	CIMBBG			
	2013		2012	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	1,548,843	1,597,387	1,714,403	1,600,173
Singapore	13,740	32,350	16,087	16,415
Thailand	204,486	299,161	169,803	222,050
Other Countries	161	4,654	–	2,587
Total	1,767,230	1,933,552	1,900,293	1,841,225

(RM'000)	CIMBISLG 2013	
	Individual Impairment Allowance	Portfolio Impairment Allowance
	Malaysia	29,801
Singapore	–	–
Thailand	–	–
Other Countries	–	–
Total	29,801	376,849

(RM'000)	CIMBIBG			
	2013		2012	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	883	1,996	432	1,115
Singapore	–	–	–	–
Thailand	–	–	–	–
Other Countries	–	–	–	–
Total	883	1,996	432	1,115

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 10: Charges for Individual Impairment Provision and Write Offs During the Year**

(RM'000)	CIMBBG			
	2013	2012	2013	2012
	Charges/ (Write Back)	Write-Off	Charges/ (Write Back)	Write-Off
Primary Agriculture	15,553	2,268	(1,072)	–
Mining and Quarrying	4,694	–	(129)	79
Manufacturing	(25,137)	98,123	61,382	86,472
Electricity, Gas and Water Supply	1,266	–	(5,313)	73
Construction	(34,430)	31,470	(26,880)	62,086
Wholesale and Retail Trade, and Restaurants and Hotels	23,148	50,387	28,751	104,139
Transport, Storage and Communication	87,485	9,971	12,644	1,564
Finance, Insurance/Takaful, Real Estate and Business Activities	4,977	74,204	10,607	49,746
Education, Health and Others	30,610	9,061	(1,715)	2,158
Household	310	6,748	(20,186)	4,297
Others*	(889)	2,372	93,883	19,615
Total	107,587	284,604	151,972	330,229

*Others are exposures which are not elsewhere classified.

(RM'000)	CIMBISLG 2013	
	Charges/ (Write Back)	Write-Off
Primary Agriculture	114	2,268
Mining and Quarrying	–	–
Manufacturing	(13,393)	–
Electricity, Gas and Water Supply	–	–
Construction	(13,078)	–
Wholesale and Retail Trade, and Restaurants and Hotels	6,560	3,163
Transport, Storage and Communication	1	–
Islamic Finance, Takaful, Real Estate and Business Activities	(282)	58
Education, Health and Others	(1)	–
Household	(665)	4,891
Others*	–	–
Total	(20,774)	10,380

Note: All sectors above are Shariah compliant.

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 10: Charges for Individual Impairment Provision and Write Offs During the Year (continued)**

(RM'000)	CIMBIBG			
	2013		2012	
	Charges/ (Write Back)	Write-Off	Charges/ (Write Back)	Write-Off
Primary Agriculture	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-
Transport, Storage and Communication	-	-	-	-
Finance, Insurance, Real Estate and Business Activities	-	-	-	-
Education, Health and Others	-	-	-	-
Household	451	-	15	474
Others*	-	-	-	-
Total	451	-	15	474

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 11: Analysis of movement for Loan/Financing Impairment Allowances for the Year Ended 31 December 2013 and 31 December 2012**

(RM'000)	CIMBBG			
	2013		2012	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	1,900,293	1,841,225	2,060,895	2,197,899
Allowance made during the financial period/year	131,282	652,951	161,836	316,497
Amount transferred to portfolio impairment allowance	1,043	(1,043)	9,598	(9,598)
Amount written back in respect of recoveries	(23,695)	–	(9,864)	–
Allowance made and charged to deferred assets	(959)	258	1,221	(1,510)
Amount written off	(284,604)	(557,542)	(330,229)	(723,895)
Transfer(to)/from intercompany	–	–	(56,608)	(1,553)
Disposal of subsidiary	–	–	(2,429)	–
Unwinding income	21,266	–	82,096	65,105
Exchange fluctuation	22,604	(2,297)	(16,223)	(1,719)
Total	1,767,230	1,933,552	1,900,293	1,841,225

(RM'000)	CIMBISLG	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	60,925	347,704
Allowance made during the financial period/year	–	163,420
Amount transferred to portfolio impairment allowance	–	–
Amount written back in respect of recoveries	(20,744)	–
Allowance made and charged to deferred assets	–	–
Allowance made in relation to jointly controlled entity	–	–
Amount written off	(10,380)	(136,989)
Transfer(to)/from intercompany	–	2,714
Disposal of subsidiary	–	–
Unwinding income	–	–
Exchange fluctuation	–	–
Total	29,801	376,849

CREDIT RISK (CONTINUED)**Credit Quality of Loans, Advances & Financing (continued)****ii) Impaired Loans/Financings (continued)****Table 11: Analysis of movement for Loan/Financing Impairment Allowances for the Year Ended 31 December 2013 and 31 December 2012 (continued)**

(RM'000)	CIMBIBG			
	2013	2013	2012	2012
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	432	1,115	891	623
Allowance made during the financial period/year	592	881	174	492
Amount transferred to portfolio impairment allowance	-	-	-	-
Amount written back in respect of recoveries	(141)	-	(159)	-
Allowance made and charged to deferred assets	-	-	-	-
Allowance made in relation to jointly controlled entity	-	-	-	-
Amount written off	-	-	(474)	-
Transfer(to)/from intercompany	-	-	-	-
Disposal of subsidiary	-	-	-	-
Unwinding income	-	-	-	-
Exchange fluctuation	-	-	-	-
Total	883	1,996	432	1,115

Capital Treatment for Credit Risk

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c). Details on the disclosure for portfolios under the SA and the IRB Approach are in the sections that followed.

Credit Risk – Disclosure for Portfolios under the SA

Credit exposures under SA are mainly exposures where the IRB Approach is not applicable or exposures that will eventually adopt the IRB Approach. Under SA, the regulator prescribes the risk weights for all asset types.

Exposures which are rated externally relate to sovereign and central banks while the unrated exposures relate to personal financing and other exposures. The Group applies external ratings for credit exposures under SA from S&P, Moody's, Fitch, RAM, MARC and R&I. CIMB Group follows the process prescribed under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

The following tables present the credit exposures by risk weights and after credit risk mitigation:

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the SA (continued)****Table 12(a): Disclosure by Risk Weight under SA for CIMBBG**

2013	CIMBBG												
	(RM'000)	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages/ RRE Financing	Higher Risk Assets	Other Assets	Securiti- sation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk Weighted Assets
0%	42,776,653	2,212,988	13,000	-	-	-	-	-	4,114,576	-	-	49,117,216	-
6%	-	-	6,517,171	-	-	-	-	-	-	-	-	6,517,171	401,292
20%	97,008	57,472	50,739	263,971	-	95	-	-	140,816	801,451	1,411,552	282,310	
35%	-	-	-	-	-	-	3,518,074	-	-	-	3,518,074	1,231,326	
50%	-	17,990	415,607	923,902	182,283	1,229,436	124,471	-	-	-	2,893,690	1,446,845	
75%	-	-	-	-	-	9,263,308	189,863	-	-	-	9,453,170	7,089,878	
100%	-	-	-	355,874	3,266,203	5,568,050	89,913	-	2,579,568	-	11,859,607	11,859,607	
100% < RW < 1250%	-	-	-	34,176	12,058,937	1,182,673	-	1,098,029	-	-	14,373,815	16,458,281	
1250%	-	-	-	-	-	-	-	-	-	13,736	13,736	171,703	
Total	42,873,661	2,288,450	6,996,517	1,577,923	15,507,423	17,243,562	3,922,320	1,098,029	6,834,960	815,187	99,158,032	38,941,243	
Average Risk Weight	-	1%	9%	58%	105%	76%	39%	150%	38%	41%	37%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-		

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 12(a): Disclosure by Risk Weight under SA for CIMBBG (continued)

(RM'000) Risk Weights	CIMBBG											Total Risk Weighted Assets
	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages/ RRE Financing	Higher Risk Assets	Other Assets	Securiti- sation*	Total Exposures after Netting and Credit Risk Mitigation*	
0%	41,811,358	-	-	-	-	-	-	-	3,024,856	-	44,836,214	-
20%	161,130	1,418,048	734,079	-	140,130	965	-	-	425,334	719,459	3,599,146	719,829
35%	-	-	-	-	-	-	5,436,321	-	-	-	5,436,321	1,902,712
50%	-	75,756	86,975	2,484	494,537	1,565,021	94,943	-	-	-	2,319,716	1,159,858
75%	-	-	-	-	-	19,924,983	150,714	-	-	-	20,075,697	15,056,773
100%	-	65,302	49,836	-	13,223,476	4,300,821	54,767	-	3,477,880	-	21,172,083	21,172,083
150%	-	-	548	-	210,112	74,488	-	1,200,956	-	-	1,486,104	2,229,156
>150%	-	-	-	-	-	-	-	-	-	2,525	2,525	7,448
Total	41,972,488	1,559,107	871,439	2,484	14,068,255	25,866,278	5,736,745	1,200,956	6,928,071	787,605	98,993,427	42,247,859
Average Risk Weight	-	25%	28%	50%	98%	78%	37%	150%	51%	19%	43%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	65,621	-	

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the SA (continued)****Table 12(b): Disclosure by Risk Weight under SA for CIMBISLG**

2013 (RM'000) Risk Weights	CIMBISLG										Total Exposures after Netting and Credit Risk Mitigation*	Total Risk Weighted Assets	
	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securiti- sation*			
0%	13,660,982	-	13,000	-	-	-	-	-	-	-	-	13,673,982	-
20%	34,793	-	-	-	-	-	-	-	-	20,466	-	55,259	11,052
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	78,894	-	158,235	1,184,891	-	-	-	-	-	1,422,020	711,010
75%	-	-	-	-	-	756,031	-	-	-	-	-	756,031	567,023
100%	-	-	-	-	77,580	2,330,008	-	-	48,408	-	-	2,455,996	2,455,996
100% < RW < 1250%	-	-	-	-	199	1,373	-	575	-	-	-	2,147	3,221
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	13,695,774	-	91,894	-	236,014	4,272,303	-	575	48,408	20,466	-	18,365,435	3,748,302
Average Risk Weight	-	-	43%	-	67%	82%	-	150%	100%	20%	20%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 12(c): Disclosure by Risk Weight under SA for CIMBIBG

2013	CIMBIBG											Total Risk Weighted Assets
	(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securiti- sation*	
0%	1,450,913	-	-	-	-	-	-	-	49	-	1,450,962	-
20%	-	-	35,670	-	-	-	-	-	-	-	35,670	7,134
35%	-	-	-	-	-	-	32,547	-	-	-	32,547	11,391
50%	-	-	1,074,681	-	-	-	8,247	-	-	-	1,082,928	541,464
75%	-	-	-	-	-	3,540	478	-	-	-	4,019	3,014
100%	-	-	-	-	50,154	49,495	16,535	-	527,641	-	643,825	643,825
100% < RW < 1250%	-	-	-	-	-	-	-	1,083	-	-	1,083	1,624
1250%	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,450,913	-	1,110,351	-	50,154	53,036	57,807	1,083	527,691	-	3,251,034	1,208,453
Average Risk Weight	-	-	49%	-	100%	98%	56%	150%	100%	-	37%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the SA (continued)****Table 12(c): Disclosure by Risk Weight under SA for CIMBIBG (continued)**

2012 (RM'000) Risk Weights	CIMBIBG										Total Exposures after Netting and Credit Risk Mitigation*	Total Risk Weighted Assets
	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securiti- sation*		
0%	151,798	-	-	-	-	-	-	-	48	-	151,846	-
20%	-	-	1,652,818	-	-	-	-	-	-	-	1,652,818	330,564
35%	-	-	-	-	-	-	17,320	-	-	-	17,320	6,062
50%	-	-	1,045,757	-	-	29	1,304	-	-	-	1,047,090	523,545
75%	-	-	-	-	-	43,687	850	-	-	-	44,537	33,403
100%	-	-	540	-	42,760	960	-	-	445,459	-	489,719	489,719
150%	-	-	-	-	-	-	-	2,946	-	-	2,946	4,418
Total	151,798	-	2,699,115	-	42,760	44,676	19,474	2,946	445,507	-	3,406,275	1,387,711
Average Risk Weight	-	-	32%	-	100%	76%	38%	150%	100%	-	41%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the SA (continued)**

The following tables present the non-retail credit exposures before the effect of credit risk mitigation, according to ratings by ECAs:

Table 13(a): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAs for CIMBBG

(RM'000) Exposure Class	CIMBBG			Total
	Investment Grade	Non Investment Grade	No Rating	
2013				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	3,025,268	–	375,027	3,400,296
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,242,571	34,176	385,515	1,662,262
Corporate	–	355,471	15,973,890	16,329,361
Sovereign/Central Banks	6,076,870	–	36,796,791	42,873,661
Banks, MDBs and DFIs	6,776,436	26	220,055	6,996,517
Total	17,121,145	389,673	53,751,278	71,262,095
2012				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	1,572,493	–	68,987	1,641,480
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,488	–	–	2,488
Corporate	526,823	64,908	15,913,410	16,505,140
Sovereign/Central Banks	4,295,869	146,570	37,530,049	41,972,488
Banks, MDBs and DFIs	1,046,773	–	245,122	1,291,895
Total	7,444,445	211,479	53,757,568	61,413,491

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the SA (continued)****Table 13(b): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMBISLG**

(RM'000) Exposure Class	CIMBISLG			Total
	Investment Grade	Non Investment Grade	No Rating	
2013				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Takaful Operators, Securities Firms & Fund Managers	-	-	450	450
Corporate	-	-	244,876	244,876
Sovereign/Central Banks	433,026	-	13,262,748	13,695,774
Banks, MDBs and DFIs	78,849	-	13,045	91,894
Total	511,875	-	13,521,120	14,032,995

Table 13(c): Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMBIBG

(RM'000) Exposure Class	CIMBIBG			Total
	Investment Grade	Non Investment Grade	No Rating	
2013				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	-	50,154	50,154
Sovereign/Central Banks	-	-	1,450,913	1,450,913
Banks, MDBs and DFIs	1,110,340	-	10	1,110,351
Total	1,110,340	-	1,501,077	2,611,418
2012				
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	-	42,760	42,760
Sovereign/Central Banks	-	-	151,798	151,798
Banks, MDBs and DFIs	2,441,026	-	258,089	2,699,115
Total	2,441,026	-	452,646	2,893,673

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 14(a): Disclosures of Securitisation under SA according to Ratings by ECAs for CIMBBG

(RM'000) Exposure Class	CIMBBG			Total
	Investment Grade	Non Investment Grade	No Rating	
2013				
On and Off-Balance-Sheet Exposures				
Securitisation	801,451	–	13,736	815,187
2012				
On and Off-Balance-Sheet Exposures				
Securitisation	719,459	–	68,146	787,605

Table 14(b): Disclosures of Securitisation under SA according to Ratings by ECAs for CIMBISLG

(RM'000) Exposure Class	CIMBISLG			Total
	Investment Grade	Non Investment Grade	No Rating	
2013				
On and Off-Balance-Sheet Exposures				
Securitisation	20,466	–	–	20,466

As at 31 December 2013 and 31 December 2012, there is no Securitisation under SA according to Ratings by ECAs for CIMBIBG.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the IRB Approach**

CIMBBG and CIMBISLG adopt the A-IRB Approach for its retail exposures and F-IRB Approach for its non-retail exposures. The IRB Approach allows CIMBBG and CIMBISLG to adopt various rating systems to measure its credit risk to both retail and non-retail exposures. The internal risk rating systems are used not only for regulatory capital purposes, but also for credit approval and risk management reporting.

For retail exposures, application scorecards are integral to the credit approval process. Credit officers use scorecard outputs in the determination of approval of a credit application. Behavioural scorecards are used to determine the future conduct of the account for collection and limit management purposes.

For non-retail exposures, internal ratings are used to assist the approving committees in making informed decisions of the credit application. Product owners consult GRD for input on internal rating for consideration on pricing of product.

The models used in the internal rating systems are subject to strict governance and controls. The models are developed and maintained by GRD with input from business units to ensure that material risks are captured. Before the models are implemented, they are subject to approval by GRC and subsequently BRC. After implementation, the models are subject to regular performance monitoring to ensure that they continue to perform as expected and the risk parameters remain appropriate.

New models are assessed by a validation team, which is independent from the development team, to ensure robustness of the model development process, completeness of the documentation, and accuracy of the risk estimates. The validation exercise also ensures that the models meet regulatory standards. Existing models are assessed on an annual basis by the validation team to ensure that the models continue to be appropriate and the risk estimates continue to be accurate.

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures

Retail exposures are portfolio in large numbers of similarly managed exposures due to homogeneous characteristics. This applies to both exposures to individuals as well as exposures to small businesses which are managed on a pooled basis. The exposure of a single retail facility is typically low and usually referred as program lending.

Retail exposures covered under the A-IRB Approach include credit cards, auto loans/financing, personal financing, residential mortgages and business premises loans/financing. The PDs of these exposures are typically estimated from the outputs of application scorecards for newer customers and behavioural scorecards for older customers. The models deployed for retail portfolio include application and behavioural scorecards or application and behavioural models, PD, LGD and EAD segmentation.

a) PD, LGD and EAD Segmentation Models for Retail Exposures

The risk estimates are generally developed based on internal historical data and complies with BNM guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets). However, in instances of insufficient historical data, the respective models risk estimate is developed based on expert judgment or aligned to available industry data with margins of conservatism applied.

PD Calibration

- PD is defined as the probability of a borrower/customer defaulting within a one year time horizon.
- PD estimated for each pool must be representative of long term average. In the event the internal historical data is not sufficient to cover an economic cycle, appropriate adjustment (via Cycle Scaling Factor) will be incorporated based on proxy data which are relevant and of longer history to derive the long term average PD, which is normally referred to as “Central Tendency”.

EAD Estimation

- EAD represents the expected level of usage of the facility when default occurs.
- The EAD for retail exposures is generally based on the respective portfolio’s summed outstanding exposure including any undrawn balances, and for revolving exposures such as credit card receivables, each loan’s/financing’s EAD estimation includes the estimated net additional drawings for loans/financings defaulting over the next 12 months.

LGD Estimation

- LGD is the estimated amount of loss expected if a loan defaults, calculated as a percentage of EAD. The value depends on the collateral (if any) and other factors (internal, external, direct and indirect costs associated with recoveries).
- LGD for retail exposures is estimated based on historical internal data and the following sources of recoveries are incorporated into the estimation:
 - (i) Regularisation of defaulted accounts.
 - (ii) Sale proceeds from physical collaterals.
 - (iii) Cash receipts from borrowers/customers.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)****Retail Exposures (continued)**

The following tables summarise the retail credit exposures measured under A-IRB Approach as at 31 December 2013 and 31 December 2012:

Table 15(a): Retail Credit Exposures by PD Band for CIMBBG

(RM'000) PD Range of Retail Exposures	CIMBBG			Total
	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	
2013				
Total Retail Exposure	77,988,671	12,945,825	1,937,043	92,871,539
Residential Mortgage/RRE Financing	44,163,030	3,676,056	980,988	48,820,074
QRRE	7,191,601	4,081,811	70,594	11,344,007
Hire Purchase	9,587,747	3,177,554	226,218	12,991,519
Other Retail	17,046,293	2,010,405	659,242	19,715,940
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	25%	34%	
QRRE	89%	89%	89%	
Hire Purchase	51%	53%	58%	
Other Retail	28%	36%	65%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	30%	89%	54%	
QRRE	30%	127%	121%	
Hire Purchase	52%	96%	237%	
Other Retail	29%	61%	196%	
2012				
Total Retail Exposure	52,788,638	10,654,445	1,873,259	65,316,342
Residential Mortgage/RRE Financing	36,044,249	3,716,506	1,128,731	40,889,486
QRRE	5,202,094	3,109,340	13,828	8,325,262
Hire Purchase	8,299,856	2,952,771	223,633	11,476,260
Other Retail	3,242,440	875,828	507,066	4,625,334
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	24%	25%	35%	
QRRE	90%	90%	90%	
Hire Purchase	51%	31%	58%	
Other Retail	29%	105%	69%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	31%	87%	51%	
QRRE	32%	128%	3%	
Hire Purchase	54%	96%	250%	
Other Retail	31%	71%	289%	

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

Table 15(b): Retail Credit Exposures by PD Band for CIMBISLG

(RM'000) PD Range of Retail Exposures	CIMBISLG			Total
	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	
2013				
Total Retail Exposure	14,844,289	1,791,748	201,146	16,837,182
RRE Financing	7,886,442	336,082	70,333	8,292,858
QRRE	92,174	95,771	2,341	190,285
Hire Purchase	5,032,606	1,084,596	96,081	6,213,282
Other Retail	1,833,067	275,299	32,391	2,140,757
Exposure Weighted Average LGD				
RRE Financing	24%	24%	34%	
QRRE	90%	90%	90%	
Hire Purchase	51%	54%	57%	
Other Retail	25%	58%	59%	
Exposure Weighted Average Risk Weight				
RRE Financing	30%	98%	49%	
QRRE	35%	122%	–	
Hire Purchase	52%	104%	241%	
Other Retail	25%	108%	119%	

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)****Retail Exposures (continued)****Table 16(a): Retail Exposures under the IRB Approach by Expected Loss Range for CIMBBG**

(RM'000) EL Range of Retail Exposures	CIMBBG			Total
	EL ≤ 1%	1% < EL < 100%	EL = 100%	
2013				
Total Retail Exposure	78,604,509	14,056,547	210,483	92,871,539
Residential Mortgage/RRE Financing	45,758,950	2,947,412	113,711	48,820,074
QRRE	5,513,573	5,830,433	–	11,344,007
Hire Purchase	9,521,764	3,462,455	7,300	12,991,519
Other Retail	17,810,221	1,816,246	89,472	19,715,940
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	23%	28%	40%	
QRRE	89%	89%	–	
Hire Purchase	51%	54%	52%	
Other Retail	28%	48%	65%	
2012				
Total Retail Exposure	53,485,064	11,651,360	179,918	65,316,342
Residential Mortgage/RRE Financing	37,739,198	3,013,668	136,621	40,889,486
QRRE	3,767,358	4,557,904	–	8,325,262
Hire Purchase	8,188,318	3,283,268	4,674	11,476,260
Other Retail	3,790,191	796,520	38,624	4,625,334
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	24%	28%	40%	
QRRE	90%	90%	–	
Hire Purchase	51%	54%	53%	
Other Retail	31%	63%	73%	

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

Table 16(b): Retail Exposures under the IRB Approach by Expected Loss Range for CIMBISLG

(RM'000) EL Range of Retail Exposures	CIMBISLG			Total
	EL ≤ 1%	1% < EL < 100%	EL = 100%	
2013				
Total Retail Exposure	14,938,845	1,890,357	7,981	16,837,182
RRE Financing	7,993,046	297,914	1,897	8,292,858
QRRE	54,091	136,194	–	190,285
Hire Purchase	5,016,093	1,194,839	2,350	6,213,282
Other Retail	1,875,614	261,410	3,733	2,140,757
Exposure Weighted Average LGD				
RRE Financing	24%	27%	38%	
QRRE	90%	90%	–	
Hire Purchase	51%	54%	50%	
Other Retail	25%	63%	60%	

Non-retail Exposures

Non-retail exposures covered under the F-IRB Approach include foreign sovereigns, corporates (Specialised Lending/Financing uses supervisory slotting criteria), SMEs and banks. The PDs of these exposures are estimated from internal ratings assigned across a spectrum of risk levels on a master scale. Each internal rating has a corresponding 1-year average PD and a likely corresponding regulatory loan/financing classification. The LGDs of these exposures are assigned as per the CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets); that is an LGD of 45% for senior exposures and 75% for subordinated exposures, with appropriate adjustments for eligible collateral.

The process by which an internal rating is assigned to an obligor is governed by the Obligor Risk Rating framework. Firstly, a risk model uses a weighted combination of quantitative and qualitative risk factors to generate an initial rating. The quantitative risk factors and weights are derived through statistical techniques and the qualitative risk factors and weights are derived through deliberation with credit experts. The initial rating may subsequently be upgraded or downgraded based on a predefined set of criteria, such as quality of financial statements and support from a parent entity. Finally, an approving authority deliberates before deciding on a final rating. If a facility is guaranteed by one or more corporate guarantors, then the framework recognises the credit risk mitigation by substituting the obligor rating with the corporate guarantor's rating.

For sovereign exposures, the Group applies the shadow rating approach.

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)****Non-retail Exposures (continued)**

The following tables summarise the Group's non-retail credit exposures measured under F-IRB Approach as at 31 December 2013 and 31 December 2012:

Table 17(a): Credit Exposures Subject to Supervisory Risk Weight under IRB Approach for CIMBBG

CIMBBG						
(RM'000)						
Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
2013						
Project Finance	143,361	1,071,156	208,147	–	1,147,666	2,570,331
Object Finance	8,489	48,670	120,886	–	–	178,046
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	2,414,842	3,523,389	450,464	168,028	87,156	6,643,879
RWA	1,444,403	3,883,434	896,422	420,071	–	6,644,331
2012						
Project Finance	868,805	160,518	516,979	–	1,075,950	2,622,253
Object Finance	19,161	10,744	275,661	56,839	–	362,405
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	880,127	1,330,181	1,162,769	7,053	42,116	3,422,247
RWA	1,153,024	1,218,486	2,248,722	159,730	–	4,779,961

Table 17(b): Credit Exposures Subject to Supervisory Risk Weight under IRB Approach for CIMBISLG

CIMBISLG						
(RM'000)						
Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
2013						
Project Finance	143,361	358	–	–	–	143,719
Object Finance	–	–	104,663	–	–	104,663
Commodities Finance	–	–	–	–	–	–
Income Producing Real Estate	116,803	462,802	29,261	6,046	–	614,911
RWA	182,114	392,769	154,013	15,114	–	744,010

CIMBBG and CIMBISLG have no exposure to High Volatility Commercial Real Estate and Equities under the Simple Risk Weight Approach.

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Non-retail Exposures (continued)

Table 18(a): Non Retail Exposures under IRB Approach by Risk Grades for CIMBBG

(RM'000) Internal Risk Grading	CIMBBG				Total
	1 – 3	4 – 9	10 – 13	Default	
2013					
Total Non-Retail Exposure	41,692,587	50,122,568	15,225,230	2,271,583	109,311,968
Sovereign/Central Banks	1,742,875	231,126	–	–	1,974,001
Bank	24,057,858	3,794,741	34,194	185	27,886,979
Corporate (excluding Specialised Lending/Financing)	15,891,853	46,096,702	15,191,036	2,271,398	79,450,989
Exposure Weighted Average LGD					
Sovereign/Central Banks	45%	45%	–	–	
Bank	44%	40%	45%	45%	
Corporate (excluding Specialised Lending/Financing)	45%	38%	37%	43%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	6%	74%	–	–	
Bank	20%	50%	246%	–	
Corporate (excluding Specialised Lending/Financing)	17%	59%	109%	–	
2012					
Total Non-Retail Exposure	38,546,223	41,532,325	9,752,631	2,920,617	92,751,796
Sovereign/Central Banks	729,015	146,570	–	–	875,586
Bank	18,272,499	2,566,653	53,539	93,481	20,986,172
Corporate (excluding Specialised Lending/Financing)	19,544,709	38,819,102	9,699,092	2,827,136	70,890,038
Exposure Weighted Average LGD					
Sovereign/Central Banks	45%	45%	–	–	
Bank	44%	47%	45%	45%	
Corporate (excluding Specialised Lending/Financing)	45%	38%	32%	41%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	14%	71%	–	–	
Bank	18%	61%	242%	–	
Corporate (excluding Specialised Lending/Financing)	18%	61%	116%	–	

CREDIT RISK (CONTINUED)**Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)****Non-retail Exposures (continued)****Table 18(b): Non Retail Exposures under IRB Approach by Risk Grades for CIMBISLG**

(RM'000) Internal Risk Grading	CIMBISLG				Total
	1 – 3	4 – 9	10 – 13	Default	
2013					
Total Non-Retail Exposure	3,674,865	7,749,581	1,964,461	105,650	13,494,557
Bank	2,380,727	47,040	131	–	2,427,898
Corporate (excluding Specialised Financing)	1,294,138	7,702,540	1,964,330	105,650	11,066,658
Exposure Weighted Average LGD					
Bank	45%	45%	45%	–	
Corporate (excluding Specialised Financing)	45%	43%	38%	39%	
Exposure Weighted Average Risk Weight					
Bank	21%	58%	150%	–	
Corporate (excluding Specialised Financing)	12%	54%	109%	–	

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Expected Losses versus Actual Losses by Portfolio Types

The following table summarises the expected losses versus actual losses by portfolio type:

Table 19: Analysis of Expected Loss versus Actual Losses by Portfolio Types for CIMBBG

(RM'000) Exposure Class	CIMBBG			
	2013		2012	
	Regulatory Expected Losses as at 31 December 2012	Actual Losses for the year ended 31 December 2013	Regulatory Expected Losses as at 31 December 2011	Actual Losses for the year ended 31 December 2012
Sovereign	454	–	–	–
Bank	17,568	6,048	117,598	(20,706)
Corporate	642,954	134,790	717,770	179,924
Mortgage/RRE Financing	171,458	40,759	168,112	30,887
HPE	276,336	168,125	361,050	157,079
QRRE	299,673	164,656	268,734	145,473
Other Retail	45,745	53,955	56,748	22,401
Total	1,454,187	568,332	1,690,011	515,059

Note: The actual losses for the year ended 31 December 2013 and the EL as at 31 December 2012 in the above table exclude exposures or portfolios which migrated from SA to IRB Approach in year 2013.

Actual loss refers to impairment provisions and direct write-offs, if any during the year.

On the other hand, EL measures the loss expected from non-defaulted exposures at the start of the year. It is computed based on the risk parameters of the adopted IRB Approach. While a comparison of actual losses and EL provides some insight of the predictive power of the IRB Approach models used by the Group, the two metrics are not directly comparable due to the differences in methodology.

CREDIT RISK (CONTINUED)**Off-Balance Sheet Exposures and CCR**

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GWBRC and/or RCC.

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2013, there was no requirement for additional collateral to be posted. As at 31 December 2012, the additional collateral to be posted was RM32,286,742.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

The following tables disclose the Off-Balance Sheet exposures and CCR as at 31 December 2013 and 31 December 2012:

CREDIT RISK (CONTINUED)

Off-Balance Sheet Exposures and CCR (continued)

Table 20(a): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBBG

(RM'000) Description	CIMBBG			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2013				
Direct Credit Substitutes	2,556,354		2,556,354	1,902,057
Transaction Related Contingent Items	4,417,745		2,194,931	1,397,495
Short Term Self Liquidating Trade Related Contingencies	3,507,642		701,528	359,156
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	163,500		81,750	40,875
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	3,703,883		3,706,887	81,213
Foreign Exchange Related Contracts				
One year or less	178,626	–	2,679	548
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	421,565,760	2,441,554	8,455,855	3,779,601
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29,446,925		23,951,518	12,166,138
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,065,936		1,015,004	760,475
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	70,164,530		–	–
Unutilised credit card lines	19,360,167		6,112,981	2,982,345
Off-balance sheet items for securitisation exposures	–		–	–
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	558,131,069	2,441,554	48,779,487	23,469,903

CREDIT RISK (CONTINUED)**Off-Balance Sheet Exposures and CCR (continued)****Table 20(a): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBBG (continued)**

(RM'000) Description	CIMBBG			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2012				
Direct Credit Substitutes	1,794,218		1,794,218	1,151,987
Transaction Related Contingent Items	4,525,681		2,262,841	1,161,068
Short Term Self Liquidating Trade Related Contingencies	2,681,817		536,363	170,567
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	–		–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions) /Commitments to buy back Islamic securities under Sales and Buy Back Agreement	303,004		303,004	601
Foreign Exchange Related Contracts				
One year or less	298,781	–	4,482	2,001
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	356,177,513	1,312,783	6,435,790	2,660,647
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	24,329,014		17,788,401	14,272,794
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	5,358,618		1,425,223	1,204,416
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	45,005,752		–	–
Unutilised credit card lines	16,774,775		5,678,457	3,004,295
Off-balance sheet items for securitisation exposures	5,050		2,525	7,448
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	457,254,223	1,312,783	36,231,304	23,635,822

CREDIT RISK (CONTINUED)

Off-Balance Sheet Exposures and CRR (continued)

Table 20(b): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBISLG

(RM'000) Description	CIMBISLG			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2013				
Direct Credit Substitutes	187,910		187,910	137,715
Transaction Related Contingent Items	348,215		174,107	127,404
Short Term Self Liquidating Trade Related Contingencies	14,252		2,850	1,816
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	20,126,595	50,748	429,961	99,847
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,582,223		2,713,771	1,233,258
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	24,219		18,154	16,748
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	1,568,191		-	-
Unutilised credit card lines	193,822		85,822	55,820
Off-balance sheet items for securitisation exposures	-		-	-
Total	26,045,427	50,748	3,612,576	1,672,606

CREDIT RISK (CONTINUED)**Off-Balance Sheet Exposures and CCR (continued)****Table 20(c): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBIBG**

(RM'000) Description	CIMBIBG			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2013				
Direct Credit Substitutes	955,793		955,793	477,896
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	296,076	-	25,525	21,509
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	13,285		6,643	6,630
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	1,265,154	-	987,961	506,036

CREDIT RISK (CONTINUED)

Off-Balance Sheet Exposures and CCR (continued)

Table 20(c): Disclosure on Off-Balance Sheet Exposures and CCR for CIMBIBG (continued)

(RM'000) Description	CIMBIBG			
	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2012				
Direct Credit Substitutes	616,553		616,553	308,276
Transaction Related Contingent Items	–		–	–
Short Term Self Liquidating Trade Related Contingencies	–		–	–
Assets Sold With Recourse	–		–	–
Forward Asset Purchases	–		–	–
Obligations under an On-going Underwriting Agreement	–		–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	–		–	–
Foreign Exchange Related Contracts				
One year or less	–	–	–	–
Over one year to five years	–	–	–	–
Over five years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	547,535	–	38,334	32,212
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,533		2,767	7,939
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	–		–	–
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	–		–	–
Unutilised credit card lines	–		–	–
Off-balance sheet items for securitisation exposures	–		–	–
Off-balance sheet exposures due to early amortisation provisions	–		–	–
Total	1,169,621	–	657,654	348,427

CREDIT RISK (CONTINUED)**Off-Balance Sheet Exposures and CCR (continued)**

The tables below show the credit derivative transactions that create exposures to CCR (notional value) segregated between own use and client intermediation activities:

Table 21(a): Disclosure on Credit Derivative Transactions for CIMBBG

(RM'000)	CIMBBG			
	2013		2012	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	2,857,690	2,748,435	1,140,746	1,625,094
Client Intermediation Activities	27,980	535,805	30,880	409,885
Total	2,885,670	3,284,240	1,171,626	2,034,979
Credit Default Swaps	2,857,690	2,748,435	1,140,746	1,625,094
Total Return Swaps	27,980	535,805	30,880	409,885
Total	2,885,670	3,284,240	1,171,626	2,034,979

Table 21(b): Disclosure on Credit Derivative Transactions for CIMBISLG

(RM'000)	CIMBISLG	
	2013	
	Protection Bought	Protection Sold
Own Credit Portfolio	-	-
Client Intermediation Activities	-	57,980
Total	-	57,980
Total Return Swaps	-	57,980
Total	-	57,980

CREDIT RISK (CONTINUED)

Off-Balance Sheet Exposures and CCR (continued)

Table 21(c): Disclosure on Credit Derivative Transactions for CIMBIBG

(RM'000)	CIMBIBG			
	2013	2012	Notional of Credit Derivatives	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	162,200	-	170,150
Total	-	162,200	-	170,150
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	162,200	-	170,150
Total	-	162,200	-	170,150

CREDIT RISK (CONTINUED)

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of credit in so far as deemed prudent, should be appropriately and adequately secured. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GWBRC/RCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

iii) Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

iv) Concentrations within risk mitigation

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any counterparty, sectors and country.

CREDIT RISK (CONTINUED)

Credit Risk Mitigation (continued)

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants as at 31 December 2013 and 31 December 2012:

Table 22(a): Disclosure on Credit Risk Mitigation for CIMBBG

(RM'000) Exposure Class	CIMBBG			
	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2013				
Performing Exposures				
Sovereign/Central Banks	44,847,661	-	-	-
Public Sector Entities	3,400,296	2,212,988	690,430	-
Banks, DFIs & MDBs	36,498,432	-	6,811,218	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,662,262	3,000	83,958	-
Corporate	101,528,992	3,445,181	9,016,286	10,935,568
Residential Mortgages/RRE Financing	51,677,564	-	-	-
Qualifying Revolving Retail	11,280,221	-	-	-
Hire Purchase	12,765,301	-	-	-
Other Retail	47,227,468	95	10,650,290	-
Securitisation	815,187	-	-	-
Higher Risk Assets	1,098,029	-	-	-
Other Assets	6,796,373	-	-	-
Defaulted Exposures	2,606,688	219	34,872	423,398
Total Exposures	322,204,474	5,661,482	27,287,054	11,358,966

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK (CONTINUED)**Credit Risk Mitigation (continued)****Table 22(a): Disclosure on Credit Risk Mitigation for CIMBBG (continued)**

(RM'000) Exposure Class	Exposures before CRM	CIMBBG		
		Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2012				
Performing Exposures				
Sovereign/Central Banks	42,848,074	–	–	–
Public Sector Entities	1,641,480	–	82,374	–
Banks, DFIs & MDBs	22,184,586	–	1,477,159	–
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,488	–	3	–
Corporate	89,563,850	1,975,198	8,215,484	10,165,167
Residential Mortgages/RRE Financing	45,438,809	–	–	–
Qualifying Revolving Retail	8,311,434	–	–	–
Hire Purchase	11,252,626	–	–	–
Other Retail	37,177,485	965	7,350,478	–
Securitisation	721,984	–	–	–
Higher Risk Assets	1,200,956	–	–	–
Other Assets	6,928,071	–	–	–
Defaulted Exposures	2,714,044	29,960	158,720	554,130
Total Exposures	269,985,886	2,006,123	17,284,218	10,719,297

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK (CONTINUED)**Credit Risk Mitigation (continued)****Table 22(b): Disclosure on Credit Risk Mitigation for CIMBISLG**

(RM'000) Exposure Class	CIMBISLG			
	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2013				
Performing Exposures				
Sovereign/Central Banks	13,695,774	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	2,519,792	-	-	-
Takaful Operators, Securities Firms & Fund Managers	450	-	450	-
Corporate	12,066,910	1,310,630	181,103	2,209,540
RRE Financing	8,222,525	-	-	-
Qualifying Revolving Retail	187,945	-	-	-
Hire Purchase	6,117,201	-	-	-
Other Retail	6,418,384	-	38,977	-
Securitisation	20,466	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	48,408	-	-	-
Defaulted Exposures	166,480	219	2,094	58,989
Total Exposures	49,464,910	1,310,848	222,624	2,268,530

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK (CONTINUED)**Credit Risk Mitigation (continued)****Table 22(c): Disclosure on Credit Risk Mitigation for CIMBIBG**

(RM'000) Exposure Class	CIMBIBG			
	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2013				
Performing Exposures				
Sovereign/Central Banks	1,450,913	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,110,351	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	50,154	-	-	-
Residential Mortgages	57,807	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	53,036	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	1,083	-	-	-
Other Assets	527,691	-	-	-
Defaulted Exposures	-	-	-	-
Total Exposures	3,251,034	-	-	-

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK (CONTINUED)

Credit Risk Mitigation (continued)

Table 22(c): Disclosure on Credit Risk Mitigation for CIMBIBG (continued)

(RM'000) Exposure Class	Exposures before CRM	CIMBIBG		
		Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
2012				
Performing Exposures				
Sovereign/Central Banks	151,798	–	–	–
Public Sector Entities	–	–	–	–
Banks, DFIs & MDBs	2,699,115	–	–	–
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate	42,760	–	–	–
Residential Mortgages	19,474	–	–	–
Qualifying Revolving Retail	–	–	–	–
Hire Purchase	–	–	–	–
Other Retail	44,648	–	–	–
Securitisation	–	–	–	–
Higher Risk Assets	2,946	–	–	–
Other Assets	445,507	–	–	–
Defaulted Exposures	29	–	–	–
Total Exposures	3,406,275	–	–	–

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

SECURITISATION

The Role CIMB Plays in the Securitisation Process

In the course of its business, CIMB Group has undertaken securitisations of its own originated assets, as well as advised on securitisations of third party assets as part of its debt capital markets services for external clients.

The Group securitises its own assets in order to, amongst others, manage credit risk and its capital position and to manage term funding for the Group's balance sheet.

Typically, CIMB Group undertakes the following roles in the securitisation activities (either singularly or in combination):

- Originator and servicer of securitised assets
- Asset-backed securities marketing, syndication and trading
- Provider of liquidity facilities to self-originated and third-party transactions
- Investor of third-party securitisations (where CIMB is not originator or sponsor)

Up to end-2013, the Group has completed securitisations of corporate bonds and auto hire purchase receivables for its own account, and auto hire purchase receivables originated by a joint-venture company, in funded traditional securitisations. CIMB Group does not maintain or act as sponsor of any conduit for the securitisation of third-party receivables.

CIMB's Involvement in Securitisation in 2013

In 4Q 2013, the Group undertook a securitisation of auto hire purchase receivables for a joint-venture company raising just under RM300 million. The Group also arranged and managed the seventh securitisation issuance via Premium Commerce Berhad, a bankruptcy-remote special purpose vehicle established in 2005 pursuant to a securitisation programme arranged for the Tan Chong Group.

All transactions involving securitisation of CIMB Group's assets was tabled to the Board of Directors of the relevant entities for deliberation and approval. For transactions involving the joint venture entity, they were also tabled to and approved by the Board of Directors of CIMB Bank and Proton Commerce Sdn Bhd.

In securitisations of its own assets, CIMB Bank continues to administer the assets as servicer for the relevant special purpose vehicle and monitors the credit and market risk inherent in the underlying assets using the same mechanism in place for non-securitised assets.

Summary of Accounting Policies for Securitisation Activities

CIMB has sponsored special purpose vehicles (SPVs) pursuant to securitisation activities involving assets of the Group. Such SPVs are consolidated when the substance of the relationship between the Group and that entity indicates control. Potential indicators of control include, inter alia, an assessment of the Group's exposure to the risks and rewards of the assets of the SPV.

Assets that have been transferred wholly or proportionately to an unconsolidated entity will also remain on the Group balance sheet, with a liability recognised for the proceeds received, unless (a) substantially all risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or (b) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised to the extent of the Group's continuing involvement.

SECURITISATION (CONTINUED)**Summary of Accounting Policies for Securitisation Activities (continued)**

Other than (a) or (b) above, securitisations are treated as financing in the separate financial statements of these entities.

ECAs Used For Securitisation Process

CIMB may employ external credit assessment institutions to provide ratings for its asset backed securities. CIMB has used RAM and MARC for securitisations of its own originated assets as well as securitisations for third-party clients for rated transactions. N.B. there are transactions for which the investor does not require an external rating and in such instances, the investor performs his own due diligence.

For securitisations of CIMB-originated assets, RAM has rated a securitisation of corporate bonds, and MARC has rated a securitisation of auto-hire purchase receivables. Both RAM Ratings and MARC have rated a securitisation programme for a joint-venture of auto-hire purchase receivables.

Disclosure on Securitisation for Trading and Banking Book

The following tables show the disclosure on Securitisation for Trading and Banking Book for 31 December 2013 and 31 December 2012:

Table 23: Disclosure on Securitisation for Trading and Banking Book

(RM'000) Underlying Asset	Total Exposures Securitized	CIMBBG		Gains/Losses Recognised during the period
		Past Due	Impaired	
2013				
TRADITIONAL SECURITISATION (Banking Book)				
Non-Originated by the Banking Institution				
Hire Purchase Exposure	30,572	8,227	2,541	(365)
Originated by the Banking Institution				
Hire Purchase Exposure	197,429	32,560	6,054	(118)
2012				
TRADITIONAL SECURITISATION (Banking Book)				
Non-Originated by the Banking Institution				
Hire Purchase Exposure	81,310	18,414	3,264	(1,711)
Originated by the Banking Institution				
Hire Purchase Exposure	402,048	55,909	4,061	1,495

There were no outstanding exposures securitized by CIMBISLG and CIMBIBG as at 31 December 2013 and as at 31 December 2012.

SECURITISATION (CONTINUED)

Disclosure on Securitisation under the SA for Banking Book (continued)

Table 24(a): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBBG (continued)

2013												
CIMBBG												
Distribution of Exposures after CRM according to Applicable Risk Weights												
Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures							Unrated (Look Through)		Risk Weighted Assets
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	13,736	-	-	-	-	-	-	-	-	13,736	-	171,703
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	815,187	-	-	-	801,451	-	-	-	-	13,736	-	331,994

SECURITISATION (CONTINUED)

Disclosure on Securitisation under the SA for Banking Book (continued)

Table 24(a): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBBG (continued)

2012

CIMBBG

Distribution of Exposures after CRM according to Applicable Risk Weights

(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures						Unrated (Look Through)		Risk Weighted Assets
			0%	10%	20%	50%	100%	350%	Weighted Average RW	Exposure Amount	
Traditional Securitisation (Banking Book)											
<u>Non-originating Banking Institution</u>											
On-Balance Sheet											
Most senior	712,102	-	-	-	712,102	-	-	-		142,420	
Mezzanine	7,357	-	-	-	7,357	-	-	-		1,471	
First loss	-	-	-	-	-	-	-	-		-	
Off-Balance Sheet											
Rated eligible liquidity facilities	-	-			-	-	-	-		-	
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-		-	
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-		-	
Eligible servicer cash advance facilities	-	-			-	-	-	-		-	
Eligible underwriting facilities	-	-			-	-	-	-		-	
Guarantees and credit derivatives	-	-			-	-	-	-		-	
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-		-	

SECURITISATION (CONTINUED)

Disclosure on Securitisation under the SA for Banking Book (continued)

Table 24(a): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBBG (continued)

CIMBBG											
Distribution of Exposures after CRM according to Applicable Risk Weights											
(RM'000)	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures						Unrated (Look Through)		Risk Weighted Assets
			0%	10%	20%	50%	100%	350%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>											
On-Balance Sheet											
Most senior	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	65,621	65,621	-	-	-	-	-	-	-	-	-
Off-Balance Sheet											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	2,525	-	-	-	-	-	-	-	> 150%	2,525	7,448
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	787,605	65,621	-	-	719,459	-	-	-	-	2,525	151,339

SECURITISATION (CONTINUED)

Securitisation under the SA for Banking Book (continued)

Table 24(b): Disclosure on Securitisation under the SA for Banking Book Exposures for CIMBISLG (continued)

2013												
CIMBISLG												
Distribution of Exposures after CRM according to Applicable Risk Weights												
Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Rated Securitisation Exposures							Unrated (Look Through)		Risk Weighted Assets
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-	-		-
Mezzanine	-	-	-	-	-	-	-	-	-	-		-
First loss	-	-	-	-	-	-	-	-	-	-		-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-										-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-										-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-										-
Eligible servicer cash advance facilities	-	-										-
Eligible underwriting facilities	-	-										-
Guarantees and credit derivatives	-	-										-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-										-
Total Exposures	20,466	-	-	-	20,466	-	-	-	-	-	-	4,093

As at 31 December 2013 and 31 December 2012, CIMBIBG has no Securitisation under the SA for Banking Book Exposures.

SECURITISATION (CONTINUED)**Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge**

The tables below present the Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge:

Table 25: Disclosure on Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge for CIMBBG

(RM'000) Securitisation Exposures	CIMBBG				
	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk Weighted Assets
2013					
TRADITIONAL SECURITISATION					
<u>Originated by Third Party</u>					
On-Balance Sheet	65,676		1,770	1,314	38,547
Off-Balance Sheet	-	-	-	-	-
Sub-total	65,676		1,770	1,314	38,547
<u>Originated by Banking Institution</u>					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
<u>Securitisation subject to Early Amortisation</u>					
Seller's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Investor's interest					
On-Balance Sheet	-	-	-	-	-
Off-Balance Sheet	-	-	-	-	-
Sub-total	-	-	-	-	-
TOTAL (TRADITIONAL SECURITISATION)	65,676	-	1,770	1,314	38,547

SECURITISATION (CONTINUED)**Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge (continued)****Table 25: Disclosure on Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge for CIMBBG (continued)**

(RM'000) Securitisation Exposures	CIMBBG				
	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk Weighted Assets
2012					
TRADITIONAL SECURITISATION					
<u>Originated by Third Party</u>					
On-Balance Sheet	16,205	–	630	324	11,923
Off-Balance Sheet	–	–	–	–	–
Sub-total	16,205	–	630	324	11,923
<u>Originated by Banking Institution</u>					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
<u>Securitisation subject to Early Amortisation</u>					
Seller's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Investor's interest					
On-Balance Sheet	–	–	–	–	–
Off-Balance Sheet	–	–	–	–	–
Sub-total	–	–	–	–	–
TOTAL (TRADITIONAL SECURITISATION)	16,205	–	630	324	11,923

As at 31 December 2013 and 31 December 2012, CIMBISLG and CIMBIBG have no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

MARKET RISK

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/benchmark rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

Market Risk Management

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC and Group Market Risk Committee, supported by the Market Risk Centre of Excellence in GRD is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

CIMB Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/benchmark rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

MARKET RISK (CONTINUED)

Market Risk Management (continued)

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee and GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, the Market Risk Centre of Excellence undertakes the monitoring and oversight process at Group Treasury and Equity Derivatives Group trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

Treasury products approval processes will be led by the Market Risk Centre of Excellence to ensure operational readiness before launching. All new products are assessed by components and in totality to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions. Back-testing of newly approved or revised models may be conducted to assess the appropriateness of the model and input data used.

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

Details on RWA and capital requirements related to Market Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG for the following in Tables 2(a), (b) and (c):

- Interest Rate Risk/Benchmark Rate Risk;
- Foreign Currency Risk;
- Equity Risk;
- Commodity Risk; and
- Options Risk.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The definition includes legal risk but excludes strategic and reputation risks.

Operational Risk Management

CIMB Group recognises that cultivation of an organisational-wide discipline and risk management culture among its staff is the key determinant for a well-managed universal banking operation. Hence, the Group has deployed a set of tools to identify, assess, monitor and control the operational risk inherent in the Group.

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. These risks are managed by CIMB Group through the following key measures:

- i) Sound risk management practices in accordance with Basel II and regulatory guidelines;
- ii) Board and senior management oversight;
- iii) Well-defined responsibilities for all personnel concerned;
- iv) Establishment of a risk management culture; and
- v) Deployment of ORM tools including:
 - Loss Event Management;
 - Risk and Control Self-Assessment; and
 - Key Risk Indicators.

In pursuit of managing and controlling operational risk, Operational Risk Centre of Excellence is revising the ORM framework to:

- i) Provide a consistent approach to ORM across the Group;
- ii) Meet and exceed regulatory requirements, including preparation towards the Basel II implementation; and
- iii) Provide increased transparency of the operational risks the group faces and to improve mitigation.

The ORMF is premised on a set of pillars of Operational Risk Standards and employs various tools including Risk and Control Self-Assessment, risk event database management and Key Risk Indicators.

The philosophy of the governance structure in the ORMF recognises the following:

- i) Ownership of the risk by the business/support areas (line management);
- ii) Oversight by independent functions; and
- iii) Independent review by Group Internal Audit Division.

CIMB Group is deploying a core ORM System for capturing the Loss Event Database, Risk and Control Self Assessments and Key Risk Indicators. In addition, CIMB Group has developed and implemented an e-Learning module on operational risk in order to enhance awareness of ORM amongst its staff.

OPERATIONAL RISK (CONTINUED)

Operational Risk Management (continued)

CIMB Group has progressively set the various foundations to move towards Basel II Standardised Approach and building its capabilities towards the Advanced Measurement Approach.

Escalation and reporting processes are well instituted through various management committees notably the Group Operational Risk Committee and GRC as well as the Board. The responsibilities of the committees and the Board include the following:

- i) Oversight and implementation of the ORMF;
- ii) Establish risk appetite and provide strategic and specific directions;
- iii) Review operational risks reports and profiles regularly;
- iv) Address operational risk issues; and
- v) Ensure compliance to regulatory and internal requirements including disclosures.

Group Internal Audit Division plays its role in ensuring an independent assurance of the implementation of the 'Framework' through their conduct of regular reviews and report to the Board.

Capital Treatment for Operational Risk

The Group adopts the Basic Indicator Approach to compute operational risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

However, the Group is now moving towards the Basel II Standardised Approach where the foundation pillars are in progress. Details on RWA and capital requirements related to Operational Risk are disclosed separately for CIMBBG, CIMBISLG and CIMBIBG in Tables 2 (a), (b) and (c).

EQUITY EXPOSURES IN BANKING BOOK

The Group's banking book equity investments consist of:

- i) Strategic stakes in entities held as part of growth initiatives and/or in support of business operations; and
- ii) Investments held for yield and/or long-term capital gains.

The Group's and CIMB's banking book equity investments are classified and measured in accordance with Financial Reporting Standards and are categorised as financial investments available-for-sale in the 2013 financial statements.

Details of the Group's and the CIMB Bank's investments in financial investments available-for-sale are also set out in the financial statements.

Realised and unrealised gains or losses arising from sales and liquidations of equities for CIMBBG for the year ended 31 December 2013 and 31 December 2012 is as follows:

Table 26: Realised Gains/Losses from Sales and Liquidations of Equities for CIMBBG

(RM'000)	CIMBBG	
	2013	2012
Realised gains		
Shares, private equity funds and unit trusts	39,999	5,376
Unrealised gains		
Shares, private equity funds and unit trusts	531,822	479,044

There were no realised and unrealised gained or losses for equity holdings in banking book for CIMBISLG and CIMBIBG as at 31 December 2013 and 31 December 2012.

The following table shows an analysis of equity investments by appropriate equity groupings and risk weighted assets as at 31 December 2013 and 31 December 2012 for the Group:

Table 27(a): Analysis of Equity Investments by Grouping and RWA for CIMBBG

(RM'000)	CIMBBG			
	2013	2012		
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	1,116,572	1,665,586	1,239,626	1,840,104
Publicly traded	59,315	59,315	273,216	60,016
Total	1,175,887	1,724,901	1,512,842	1,900,120

EQUITY EXPOSURES IN BANKING BOOK (CONTINUED)

Table 27(b): Analysis of Equity Investments by Grouping and RWA for CIMBISLG

(RM'000)	CIMBISLG	
	Exposures subject to Risk-Weighting	RWA
2013		
Privately held	575	863
Publicly traded	-	-
Total	575	863

Table 27(c): Analysis of Equity Investments by Grouping and RWA for CIMBIBG

(RM'000)	CIMBIBG			
	2013	2012		
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	-	-	2,946	4,418
Publicly traded	-	-	-	-
Total	-	-	2,946	4,418

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

IRRBB/RORBB is defined as the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/benchmark rates. In the context of Pillar 2, this risk is confined to the banking book positions, given that the interest rate risk/rate of return risk in the trading book is covered under the Pillar 1 market risk regulations.

The material sources of IRRBB/RORBB are repricing risk (which arises from timing differences in the maturity and repricing dates of cash flows), yield curve risk (which arises from the changes in both the overall interest rates/benchmark rates and the relative level of rates across the yield curve), basis risk (arises from imperfect correlation between changes in the rates earned and paid on banking book positions), and option risk (arises from interest rate/rate of return related options embedded in banking book products).

IRRBB/RORBB Management

IRRBB/RORBB undertaken by the Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Group. The risk appetite is established by the Board. Group Asset Liability Management Committee is a Board delegated Committee which reports to the GRC. With the support from Asset Liability Management Centre of Excellence and CBSM, the Group Asset Liability Management Committee is responsible for the review and monitoring of Group's balance sheet, business and hedging strategies, the overall interest rate risk/rate of return risk profile and ensuring that such risk profile is within the established risk appetite. CBTM is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

IRRBB/RORBB is measured by:

- **Economic Value of Equity (EVE) sensitivity**

EVE sensitivity measures the long term impact of sudden interest rate/benchmark rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies interest rate risk/rate of return risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates/benchmark rates. Such measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/benchmark rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)

IRRBB/RORBB Management (continued)

• **Economic Value of Equity (EVE) sensitivity (continued)**

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/benchmark rate shock from economic value perspective:

Table 28(a): IRRBB/RORBB – Impact on Economic Value for CIMBBG

(RM'000) Currency	CIMBBG	
	2013	2012
	+100bps	
	Increase (Decline)	
	in Economic Value	
	(Value in RM Equivalent)	
Ringgit Malaysia	(918,639)	(1,057,557)
US Dollar	(135,526)	74,800
Thai Baht	(70,675)	(61,860)
Singapore Dollar	(136,789)	(98,372)
Others	(40,209)	(22,445)
Total	(1,301,838)	(1,165,434)

Table 28(b): RORBB – Impact on Economic Value for CIMBISLG

(RM'000) Currency	CIMBISLG
	2013
	+100bps
	Increase (Decline)
	in Economic Value
	(Value in RM Equivalent)
Ringgit Malaysia	(361,439)
US Dollar	514
Thai Baht	-
Singapore Dollar	(503)
Others	75
Total	(361,353)

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)**IRRBB/RORBB Management (continued)**

- Economic Value of Equity (EVE) sensitivity (continued)**

Table 28(c): IRRBB – Impact on Economic Value for CIMBIBG

(RM'000) Currency	CIMBIBG	
	2013 +100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	2012
Ringgit Malaysia	1,776	4,832
US Dollar	–	(6)
Thai Baht	–	–
Singapore Dollar	(2)	(5)
Others	(3)	(1)
Total	1,771	4,820

- Earnings at Risk (EaR)**

EaR measures the short term impact of sudden interest rate/benchmark rate movement on reported earnings over the next 12 months. It defines and quantifies interest rate risk/rate of return as the change in net interest income/net rate income caused by changes in interest rates/benchmark rates.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/benchmark rate shock is applied to the static balance sheet positions. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)**IRRBB/RORBB Management (continued)**• **Earnings at Risk (EaR) (continued)**

The tables below illustrate the Group's IRRBB/RORBB under a 100 bps parallel upward interest rate/benchmark rate shock from the earnings perspective:

Table 29(a): IRRBB/RORBB – Impact on Earnings for CIMBBG

(RM'000) Currency	CIMBBG	
	2013 +100bps	2012
	Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	(17,537)	(83,557)
US Dollar	(31,219)	(29,442)
Thai Baht	(14,666)	(10,477)
Singapore Dollar	(62,630)	(59,177)
Others	16,156	(5,895)
Total	(109,896)	(188,548)

Table 29(b): RORBB – Impact on Earnings for CIMBISLG

(RM'000) Currency	CIMBISLG	
	2013 +100bps	
	Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia		(72,462)
US Dollar		(9,906)
Thai Baht		-
Singapore Dollar		(13)
Others		(392)
Total		(82,773)

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)**IRRBB/RORBB Management (continued)**• **Earnings at Risk (EaR) (continued)****Table 29(c): IRRBB – Impact on Earnings for CIMBIBG**

(RM'000) Currency	CIMBIBG	
	2013 +100bps	2012
	Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	2,137	2,756
US Dollar	9	140
Thai Baht	–	–
Singapore Dollar	50	115
Others	80	26
Total	2,276	3,037

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