

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	Note	Group		Bank	
		31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Assets</b>					
Cash and short term funds		23,789,307	24,941,166	19,360,654	18,467,152
Reverse repurchase agreements		3,972,843	7,993,092	3,368,463	5,321,399
Deposits and placements with banks and other financial institutions		5,063,267	3,666,536	7,505,537	7,950,214
Financial assets held for trading	A7	23,755,917	21,837,868	19,090,689	17,575,173
Derivative financial instruments	A21(i)	4,186,406	4,719,347	3,726,876	3,909,190
Financial investments available-for-sale	A8	27,113,522	26,185,496	21,779,278	22,065,746
Financial investments held-to-maturity	A9	11,881,757	9,828,806	9,337,938	7,590,527
Loans, advances and financing	A10	186,959,887	185,430,615	133,960,598	132,833,310
Other assets	A11	4,910,843	3,481,239	4,377,727	2,546,780
Tax recoverable		7,888	6,270	-	-
Deferred taxation		265,725	206,382	143,811	85,262
Statutory deposits with central banks		6,282,288	6,359,196	4,471,775	4,652,307
Amount due from ultimate holding company		28,853	28,853	-	-
Amount due from subsidiaries		-	-	32,381	138,004
Amount due from related companies		1,146,218	1,092,848	1,145,241	1,091,544
Investment in subsidiaries		-	-	5,036,252	4,886,252
Investment in joint venture		158,697	158,307	125,000	125,000
Investment in associates		725,165	693,343	321,588	321,635
Goodwill		4,899,949	4,890,179	3,555,075	3,555,075
Intangible assets		1,063,057	1,015,035	1,026,652	978,712
Prepaid lease payments		1,280	1,346	-	-
Property, plant and equipment		819,361	866,332	469,784	507,240
Investment properties		4,000	4,000	-	-
		<b>307,036,230</b>	<b>303,406,256</b>	<b>238,835,319</b>	<b>234,600,522</b>
Non-current assets/disposal groups held for sale		22,600	21,589	5,940	3,429
<b>Total Assets</b>		<b>307,058,830</b>	<b>303,427,845</b>	<b>238,841,259</b>	<b>234,603,951</b>
<b>Liabilities</b>					
Deposits from customers	A12	220,863,145	220,247,690	156,773,284	156,115,031
Deposits and placements of banks and other financial institutions	A13	21,949,438	19,999,833	31,771,667	30,417,708
Repurchase agreements		6,601,616	5,922,788	3,652,644	2,276,152
Financial liabilities designated at fair value	A14	2,511,058	2,132,170	2,315,674	1,985,954
Derivative financial instruments	A21(i)	5,177,664	5,794,713	4,574,068	4,879,637
Bills and acceptances payable		2,607,931	3,257,202	1,801,282	1,917,838
Amounts due to ultimate holding company		-	1,450	-	-
Amount due to subsidiaries		-	-	400,674	35,736
Amount due to related companies		42,585	34,016	13,037	21,156
Other liabilities	A15	4,687,576	3,978,664	3,963,913	3,177,941
Provision for taxation and Zakat		245,626	217,221	251,932	221,857
Deferred taxation		2,160	2,188	-	-
Bonds and debentures		6,387,350	5,867,080	2,722,503	2,736,453
Other borrowings		1,895,283	1,968,211	1,895,283	1,968,211
Subordinated obligations		9,675,566	9,634,575	8,876,319	8,828,797
Redeemable preference shares		720,695	719,251	-	-
<b>Total Liabilities</b>		<b>283,367,693</b>	<b>279,777,052</b>	<b>219,012,280</b>	<b>214,582,471</b>
<b>Equity</b>					
<b>Capital and reserves attributable to owners of the Parent</b>					
Ordinary share capital		4,131,411	4,131,410	4,131,411	4,131,410
Reserves		18,989,453	18,954,705	15,467,828	15,660,330
		<b>23,120,864</b>	<b>23,086,115</b>	<b>19,599,239</b>	<b>19,791,740</b>
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		340,533	334,938	-	-
<b>Total Equity</b>		<b>23,691,137</b>	<b>23,650,793</b>	<b>19,828,979</b>	<b>20,021,480</b>
<b>Total Equity and Liabilities</b>		<b>307,058,830</b>	<b>303,427,845</b>	<b>238,841,259</b>	<b>234,603,951</b>
<b>Commitments and contingencies</b>	A21(ii)	<b>558,426,632</b>	<b>508,499,753</b>	<b>468,686,983</b>	<b>431,035,403</b>
<b>Net assets per ordinary share (RM)</b>		<b>5.60</b>	<b>5.59</b>	<b>4.74</b>	<b>4.79</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter 1st Quarter Ended</b>		<b>Cumulative Quarters Three Months Ended</b>	
		<b>31 Mar 2014 RM'000</b>	<b>31 Mar 2013 RM'000</b>	<b>31 Mar 2014 RM'000</b>	<b>31 Mar 2013 RM'000</b>
Interest income	A16	2,481,165	2,247,043	2,481,165	2,247,043
Interest expense	A17	(1,068,751)	(1,031,275)	(1,068,751)	(1,031,275)
Net interest income		1,412,414	1,215,768	1,412,414	1,215,768
Income from Islamic Banking operations	A24(b)	329,896	333,171	329,896	333,171
Net non-interest income	A18	582,997	576,161	582,997	576,161
Net income		2,325,307	2,125,100	2,325,307	2,125,100
Overheads	A19	(1,182,722)	(1,332,350)	(1,182,722)	(1,332,350)
Profit before allowances		1,142,585	792,750	1,142,585	792,750
Allowances for impairment losses on loans, advances and financing	A20	(87,342)	(61,176)	(87,342)	(61,176)
Allowances for losses on other receivables		(163)	(636)	(163)	(636)
Allowances for commitments and contingencies written-back		1,829	1,334	1,829	1,334
Allowances for other impairment losses (made)/written-back		(13,644)	2,524	(13,644)	2,524
		1,043,265	734,796	1,043,265	734,796
Share of results of joint venture		390	2,338	390	2,338
Share of results of associates		27,442	32,438	27,442	32,438
Profit before taxation		1,071,097	769,572	1,071,097	769,572
Taxation		(221,342)	(179,253)	(221,342)	(179,253)
Profit for the financial period		849,755	590,319	849,755	590,319
<b>Profit for the financial period attributable to :</b>					
Owners of the Parent		845,380	587,432	845,380	587,432
Non-controlling interests		4,375	2,887	4,375	2,887
		849,755	590,319	849,755	590,319
<b>Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)</b>	<b>B3</b>	<b>20.46</b>	<b>15.60</b>	<b>20.46</b>	<b>15.60</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

<b>GROUP</b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>1st Quarter Ended</b>	<b>31 Mar 2013</b>	<b>Three Months Ended</b>	<b>31 Mar 2013</b>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	849,755	590,319	849,755	590,319
Other comprehensive (expenses)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	(71,746)	(54,757)	(71,746)	(54,757)
- Net (loss)/gain from change in fair value	(67,928)	3,330	(67,928)	3,330
- Realised gain transferred to statement of income on disposal and impairment	(31,556)	(60,349)	(31,556)	(60,349)
- Income tax effects	28,432	(66)	28,432	(66)
- Currency translation difference	(694)	2,328	(694)	2,328
Net investment hedge	6,455	(7,186)	6,455	(7,186)
Cash flow hedge	3,249	(653)	3,249	(653)
- Net loss from change in fair value	3,104	(653)	3,104	(653)
- Income tax effects	145	-	145	-
Exchange fluctuation reserve	27,096	183,777	27,096	183,777
Share of other comprehensive (expense)/income of associate	(4,426)	5,212	(4,426)	5,212
	<b>(39,372)</b>	<b>126,393</b>	<b>(39,372)</b>	<b>126,393</b>
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	980	-	980	-
- Income tax effects	1,023	-	1,023	-
- Currency translation difference	(43)	-	(43)	-
Other comprehensive (expense)/income for the period, net of tax	<b>(38,392)</b>	<b>126,393</b>	<b>(38,392)</b>	<b>126,393</b>
<b>Total comprehensive income for the financial period</b>	<b>811,363</b>	<b>716,712</b>	<b>811,363</b>	<b>716,712</b>
<b>Total comprehensive income for the financial period attributable to:</b>				
Owners of the Parent	805,768	707,068	805,768	707,068
Non-controlling interests	5,595	9,644	5,595	9,644
	<b>811,363</b>	<b>716,712</b>	<b>811,363</b>	<b>716,712</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three Months Ended	
		31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b><u>BANK</u></b>					
Interest income	A16	2,165,460	2,008,678	2,165,460	2,008,678
Interest expense	A17	(940,388)	(921,850)	(940,388)	(921,850)
Net interest income		1,225,072	1,086,828	1,225,072	1,086,828
Income from Islamic Banking operations	A24(b)	10,844	5,937	10,844	5,937
Net non-interest income	A18	530,883	508,945	530,883	508,945
Overheads	A19	1,766,799 (875,132)	1,601,710 (1,042,871)	1,766,799 (875,132)	1,601,710 (1,042,871)
Profit before allowances		891,667	558,839	891,667	558,839
Allowances for impairment losses on loans, advances and financing	A20	(44,363)	(17,037)	(44,363)	(17,037)
Allowances for losses on other receivables		(356)	(151)	(356)	(151)
Allowances for commitments and contingencies written-back		1,829	1,334	1,829	1,334
Allowances for other impairment losses (made)/written-back		(13,643)	2,287	(13,643)	2,287
Profit before taxation		835,134	545,272	835,134	545,272
Taxation		(168,016)	(116,269)	(168,016)	(116,269)
Profit for the financial period		667,118	429,003	667,118	429,003
<b>Earnings per share - basic (sen)</b>	B3	16.15	11.40	16.15	11.40

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**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

<b><u>BANK</u></b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>1st Quarter Ended</b>	<b>1st Quarter Ended</b>	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	667,118	429,003	667,118	429,003
Other comprehensive (expense)/income:				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Revaluation reserve of financial investments available-for-sale	(73,804)	(54,496)	(73,804)	(54,496)
- Net (loss)/gain from change in fair value	(88,967)	2,148	(88,967)	2,148
- Realised gain transferred to statement of income on disposal and impairment	(10,589)	(57,107)	(10,589)	(57,107)
- Income tax effects	26,460	(430)	26,460	(430)
- Currency translation difference	(708)	893	(708)	893
Net investment hedge	(21,659)	(7,185)	(21,659)	(7,185)
Cash flow hedge	3,249	(653)	3,249	(653)
- Net loss from change in fair value	3,104	(653)	3,104	(653)
- Income tax effects	145	-	145	-
Exchange fluctuation reserve	3,181	742	3,181	742
Other comprehensive expense for the financial period, net of tax	(89,033)	(61,592)	(89,033)	(61,592)
<b>Total comprehensive income for the financial period</b>	<b>578,085</b>	<b>367,411</b>	<b>578,085</b>	<b>367,411</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

The Group	← Attributable to owners of the Parent →																
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>At 1 January 2014</b>	4,131,410	29,740	6,402,610	5,121,848	98,846	144,792	(1,085,928)	735,457	(126,490)	1,743,883	44,877	(5,129)	5,879,939	23,115,855	200,000	334,938	23,650,793
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	845,380	845,380	-	4,375	849,755
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	25,941	(76,236)	-	-	9,704	-	(1)	980	-	(39,612)	-	1,220	(38,392)
- financial investments available-for-sale	-	-	-	-	-	(71,810)	-	-	-	-	-	-	-	(71,810)	-	64	(71,746)
- net investment hedge	-	-	-	-	-	-	-	6,455	-	-	-	-	-	6,455	-	-	6,455
- cash flow hedge	-	-	-	-	-	-	-	3,249	-	-	-	-	-	3,249	-	-	3,249
- currency translation difference	-	-	-	-	25,941	-	-	-	-	-	(1)	-	-	25,940	-	1,156	27,096
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	980	-	980	-	-	980
- share of other comprehensive expense of associate	-	-	-	-	-	(4,426)	-	-	-	-	-	-	-	(4,426)	-	-	(4,426)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	25,941	(76,236)	-	-	9,704	-	(1)	980	845,380	805,768	-	5,595	811,363
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	71,584	-	-	(71,584)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	13,026	-	-	13,026	-	-	13,026
Second interim dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	-	(752,007)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(32,044)	-	-	(32,044)	-	-	(32,044)
Issue of shares from rights issue	1	-	5	-	-	-	-	-	-	-	-	-	-	6	-	-	6
<b>At 31 March 2014</b>	<b>4,131,411</b>	<b>29,740</b>	<b>6,402,615</b>	<b>5,121,848</b>	<b>124,787</b>	<b>68,556</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>(116,786)</b>	<b>1,815,467</b>	<b>25,858</b>	<b>(4,149)</b>	<b>5,901,728</b>	<b>23,150,604</b>	<b>200,000</b>	<b>340,533</b>	<b>23,691,137</b>
<b>At 1 January 2013</b>	3,764,469	29,740	5,033,633	4,494,970	(67,331)	667,987	(1,085,928)	735,457	20,590	1,173,577	23,360	(2,605)	5,682,990	20,470,909	200,000	317,649	20,988,558
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	587,432	587,432	-	2,887	590,319
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	177,913	(49,748)	-	-	(7,839)	-	(690)	-	-	119,636	-	6,757	126,393
- financial investments available-for-sale	-	-	-	-	-	(54,960)	-	-	-	-	-	-	-	(54,960)	-	203	(54,757)
- net investment hedge	-	-	-	-	-	-	-	(7,186)	-	-	-	-	-	(7,186)	-	-	(7,186)
- cash flow hedge	-	-	-	-	-	-	-	(653)	-	-	-	-	-	(653)	-	-	(653)
- currency translation difference	-	-	-	-	177,913	-	-	-	-	-	(690)	-	-	177,223	-	6,554	183,777
- share of other comprehensive income of associate	-	-	-	-	-	5,212	-	-	-	-	-	-	-	5,212	-	-	5,212
Total comprehensive income/(expenses) for the financial period	-	-	-	-	177,913	(49,748)	-	-	(7,839)	-	(690)	-	587,432	707,068	-	9,644	716,712
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	83,006	-	-	(83,006)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	7,269	-	-	7,269	-	-	7,269
Second interim dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	-	(959,000)	(959,000)	-	-	(959,000)
<b>At 31 March 2013</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>4,494,970</b>	<b>110,582</b>	<b>618,239</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>12,751</b>	<b>1,256,583</b>	<b>29,939</b>	<b>(2,605)</b>	<b>5,228,416</b>	<b>20,226,246</b>	<b>200,000</b>	<b>327,293</b>	<b>20,753,539</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	← Non-distributable →										Distributable			Total Equity RM'000
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	
<b>The Bank</b>														
<b>At 1 January 2014</b>	<b>4,131,410</b>	<b>29,740</b>	<b>6,402,610</b>	<b>4,499,957</b>	<b>113,706</b>	<b>125,231</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(37,961)</b>	<b>1,513,795</b>	<b>43,871</b>	<b>3,300,141</b>	<b>200,000</b>	<b>20,021,480</b>
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	667,118	-	667,118
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	3,185	(73,804)	-	-	(18,410)	-	(4)	-	-	(89,033)
- financial investments available-for-sale	-	-	-	-	-	(73,804)	-	-	-	-	-	-	-	(73,804)
- net investment hedge	-	-	-	-	-	-	-	-	(21,659)	-	-	-	-	(21,659)
- cash flow hedge	-	-	-	-	-	-	-	-	3,249	-	-	-	-	3,249
- currency translation difference	-	-	-	-	3,185	-	-	-	-	-	(4)	-	-	3,181
Total comprehensive income/(expenses) for the financial period	-	-	-	-	3,185	(73,804)	-	-	(18,410)	-	(4)	667,118	-	578,085
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	54,844	-	(54,844)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	12,748	-	-	12,748
Second interim dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(752,007)	-	(752,007)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(31,333)	-	-	(31,333)
Issue of shares from rights issue	1	-	5	-	-	-	-	-	-	-	-	-	-	6
<b>At 31 March 2014</b>	<b>4,131,411</b>	<b>29,740</b>	<b>6,402,615</b>	<b>4,499,957</b>	<b>116,891</b>	<b>51,427</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(56,371)</b>	<b>1,568,639</b>	<b>25,282</b>	<b>3,160,408</b>	<b>200,000</b>	<b>19,828,979</b>
<b>At 1 January 2013</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,964,469</b>	<b>33,074</b>	<b>584,892</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>109,119</b>	<b>930,953</b>	<b>22,817</b>	<b>3,875,514</b>	<b>200,000</b>	<b>18,247,660</b>
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	429,003	-	429,003
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	1,444	(54,496)	-	-	(7,838)	-	(702)	-	-	(61,592)
- financial investments available-for-sale	-	-	-	-	-	(54,496)	-	-	-	-	-	-	-	(54,496)
- net investment hedge	-	-	-	-	-	-	-	-	(7,185)	-	-	-	-	(7,185)
- cash flow hedge	-	-	-	-	-	-	-	-	(653)	-	-	-	-	(653)
- currency translation difference	-	-	-	-	1,444	-	-	-	-	-	(702)	-	-	742
Total comprehensive income/(expenses) for the financial period	-	-	-	-	1,444	(54,496)	-	-	(7,838)	-	(702)	429,003	-	367,411
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	73,632	-	(73,632)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	7,109	-	-	7,109
Second interim dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(959,000)	-	(959,000)
<b>At 31 March 2013</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,964,469</b>	<b>34,518</b>	<b>530,396</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>101,281</b>	<b>1,004,585</b>	<b>29,224</b>	<b>3,271,885</b>	<b>200,000</b>	<b>17,663,180</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

**CIMB BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Group		Bank	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Profit before taxation	1,071,097	769,572	835,134	545,272
Adjustments for non-operating and non-cash items	<b>(304,871)</b>	293,883	<b>(239,798)</b>	198,639
Operating profit before changes in working capital	<b>766,226</b>	1,063,455	<b>595,336</b>	743,911
Net changes in operating assets	<b>(2,487,826)</b>	(14,508,825)	<b>(1,853,335)</b>	(10,780,946)
Net changes in operating liabilities	<b>4,064,384</b>	19,125,780	<b>4,838,394</b>	17,454,996
	<b>1,576,558</b>	4,616,955	<b>2,985,059</b>	6,674,050
Cash flows generated from operations	<b>2,342,784</b>	5,680,410	<b>3,580,395</b>	7,417,961
Taxation paid	<b>(264,076)</b>	(306,562)	<b>(205,792)</b>	(241,249)
Net cash flows generated from operating activities	<b>2,078,708</b>	5,373,848	<b>3,374,603</b>	7,176,712
Net cash flows (used in)/generated from investing activities	<b>(2,849,933)</b>	311,678	<b>(1,530,172)</b>	401,873
Net cash flows used in financing activities	<b>(396,413)</b>	(1,077,479)	<b>(937,587)</b>	(1,947,060)
Net (decrease)/increase in cash and cash equivalents	<b>(1,167,638)</b>	4,608,047	<b>906,844</b>	5,631,525
Effects of exchange rate changes	<b>15,779</b>	58,059	<b>(13,342)</b>	7,102
Cash and cash equivalents at the beginning of financial period	<b>24,941,166</b>	22,978,876	<b>18,467,152</b>	16,939,905
Cash and cash equivalents at end of financial period	<b>23,789,307</b>	27,644,982	<b>19,360,654</b>	22,578,532

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial period ended 31 March 2014 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties, non-current assets/disposal groups held for sale and financial liabilities designated at fair value that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2013.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2014:

Amendment to MFRS 132 "Financial instruments: Presentation"

Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment entities"

Amendment to MFRS 139 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting  
IC Interpretation 21 "Levies"

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Bank.

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

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

## **PART A - EXPLANATORY NOTES**

### **A2. CHANGES IN ESTIMATES**

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

### **A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

a) On 27 March 2014, CIMB Thai Bank, a subsidiary of the Bank, has exercised its option to early redeem all cumulative hybrid instruments amounting to Baht 2,500 million, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 53/2557 about the pre-redemption of cumulative hybrid instruments.

b) During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounted to THB2.7 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% - 5.0 % per annum variable to index of THBFIX 6 months, payable semi annually.

Subsequent to period end, CIMB Thai Bank issued various unsecured structured debentures amounted to THB1.6 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% - 4.8 % per annum variable to index of THBFIX 6 months, payable semi annually.

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

During and subsequent to financial period, CIMB Thai Bank has early redeemed structured debentures amounted to THB2.4 billion and THB902 million respectively.

c) On 31 March 2014, CIMB Islamic Bank ("CIMB Islamic"), a wholly-owned subsidiary of CIMB Bank, completed its first issuance of a RM150 million Basel III compliant Perpetual Preference Shares ("PPS") to CIMB Bank. The issuance was approved by the Board of Directors of CIMB Islamic and CIMB Bank on 11 November and 13 November 2013 respectively. The issuance was subsequently approved by CIMB Islamic's shareholder and BNM on 9 January 2014 and 20 March 2014 respectively.

The RM150 million PPS qualifies as Additional Tier 1 capital for the purpose of the Tier I capital ratio and Total capital ratio computation of CIMB Islamic. The capital instrument issued is perpetual, only callable from 5 years onwards subject to conditions imposed and approval required by BNM. The proceeds of the PPS shall be made available to CIMB Islamic, without limitation for its working capital, general banking and other corporate purposes if required.

d) On 23 January 2014, CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of CIMB bank, completed a private placement of ordinary shares of approximately RM3,550 million. Pursuant to completion of the private placement, CIMB Group proposed to inject into the Bank, cash of RM2,183 million via rights issue. The rights issue was done on basis of 1 rights share for every 9.07 existing ordinary shares of the Bank.

The rights issue was approved by the shareholder of the Bank on 19 March 2014. The rights issue was completed on 8 April 2014 with issuance of 455,742,954 units of new CIMB Bank ordinary shares of RM1.00 each.

e) On 14 May 2014, CIMB Bank issued HKD300 million 5-year senior unsecured fixed rate notes (the "Notes") under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 14 May 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.70% per annum payable annually in arrear.

## **PART A - EXPLANATORY NOTES**

### **A4. DIVIDENDS PAID**

A single tier second interim dividend of approximately 25.29 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM752 million in respect of the financial year ended 31 December 2013, was approved by the Board of Directors on 10 February 2014, which was paid on 21 March 2014.

No dividend has been proposed during the financial period ended 31 March 2014.

### **A5. STATUS OF CORPORATE PROPOSAL**

There were no corporate proposals proposed or entered into during the financial period ended 31 March 2014.

### **A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities that had occurred between 31 March 2014 and the date of this announcement .

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A7. FINANCIAL ASSETS HELD FOR TRADING**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	281,838	422,188	281,838	422,188
Cagamas bonds	9,945	14,891	9,945	14,891
Malaysian Government treasury bills	94,779	75,075	89,916	75,075
Other Government securities	5,031,770	4,197,517	5,031,770	4,197,517
Bank Negara Malaysia Monetary Notes	3,512,412	3,638,917	948,652	1,454,575
Bankers' acceptances and Islamic accepted bills	980,524	345,728	980,524	345,728
Negotiable instruments of deposit	2,951,306	1,874,343	1,937,342	1,125,975
Credit-linked notes	49,252	49,347	49,252	49,347
Commercial papers	440,533	362,189	440,533	362,189
Government Investment Issue	65,292	106,451	49,420	78,804
	<u>13,417,651</u>	<u>11,086,646</u>	<u>9,819,192</u>	<u>8,126,289</u>
<b>Quoted securities</b>				
<b><u>In Malaysia</u></b>				
Shares	1,862,202	1,532,268	1,862,202	1,532,268
	<u>1,862,202</u>	<u>1,532,268</u>	<u>1,862,202</u>	<u>1,532,268</u>
<b><u>Outside Malaysia</u></b>				
Private debt securities	143,331	122,429	-	-
Other Government bonds	612,134	906,725	-	-
	<u>755,465</u>	<u>1,029,154</u>	<u>-</u>	<u>-</u>
<b>Unquoted securities</b>				
<b><u>In Malaysia</u></b>				
Shares	6,708	6,716	6,708	6,716
Private and Islamic debt securities	5,019,859	5,325,099	4,775,233	5,118,247
	<u>5,026,567</u>	<u>5,331,815</u>	<u>4,781,941</u>	<u>5,124,963</u>
<b><u>Outside Malaysia</u></b>				
Private and Islamic debt securities	2,627,354	2,791,653	2,627,354	2,791,653
Shares	66,678	66,332	-	-
	<u>23,755,917</u>	<u>21,837,868</u>	<u>19,090,689</u>	<u>17,575,173</u>
Total financial assets held-for-trading	<u>23,755,917</u>	<u>21,837,868</u>	<u>19,090,689</u>	<u>17,575,173</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	597,766	656,270	580,038	621,477
Khazanah bonds	331,521	322,874	315,652	322,874
Government Investment Issue	2,497,124	2,518,856	2,167,582	2,141,065
Other Government securities	227,776	254,035	227,776	254,035
Other Government treasury bills	27,146	27,052	27,146	27,052
Cagamas bonds	233,593	239,735	208,206	214,244
	<b>3,914,926</b>	<b>4,018,822</b>	<b>3,526,400</b>	<b>3,580,747</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	808	27	808	27
Other Government bonds	3,494,688	2,363,788	-	-
Unit trusts	73,750	72,728	-	-
Private debt securities	274,296	255,070	-	-
	<b>3,843,542</b>	<b>2,691,613</b>	<b>808</b>	<b>27</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Private debt securities	13,837,158	13,580,740	12,871,721	12,727,179
Shares	924,781	924,266	915,779	915,779
Loan stocks	10,433	10,433	10,433	10,433
	<b>14,772,372</b>	<b>14,515,439</b>	<b>13,797,933</b>	<b>13,653,391</b>
<u>Outside Malaysia</u>				
Shares	26,545	27,511	794	1,028
Private equity funds	389,474	384,807	261,415	257,211
Private debt securities	4,387,795	4,754,200	4,386,847	4,754,199
	<b>4,803,814</b>	<b>5,166,518</b>	<b>4,649,056</b>	<b>5,012,438</b>
	<b>27,334,654</b>	<b>26,392,392</b>	<b>21,974,197</b>	<b>22,246,603</b>
Allowance for impairment losses:				
Private debt securities	(65,465)	(67,110)	(65,465)	(67,110)
Private equity funds	(48,174)	(33,126)	(44,552)	(29,493)
Quoted shares	(648)	-	(648)	-
Unquoted shares	(96,023)	(95,841)	(73,821)	(73,821)
Loan stocks	(10,433)	(10,433)	(10,433)	(10,433)
Unit trusts	(389)	(386)	-	-
	<b>(221,132)</b>	<b>(206,896)</b>	<b>(194,919)</b>	<b>(180,857)</b>
Total financial investments available-for-sale	<b>27,113,522</b>	<b>26,185,496</b>	<b>21,779,278</b>	<b>22,065,746</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Money market instruments :</b>				
<b>Unquoted</b>				
Malaysian Government Securities	972,668	802,446	972,668	802,446
Malaysian Government Investment Issue	1,258,605	808,104	1,258,605	808,104
Other Government securities	779,681	780,810	779,681	780,810
Cagamas bonds	191,719	160,997	191,719	160,997
Khazanah bonds	237,968	66,736	225,289	66,736
	<u>3,440,641</u>	<u>2,619,093</u>	<u>3,427,962</u>	<u>2,619,093</u>
<b>Quoted securities</b>				
<b>Outside Malaysia</b>				
Private debt securities	1,881,445	1,637,403	-	-
	<u>1,881,445</u>	<u>1,637,403</u>	<u>-</u>	<u>-</u>
<b>Unquoted securities</b>				
<b>In Malaysia</b>				
Loans stocks	27,388	27,388	-	-
Private debt securities	5,549,632	4,477,636	4,899,739	3,876,918
	<u>5,577,020</u>	<u>4,505,024</u>	<u>4,899,739</u>	<u>3,876,918</u>
<b>Outside Malaysia</b>				
Private debt securities	1,037,584	1,117,503	1,036,570	1,116,501
Accretion of discount net of amortisation of premium	(27,413)	(22,698)	(26,333)	(21,985)
Less : Allowance for impairment losses	(27,520)	(27,519)	-	-
Total financial investments held-to-maturity	<u>11,881,757</u>	<u>9,828,806</u>	<u>9,337,938</u>	<u>7,590,527</u>

Included in the financial investments held-to-maturity of the Group as at 31 March 2014 are 10-year promissory notes of THB9 million (2013: THB9 million) maturing between 2014 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. During the previous financial year, CIMB Bank Thai has recognised a gain of approximately RM113 million arising from the sharing agreement.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>(i) By type of financing</b>				
<b>At amortised cost</b>				
Overdrafts	5,323,366	5,498,157	3,981,437	4,122,209
Term loans/financing				
- Housing loan/financing	51,819,878	50,418,831	38,461,757	37,496,022
- Syndicated term loan	14,123,824	13,909,892	13,595,917	13,403,780
- Other term loans/financing	72,165,319	74,136,477	48,524,506	50,642,650
- Factoring receivables	13,531	22,312	-	-
- Lease receivables	48,529	52,638	-	-
- Hire purchase receivables	14,715,000	14,428,652	6,702,395	6,264,561
Bills receivable	9,730,365	9,198,490	6,882,536	6,327,629
Trust receipts	1,602,863	1,986,719	631,497	652,172
Claim on customers under acceptance credit	3,191,323	3,397,107	2,899,310	3,024,575
Staff loans	465,738	452,395	396,379	385,390
Credit card receivables	5,229,711	5,344,131	5,129,710	5,239,682
Revolving credit	11,255,500	9,424,452	8,609,558	7,239,751
Share margin financing	766,884	720,691	755,100	704,250
Gross loans, advances and financing	<u>190,451,831</u>	<u>188,990,944</u>	<u>136,570,102</u>	<u>135,502,671</u>
Fair value changes arising from fair value hedges	148,804	140,453	97,164	102,195
	<u>190,600,635</u>	<u>189,131,397</u>	<u>136,667,266</u>	<u>135,604,866</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	<u>(1,680,928)</u>	<u>(1,767,230)</u>	<u>(1,427,562)</u>	<u>(1,526,098)</u>
- Portfolio impairment allowance	<u>(1,959,820)</u>	<u>(1,933,552)</u>	<u>(1,279,106)</u>	<u>(1,245,458)</u>
	<u>(3,640,748)</u>	<u>(3,700,782)</u>	<u>(2,706,668)</u>	<u>(2,771,556)</u>
Total net loans, advances and financing	<u>186,959,887</u>	<u>185,430,615</u>	<u>133,960,598</u>	<u>132,833,310</u>

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM54 million (2013: RM57 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,079 million (2013: RM8,182 million) and RM1,685million (2013: RM1,788 million) respectively, using interest rate swaps.

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross loan hedged	<b>8,078,616</b>	8,181,776	<b>1,684,861</b>	1,788,383
Fair value changes arising from fair value hedges	<b>148,804</b>	140,453	<b>97,164</b>	102,195
	<b><u>8,227,420</u></b>	<u>8,322,229</u>	<b><u>1,782,025</u></b>	<u>1,890,578</u>

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 31 March 2014 were RM166 million (2013: RM101 million) and RM36 million (2013: RM34 million) respectively.

(c) As part of an arrangement with CIMB Islamic in relation to the Restricted Profit Sharing Investment Accounts ("RPSIA"), the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 31 March 2014, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM2,510 million (2013: RM2,476 million) and RM11.2 million (2013: RM11.3 million) respectively.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>				
Domestic banking institutions	<b>1,658,126</b>	1,707,606	<b>1,626,956</b>	1,673,733
Domestic non-bank financial institutions				
- Stockbroking companies	<b>10,022</b>	10,210	<b>10,022</b>	10,210
- others	<b>2,572,552</b>	2,572,679	<b>816,147</b>	811,748
Domestic business enterprises				
- small medium enterprises	<b>13,465,180</b>	12,439,147	<b>9,284,855</b>	9,552,603
- others	<b>36,505,191</b>	35,983,520	<b>24,534,284</b>	21,941,915
Government and statutory bodies	<b>8,911,885</b>	11,885,181	<b>2,105,272</b>	5,133,700
Individuals	<b>101,123,811</b>	98,484,803	<b>73,385,292</b>	71,021,672
Other domestic entities	<b>1,273,888</b>	223,211	<b>156,673</b>	117,820
Foreign entities	<b>24,931,176</b>	25,684,587	<b>24,650,601</b>	25,239,270
Gross loans, advances and financing	<b><u>190,451,831</u></b>	<u>188,990,944</u>	<b><u>136,570,102</u></b>	<u>135,502,671</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>(iii) By interest/profit rate sensitivity</b>				
Fixed rate				
- Housing loans/ financing	1,795,553	1,697,993	992,950	918,107
- Hire purchase receivables	14,703,942	14,414,001	6,682,658	6,242,650
- Other fixed rate loans	28,904,116	32,187,877	16,033,706	18,864,708
Variable rate				
- BLR plus	82,502,275	79,352,093	68,994,348	66,094,967
- Cost-plus	28,711,478	27,402,289	22,222,021	21,269,784
- Other variable rates	33,834,467	33,936,691	21,644,419	22,112,455
Gross loans, advances and financing	<u>190,451,831</u>	<u>188,990,944</u>	<u>136,570,102</u>	<u>135,502,671</u>
<b>(iv) By economic purpose</b>				
Personal use	7,776,586	7,931,464	2,984,826	3,114,867
Credit cards	5,229,711	5,344,131	5,129,710	5,239,682
Purchase of consumer durables	246,439	170,389	228,853	152,394
Construction	7,355,148	7,139,816	3,605,516	3,590,808
Residential property (housing)	52,765,678	50,780,646	39,310,546	37,761,385
Non-residential property	18,366,737	17,775,165	15,081,830	14,568,495
Purchase of fixed assets other than land and buildings	3,024,216	2,915,178	2,506,965	2,371,977
Mergers and acquisitions	4,344,989	5,410,650	4,343,830	5,409,407
Purchase of securities	15,326,892	14,336,939	15,314,738	14,315,100
Purchase of transport vehicles	14,838,456	14,489,405	6,949,299	6,455,672
Working capital	47,878,684	47,207,201	35,025,252	34,205,710
Other purposes	13,298,295	15,489,960	6,088,737	8,317,174
Gross loans, advances and financing	<u>190,451,831</u>	<u>188,990,944</u>	<u>136,570,102</u>	<u>135,502,671</u>
<b>(v) By geographical distribution</b>				
Malaysia	142,248,873	140,617,289	106,382,780	104,944,286
Indonesia	2,546,799	1,886,152	2,534,373	1,833,295
Thailand	17,931,841	17,731,310	527,792	568,534
Singapore	17,971,496	18,551,524	17,971,496	18,551,524
United Kingdom	613,704	1,152,021	613,704	1,152,021
Hong Kong	597,183	636,761	597,183	636,761
China	5,797,051	5,672,236	5,797,051	5,672,236
Other countries	2,744,884	2,743,651	2,145,723	2,144,014
Gross loans, advances and financing	<u>190,451,831</u>	<u>188,990,944</u>	<u>136,570,102</u>	<u>135,502,671</u>
<b>(vi) By residual contractual maturity</b>				
Within one year	42,800,146	43,412,675	33,988,274	34,549,208
One year to less than three years	13,192,903	14,945,686	10,460,740	12,151,916
Three years to less than five years	23,693,904	23,436,171	16,225,220	16,211,287
Five years and more	110,764,878	107,196,412	75,895,868	72,590,260
Gross loans, advances and financing	<u>190,451,831</u>	<u>188,990,944</u>	<u>136,570,102</u>	<u>135,502,671</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>(vii) Impaired loans, advances and financing by economic purpose</b>				
Personal use	170,055	150,886	64,095	57,152
Credit cards	81,462	79,870	79,304	77,585
Purchase of consumer durables	759	128	687	56
Construction	1,047,477	1,068,220	1,036,545	1,057,328
Residential property (housing)	855,258	853,432	631,251	658,753
Non-residential property	145,209	167,774	114,327	138,572
Purchase of fixed assets other than land and buildings	7,225	12,402	5,961	5,980
Purchase of securities	132,439	151,740	132,218	151,517
Purchase of transport vehicles	425,476	288,377	211,299	146,097
Working capital	1,104,598	1,163,152	896,951	980,032
Other purposes	325,401	338,962	47,911	58,227
Gross impaired loans	<u>4,295,359</u>	<u>4,274,943</u>	<u>3,220,549</u>	<u>3,331,299</u>
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>				
Malaysia	3,313,457	3,329,154	2,919,382	3,001,533
Indonesia	100,758	101,192	100,758	101,192
Thailand	662,463	598,558	-	615
Singapore	39,196	41,788	39,196	41,788
United Kingdom	2,834	3,636	2,834	3,636
China	89,665	111,869	89,665	111,869
Other countries	86,986	88,746	68,714	70,666
Gross impaired loans	<u>4,295,359</u>	<u>4,274,943</u>	<u>3,220,549</u>	<u>3,331,299</u>
<b>(ix) Movements in impaired loans, advances and financing</b>				
At 1 January	4,274,943	4,541,316	3,331,299	3,692,842
Classified as impaired during the financial period/year	764,085	2,677,680	456,302	1,818,887
Reclassified as not impaired during the financial period/year	(327,073)	(1,190,196)	(239,513)	(879,878)
Amount written back in respect of recoveries	(201,545)	(950,462)	(176,799)	(725,958)
Amount written off	(219,112)	(849,993)	(149,888)	(599,489)
Reclassification from unwinding income	-	21,266	-	-
Exchange fluctuation	4,061	25,332	(852)	24,895
At 31 March/31 December	<u>4,295,359</u>	<u>4,274,943</u>	<u>3,220,549</u>	<u>3,331,299</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.26%</u>	<u>2.26%</u>	<u>2.36%</u>	<u>2.46%</u>

**PART A - EXPLANATORY NOTES (CONTINUED)****A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Individual impairment allowance</b>				
At 1 January	1,767,230	1,902,985	1,526,098	1,652,134
Net allowance (written-back)/made during the financial period/year	(1,426)	104,894	(19,706)	113,315
Allowance written-back and charged to deferred assets	(64)	(959)	(64)	(959)
Amount written off	(85,702)	(284,604)	(78,214)	(260,011)
Amount transferred (to)/from portfolio impairment allowance	(196)	1,043	-	-
Unwinding income	-	21,266	-	-
Exchange fluctuation	1,086	22,605	(552)	21,619
At 31 March/31 December	<u>1,680,928</u>	<u>1,767,230</u>	<u>1,427,562</u>	<u>1,526,098</u>
<b>Portfolio impairment allowance</b>				
At 1 January	1,933,552	1,841,225	1,245,458	1,255,788
Net allowance made during the financial period/year	154,649	652,951	105,443	330,086
Allowance made and charged to deferred assets	115	258	115	258
Amount written off	(131,015)	(557,542)	(71,839)	(339,965)
Amount transferred from/(to) individual impairment allowance	196	(1,043)	-	-
Amount transferred to a subsidiary	-	-	-	(2,715)
Exchange fluctuation	2,323	(2,297)	(71)	2,006
At 31 March/31 December	<u>1,959,820</u>	<u>1,933,552</u>	<u>1,279,106</u>	<u>1,245,458</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>

**PART A - EXPLANATORY NOTES (CONTINUED)****A11. OTHER ASSETS**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Deferred assets	78,717	83,017	78,717	83,017
Foreclosed properties	137,496	136,348	-	-
Option premium receivables	193,591	193,721	193,591	193,721
Collateral pledged for derivative transactions	1,355,796	1,582,685	1,160,334	1,269,613
Other debtors, deposits and prepayments	3,145,243	1,485,468	2,945,085	1,000,429
	<u>4,910,843</u>	<u>3,481,239</u>	<u>4,377,727</u>	<u>2,546,780</u>

**A12. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>(i) By type of deposit</b>				
Demand deposits	51,672,206	50,785,507	41,975,817	42,008,751
Saving deposits	21,626,134	20,732,042	15,489,130	14,660,351
Fixed deposits	85,456,698	86,918,072	57,762,969	59,716,950
Negotiable instruments of deposit	5,654,584	6,434,760	821,968	529,467
Others	56,453,523	55,377,309	40,723,400	39,199,512
	<u>220,863,145</u>	<u>220,247,690</u>	<u>156,773,284</u>	<u>156,115,031</u>
<b>(ii) By type of customer</b>				
Government and statutory bodies	9,006,785	9,634,958	4,645,606	4,775,912
Business enterprises	90,119,492	87,597,022	59,305,084	57,113,656
Individuals	75,598,148	74,352,611	59,668,052	59,370,640
Others	46,138,720	48,663,099	33,154,542	34,854,823
	<u>220,863,145</u>	<u>220,247,690</u>	<u>156,773,284</u>	<u>156,115,031</u>
<b>(iii) Maturity structure of fixed deposits and negotiable instruments of deposit</b>				
Due within six months	75,668,777	76,680,516	48,071,335	49,568,805
Six months to less than one year	13,099,226	14,416,673	9,218,855	9,279,737
One year to less than three years	1,821,641	1,749,805	802,277	921,019
Three years to less than five years	343,730	203,474	314,562	174,492
Five years and more	177,908	302,364	177,908	302,364
	<u>91,111,282</u>	<u>93,352,832</u>	<u>58,584,937</u>	<u>60,246,417</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>18,404,570</b>	16,528,562	<b>28,695,477</b>	27,221,840
Licensed finance companies	<b>170,644</b>	223,121	<b>23,520</b>	26,044
Licensed investment banks	<b>625,045</b>	785,337	<b>584,621</b>	785,107
Bank Negara Malaysia	<b>520,257</b>	795,996	<b>464,683</b>	795,996
Other financial institutions	<b>2,228,922</b>	1,666,817	<b>2,003,366</b>	1,588,721
	<b><u>21,949,438</u></b>	<u>19,999,833</u>	<b><u>31,771,667</u></b>	<u>30,417,708</u>

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

	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>18,681,353</b>	17,581,373	<b>28,687,090</b>	26,860,150
Six months to less than one year	<b>1,915,274</b>	1,399,598	<b>1,738,816</b>	2,514,835
One year to less than three years	<b>360,305</b>	34,574	<b>353,255</b>	58,435
Three years to less than five years	<b>280,000</b>	357,080	<b>280,000</b>	357,080
Five years and more	<b>712,506</b>	627,208	<b>712,506</b>	627,208
	<b><u>21,949,438</u></b>	<u>19,999,833</u>	<b><u>31,771,667</u></b>	<u>30,417,708</u>

### **A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	<b>2,511,058</b>	2,132,170	<b>2,315,674</b>	1,985,954

The Group and the Bank have 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, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM2,655,338,000 (2013: RM2,253,559,000) and RM151,588,000 (2013: RM151,118,000) and RM4,013,000 (2013: RMNil) respectively for the Group, and RM2,601,820,000 (2013: RM2,249,997,000) individual customers deposits for the Bank.

The carrying amount of the Group and the Bank at 31 March 2014 of financial liabilities designated at fair value were RM299,881,000 (2013: RM272,507,000) and RM286,146,000 (2013: RM264,043,000) respectively 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.

### **A15. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	<b>20,562</b>	40,757	<b>20,562</b>	40,757
Accrued employee benefits	<b>18,341</b>	19,847	<b>18,324</b>	17,688
Post employment benefit obligations	<b>184,683</b>	135,791	<b>73,086</b>	26,031
Sundry creditors	<b>1,816,425</b>	907,577	<b>1,547,905</b>	860,335
Expenditure payable	<b>966,599</b>	1,169,113	<b>828,022</b>	974,302
Allowance for commitments and contingencies	<b>13,181</b>	13,824	<b>664</b>	2,492
Provision for legal claims	<b>81,478</b>	81,970	<b>63,765</b>	63,536
Credit card expenditure payable	<b>95,525</b>	91,183	<b>94,036</b>	91,183
Call deposit borrowing	<b>769,515</b>	926,272	<b>742,127</b>	787,817
Others	<b>721,267</b>	592,330	<b>575,422</b>	313,800
	<b><u>4,687,576</u></b>	<u>3,978,664</u>	<b><u>3,963,913</u></b>	<u>3,177,941</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A16. INTEREST INCOME**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Group</b>				
Loans and advances				
- interest income	1,889,075	1,618,890	1,889,075	1,618,890
- unwinding income <sup>^</sup>	13,003	16,143	13,003	16,143
Money at call and deposits with financial institutions	113,552	129,704	113,552	129,704
Reverse repurchase agreements	35,608	71,887	35,608	71,887
Financial assets held for trading	118,527	102,627	118,527	102,627
Financial investments available-for-sale	226,028	202,816	226,028	202,816
Financial investments held-to-maturity	87,878	75,106	87,878	75,106
Others	-	2,012	-	2,012
	<u>2,483,671</u>	<u>2,219,185</u>	<u>2,483,671</u>	<u>2,219,185</u>
Accretion of discount less amortisation of premium	(2,506)	27,858	(2,506)	27,858
	<u>2,481,165</u>	<u>2,247,043</u>	<u>2,481,165</u>	<u>2,247,043</u>
<b>Bank</b>				
Loans and advances				
- interest income	1,570,999	1,348,120	1,570,999	1,348,120
- unwinding income <sup>^</sup>	12,202	14,552	12,202	14,552
Money at call and deposits with financial institutions	160,175	199,715	160,175	199,715
Reverse repurchase agreements	29,398	66,170	29,398	66,170
Financial assets held for trading	112,566	98,980	112,566	98,980
Financial investments available-for-sale	208,617	194,986	208,617	194,986
Financial investments held-to-maturity	73,329	56,043	73,329	56,043
Others	-	2,012	-	2,012
	<u>2,167,286</u>	<u>1,980,578</u>	<u>2,167,286</u>	<u>1,980,578</u>
Accretion of discount less amortisation of premium	(1,826)	28,100	(1,826)	28,100
	<u>2,165,460</u>	<u>2,008,678</u>	<u>2,165,460</u>	<u>2,008,678</u>

<sup>^</sup> Unwinding income is income earned on impaired loans, advances and financing.

**PART A - EXPLANATORY NOTES (CONTINUED)****A17. INTEREST EXPENSE**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits and placements of banks and other financial institutions	45,038	28,870	45,038	28,870
Deposits from other customers	812,168	788,968	812,168	788,968
Repurchase agreements	17,064	40,624	17,064	40,624
Financial liabilities designated at fair value	18,297	4,303	18,297	4,303
Negotiable certificates of deposits	34,048	26,566	34,048	26,566
Bonds and debentures	35,738	18,289	35,738	18,289
Redeemable preference shares	10,917	10,202	10,917	10,202
Subordinated obligations	85,059	96,545	85,059	96,545
Other borrowings	10,422	16,908	10,422	16,908
	<u>1,068,751</u>	<u>1,031,275</u>	<u>1,068,751</u>	<u>1,031,275</u>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	69,660	43,869	69,660	43,869
Deposits from other customers	694,733	691,701	694,733	691,701
Repurchase agreements	10,251	40,553	10,251	40,553
Financial liabilities designated at fair value	18,297	4,303	18,297	4,303
Negotiable certificates of deposits	31,641	26,000	31,641	26,000
Bonds and debentures	10,253	6,631	10,253	6,631
Subordinated obligations	97,076	98,637	97,076	98,637
Other borrowings	8,477	10,156	8,477	10,156
	<u>940,388</u>	<u>921,850</u>	<u>940,388</u>	<u>921,850</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A18. NET NON-INTEREST INCOME**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net fee and commission income</b>				
Commissions	65,347	49,749	65,347	49,749
Fee on loans and advances	154,514	115,215	154,514	115,215
Service charges and fees	104,274	99,485	104,274	99,485
Guarantee fees	17,272	11,823	17,272	11,823
Other fee income	55,657	52,365	55,657	52,365
Fee and commission income	397,064	328,637	397,064	328,637
Fee and commission expense	(84,932)	(75,638)	(84,932)	(75,638)
Net fee and commission income	312,132	252,999	312,132	252,999
<b>Gross dividend income from:</b>				
Financial assets held for trading	3,043	2,858	3,043	2,858
Financial investments available-for-sale	6,225	8,848	6,225	8,848
	9,268	11,706	9,268	11,706
<b>Net gain/(loss) arising from financial assets held for trading:</b>				
- realised loss	(52,814)	(14,666)	(52,814)	(14,666)
- unrealised gain/(loss)	84,863	(47,557)	84,863	(47,557)
	32,049	(62,223)	32,049	(62,223)
<b>Net gain arising from derivative financial instrument</b>				
- realised (loss)/gain	(20,619)	285,953	(20,619)	285,953
- unrealised gain/(loss)	380,747	(50,151)	380,747	(50,151)
	360,128	235,802	360,128	235,802
<b>Net gain arising from financial liabilities designated at fair value</b>				
- realised loss	(14,712)	(174)	(14,712)	(174)
- unrealised gain	22,106	53,077	22,106	53,077
	7,394	52,903	7,394	52,903
<b>Net gain/(loss) arising from hedging derivatives</b>	4,908	(13,168)	4,908	(13,168)
<b>Net gain from sale of financial investments available-for-sale</b>	31,556	60,349	31,556	60,349
<b>Net gain from sale of financial investments held-to-maturity</b>	2,596	44,664	2,596	44,664
<b>Other non-interest income</b>				
Foreign exchange loss	(180,057)	(21,286)	(180,057)	(21,286)
Rental income	2,679	2,570	2,679	2,570
(Loss)/gain on disposal of property, plant and equipment/assets held for sale	(1,385)	1,975	(1,385)	1,975
Loss on disposal of foreclosed properties	(15,333)	(6,861)	(15,333)	(6,861)
Others	17,062	16,731	17,062	16,731
	(177,034)	(6,871)	(177,034)	(6,871)
	582,997	576,161	582,997	576,161

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A18. NET NON-INTEREST INCOME (CONTINUED)**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Bank</b>				
<b>Net fee and commission income</b>				
Commissions	53,254	43,019	53,254	43,019
Fee on loans and advances	154,492	115,194	154,492	115,194
Service charges and fees	96,520	89,314	96,520	89,314
Guarantee fees	14,193	9,013	14,193	9,013
Other fee income	42,052	34,071	42,052	34,071
Fee and commission income	360,511	290,611	360,511	290,611
Fee and commission expense	(84,932)	(75,638)	(84,932)	(75,638)
Net fee and commission income	275,579	214,973	275,579	214,973
<b>Gross dividend income from:</b>				
Financial assets held for trading	3,043	2,858	3,043	2,858
Financial investments available-for-sale	4,467	627	4,467	627
	7,510	3,485	7,510	3,485
<b>Net gain/(loss) arising from financial assets held for trading</b>				
- realised loss	(61,080)	(17,728)	(61,080)	(17,728)
- unrealised gain/(loss)	86,469	(47,690)	86,469	(47,690)
	25,389	(65,418)	25,389	(65,418)
<b>Net gain arising from derivative financial instrument</b>				
- realised (loss)/gain	(12,562)	262,252	(12,562)	262,252
- unrealised gain/(loss)	330,077	(2,396)	330,077	(2,396)
	317,515	259,856	317,515	259,856
<b>Net gain arising from financial liabilities designated at fair value</b>				
- realised loss	(14,712)	(174)	(14,712)	(174)
- unrealised gain	22,106	53,077	22,106	53,077
	7,394	52,903	7,394	52,903
<b>Net gain/(loss) arising from hedging derivatives</b>				
	5,082	(11,393)	5,082	(11,393)
<b>Net gain from sale of financial investments available-for-sale</b>				
	10,589	57,107	10,589	57,107
<b>Net gain from sale of financial investments held-to-maturity</b>				
	2,596	44,614	2,596	44,614
<b>Other non-interest income</b>				
Foreign exchange loss	(133,872)	(61,713)	(133,872)	(61,713)
Rental income	1,906	1,716	1,906	1,716
Gain on disposal of property, plant and equipment	49	1,928	49	1,928
Others	11,146	10,887	11,146	10,887
	(120,771)	(47,182)	(120,771)	(47,182)
	530,883	508,945	530,883	508,945

**PART A - EXPLANATORY NOTES (CONTINUED)****A19. OVERHEADS**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	519,361	554,784	519,361	554,784
- Pension costs (defined contribution plan)	48,421	50,838	48,421	50,838
- Pension costs (defined benefit plan)	3,399	3,046	3,399	3,046
- Overtime	4,318	4,143	4,318	4,143
- Staff incentives and other staff payments	37,600	35,841	37,600	35,841
- Medical expenses	19,696	15,572	19,696	15,572
- Others	11,387	13,291	11,387	13,291
	<b>644,182</b>	<b>677,515</b>	<b>644,182</b>	<b>677,515</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	47,841	48,438	47,841	48,438
- Amortisation of prepaid lease payments	72	75	72	75
- Rental	54,960	55,864	54,960	55,864
- Repair and maintenance	73,694	78,347	73,694	78,347
- Outsourced services	36,515	39,908	36,515	39,908
- Security expenses	24,784	25,456	24,784	25,456
- Others	27,697	24,811	27,697	24,811
	<b>265,563</b>	<b>272,899</b>	<b>265,563</b>	<b>272,899</b>
<b>Marketing expenses</b>				
- Sales commission	1,140	813	1,140	813
- Advertisement	35,252	34,128	35,252	34,128
- Others	6,474	5,587	6,474	5,587
	<b>42,866</b>	<b>40,528</b>	<b>42,866</b>	<b>40,528</b>
<b>Administration and general expenses</b>				
- Communication	13,187	13,486	13,187	13,486
- Consultancy and professional fees	6,336	16,725	6,336	16,725
- Legal expenses	2,404	3,313	2,404	3,313
- Stationery	9,548	11,716	9,548	11,716
- Amortisation and impairment of intangible assets	46,673	150,371	46,673	150,371
- Postages	11,078	9,768	11,078	9,768
- Administrative travelling and vehicle expenses	8,556	7,955	8,556	7,955
- Incidental expenses on banking operations	9,183	8,163	9,183	8,163
- Insurance	31,945	26,751	31,945	26,751
- Others	28,428	38,910	28,428	38,910
	<b>167,338</b>	<b>287,158</b>	<b>167,338</b>	<b>287,158</b>
<b>Shared service cost</b>	<b>62,773</b>	<b>54,250</b>	<b>62,773</b>	<b>54,250</b>
	<b>1,182,722</b>	<b>1,332,350</b>	<b>1,182,722</b>	<b>1,332,350</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A19. OVERHEADS (CONTINUED)**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	410,389	457,092	410,389	457,092
- Pension costs (defined contribution plan)	43,502	45,880	43,502	45,880
- Overtime	2,840	2,824	2,840	2,824
- Staff incentives and other staff payments	32,536	30,192	32,536	30,192
- Medical expenses	18,995	14,550	18,995	14,550
- Others	9,543	11,584	9,543	11,584
	<b>517,805</b>	<b>562,122</b>	<b>517,805</b>	<b>562,122</b>
Establishment costs				
- Depreciation of property, plant and equipment	35,562	35,197	35,562	35,197
- Rental	43,601	44,111	43,601	44,111
- Repair and maintenance	67,341	73,239	67,341	73,239
- Outsourced services	54,074	60,232	54,074	60,232
- Security expenses	26,035	26,585	26,035	26,585
- Others	21,627	18,984	21,627	18,984
	<b>248,240</b>	<b>258,348</b>	<b>248,240</b>	<b>258,348</b>
Marketing expenses				
- Sales commission	536	242	536	242
- Advertisement	31,440	29,151	31,440	29,151
- Others	3,314	3,876	3,314	3,876
	<b>35,290</b>	<b>33,269</b>	<b>35,290</b>	<b>33,269</b>
Administration and general expenses				
- Communication	11,578	12,080	11,578	12,080
- Consultancy and professional fees	5,112	13,954	5,112	13,954
- Legal expenses	1,150	2,662	1,150	2,662
- Stationery	7,592	9,697	7,592	9,697
- Amortisation and impairment of intangible assets	42,847	145,707	42,847	145,707
- Postages	7,984	6,768	7,984	6,768
- Administrative travelling and vehicle expenses	6,086	5,684	6,086	5,684
- Incidental expenses on banking operations	5,245	4,804	5,245	4,804
- Insurance	8,690	6,889	8,690	6,889
- Others	9,058	20,729	9,058	20,729
	<b>105,342</b>	<b>228,974</b>	<b>105,342</b>	<b>228,974</b>
Shared service cost	(31,545)	(39,842)	(31,545)	(39,842)
	<b>875,132</b>	<b>1,042,871</b>	<b>875,132</b>	<b>1,042,871</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A20. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Allowances for impaired loans and financing :				
Net allowance (written-back)/made during the financial period				
- Individual impairment allowance	(1,426)	(7,702)	(1,426)	(7,702)
- Portfolio impairment allowance	154,649	155,662	154,649	155,662
Impaired loans and advances :				
- recovered	(71,353)	(87,221)	(71,353)	(87,221)
- written off	5,472	437	5,472	437
	<u>87,342</u>	<u>61,176</u>	<u>87,342</u>	<u>61,176</u>
<b>Bank</b>				
Allowances for bad and doubtful debts and financing :				
Net allowance (written-back)/made during the financial period				
- Individual impairment allowance	(19,706)	3,553	(19,706)	3,553
- Portfolio impairment allowance	105,443	73,580	105,443	73,580
Impaired loans and advances :				
- recovered	(45,214)	(60,154)	(45,214)	(60,154)
- written off	3,840	58	3,840	58
	<u>44,363</u>	<u>17,037</u>	<u>44,363</u>	<u>17,037</u>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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

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

#### (i) Derivative financial instruments

At 31 Mar 2014	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>15,060,360</b>	<b>94,692</b>	<b>(193,274)</b>	<b>12,304,714</b>	<b>80,610</b>	<b>(182,392)</b>
- Up to 1 year	12,851,702	71,985	(113,025)	10,200,488	63,572	(95,961)
- More than 1 year to 3 years	846,705	14,572	(18,504)	809,839	12,644	(18,533)
- More than 3 years	1,361,953	8,135	(61,745)	1,294,387	4,394	(67,898)
Currency swaps	<b>92,115,071</b>	<b>715,085</b>	<b>(481,438)</b>	<b>62,272,463</b>	<b>500,290</b>	<b>(243,946)</b>
- Up to 1 year	91,425,836	685,155	(474,999)	61,709,585	471,690	(237,553)
- More than 1 year to 3 years	425,993	11,437	(3,082)	367,314	13,393	(4,640)
- More than 3 years	263,242	18,493	(3,357)	195,564	15,207	(1,753)
Currency spots	<b>8,600,135</b>	<b>6,407</b>	<b>(8,195)</b>	<b>7,800,717</b>	<b>5,772</b>	<b>(7,165)</b>
- Up to 1 year	8,600,135	6,407	(8,195)	7,800,717	5,772	(7,165)
Currency options	<b>4,683,474</b>	<b>60,934</b>	<b>(54,570)</b>	<b>3,827,953</b>	<b>39,906</b>	<b>(38,177)</b>
- Up to 1 year	3,782,187	30,188	(24,415)	3,385,314	24,599	(22,881)
- More than 1 year to 3 years	515,021	12,593	(12,588)	252,937	6,242	(6,237)
- More than 3 years	386,266	18,153	(17,567)	189,702	9,065	(9,059)
Cross currency interest rate swaps	<b>31,366,256</b>	<b>804,496</b>	<b>(688,115)</b>	<b>23,625,794</b>	<b>687,285</b>	<b>(547,328)</b>
- Up to 1 year	5,025,190	82,238	(69,292)	3,225,684	54,948	(52,439)
- More than 1 year to 3 years	9,670,023	223,027	(259,334)	7,138,814	188,239	(204,691)
- More than 3 years	16,671,043	499,231	(359,489)	13,261,296	444,098	(290,198)
	<b>151,825,296</b>	<b>1,681,614</b>	<b>(1,425,592)</b>	<b>109,831,641</b>	<b>1,313,863</b>	<b>(1,019,008)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>280,598,967</b>	<b>1,927,255</b>	<b>(1,441,902)</b>	<b>236,532,071</b>	<b>1,697,362</b>	<b>(1,238,671)</b>
- Up to 1 year	78,302,651	110,842	(102,008)	63,899,880	87,921	(82,073)
- More than 1 year to 3 years	95,191,597	431,713	(392,192)	79,564,417	339,388	(296,432)
- More than 3 years	107,104,719	1,384,700	(947,702)	93,067,774	1,270,053	(860,166)
Interest rate futures	<b>5,218,479</b>	<b>9,877</b>	<b>(1,065)</b>	<b>5,218,479</b>	<b>9,877</b>	<b>(1,065)</b>
- Up to 1 year	3,421,592	8,458	(645)	3,421,592	8,458	(645)
- More than 1 year to 3 years	1,796,887	1,419	(420)	1,796,887	1,419	(420)
Interest rate options	<b>510,788</b>	<b>1,430</b>	<b>(6,943)</b>	<b>510,788</b>	<b>1,430</b>	<b>(6,943)</b>
- Up to 1 year	381,666	399	(3,957)	381,666	399	(3,957)
- More than 1 year to 3 years	129,122	1,031	(2,986)	129,122	1,031	(2,986)
	<b>286,328,234</b>	<b>1,938,562</b>	<b>(1,449,910)</b>	<b>242,261,338</b>	<b>1,708,669</b>	<b>(1,246,679)</b>
<u>Equity related derivatives</u>						
Equity swap	<b>1,055,398</b>	<b>42,054</b>	<b>(186,579)</b>	<b>818,786</b>	<b>42,045</b>	<b>(186,570)</b>
- Up to 1 year	143,088	16,602	(146,845)	143,088	16,602	(146,845)
- More than 1 year to 3 years	249,948	25,249	(39,433)	249,948	25,249	(39,433)
- More than 3 years	662,362	203	(301)	425,750	194	(292)
Equity options	<b>7,298,666</b>	<b>139,431</b>	<b>(1,661,615)</b>	<b>7,141,463</b>	<b>129,029</b>	<b>(1,651,213)</b>
- Up to 1 year	3,158,878	78,645	(922,003)	3,051,731	76,051	(919,409)
- More than 1 year to 3 years	2,845,515	12,002	(617,118)	2,783,626	10,570	(615,686)
- More than 3 years	1,294,273	48,784	(122,494)	1,306,106	42,408	(116,118)
Index futures	<b>111,919</b>	-	<b>(1,910)</b>	<b>111,919</b>	-	<b>(1,910)</b>
- Up to 1 year	111,919	-	(1,910)	111,919	-	(1,910)
	<b>8,465,983</b>	<b>181,485</b>	<b>(1,850,104)</b>	<b>8,072,168</b>	<b>171,074</b>	<b>(1,839,693)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(i) Derivative financial instruments (continued)**

At 31 Mar 2014	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	<b>1,767,753</b>	<b>65,368</b>	<b>(63,697)</b>	<b>1,767,753</b>	<b>65,368</b>	<b>(63,697)</b>
- Up to 1 year	1,676,580	51,449	(50,379)	1,676,580	51,449	(50,379)
- More than 1 year to 3 years	84,123	7,492	(6,891)	84,123	7,492	(6,891)
- More than 3 years	7,050	6,427	(6,427)	7,050	6,427	(6,427)
Commodity options	<b>782,142</b>	<b>128,745</b>	<b>(25,919)</b>	<b>782,142</b>	<b>128,745</b>	<b>(25,919)</b>
- Up to 1 year	617,803	19,515	(19,515)	617,803	19,515	(19,515)
- More than 1 year to 3 years	77,080	72,421	(3,242)	77,080	72,421	(3,242)
- More than 3 years	87,259	36,809	(3,162)	87,259	36,809	(3,162)
	<b>2,549,895</b>	<b>194,113</b>	<b>(89,616)</b>	<b>2,549,895</b>	<b>194,113</b>	<b>(89,616)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>8,055,999</b>	<b>45,762</b>	<b>(57,964)</b>	<b>7,995,999</b>	<b>45,756</b>	<b>(57,958)</b>
- Up to 1 year	2,955,943	1,371	(22,623)	2,955,943	1,371	(22,623)
- More than 1 year to 3 years	2,532,517	10,915	(11,741)	2,532,517	10,915	(11,741)
- More than 3 years	2,567,539	33,476	(23,600)	2,507,539	33,470	(23,594)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	<b>2,262,792</b>	<b>10,229</b>	<b>(35,961)</b>	<b>2,262,792</b>	<b>10,229</b>	<b>(36,611)</b>
- Up to 1 year	273,155	-	(12,738)	273,155	-	(13,388)
- More than 1 year to 3 years	1,473,365	3,418	(4,641)	1,473,365	3,418	(4,641)
- More than 3 years	516,272	6,811	(18,582)	516,272	6,811	(18,582)
Interest rate swaps	<b>21,955,308</b>	<b>134,641</b>	<b>(268,517)</b>	<b>28,787,719</b>	<b>283,172</b>	<b>(284,503)</b>
- Up to 1 year	35,669	-	(158)	35,669	-	(158)
- More than 1 year to 3 years	4,242,191	71,965	(24,676)	4,477,792	71,965	(27,496)
- More than 3 years	17,677,448	62,676	(243,683)	24,274,258	211,207	(256,849)
Total derivatives assets/(liabilities)	<b>481,443,507</b>	<b>4,186,406</b>	<b>(5,177,664)</b>	<b>401,761,552</b>	<b>3,726,876</b>	<b>(4,574,068)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### (i) Derivative financial instruments (continued)

At 31 Dec 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>15,249,878</b>	<b>237,684</b>	<b>(233,952)</b>	<b>11,832,409</b>	<b>160,023</b>	<b>(224,670)</b>
- Up to 1 year	12,335,258	200,783	(131,204)	9,671,368	136,973	(123,395)
- More than 1 year to 3 years	831,402	18,567	(21,322)	792,085	16,166	(21,142)
- More than 3 years	2,083,218	18,334	(81,426)	1,368,956	6,884	(80,133)
Currency swaps	<b>72,670,565</b>	<b>844,626</b>	<b>(984,889)</b>	<b>47,264,144</b>	<b>430,115</b>	<b>(478,908)</b>
- Up to 1 year	72,009,893	813,317	(979,139)	46,778,266	399,226	(472,918)
- More than 1 year to 3 years	391,499	12,559	(3,224)	284,449	14,267	(4,561)
- More than 3 years	269,173	18,750	(2,526)	201,429	16,622	(1,429)
Currency spots	<b>7,041,465</b>	<b>6,139</b>	<b>(12,534)</b>	<b>6,661,501</b>	<b>6,066</b>	<b>(12,346)</b>
- Up to 1 year	7,041,465	6,139	(12,534)	6,661,501	6,066	(12,346)
Currency options	<b>3,101,853</b>	<b>97,749</b>	<b>(88,096)</b>	<b>2,247,220</b>	<b>38,670</b>	<b>(37,526)</b>
- Up to 1 year	2,125,689	33,998	(24,933)	1,758,931	21,807	(20,676)
- More than 1 year to 3 years	520,621	12,429	(12,424)	260,421	6,152	(6,147)
- More than 3 years	455,543	51,322	(50,739)	227,868	10,711	(10,703)
Cross currency interest rate swaps	<b>30,515,357</b>	<b>877,410</b>	<b>(825,810)</b>	<b>24,474,295</b>	<b>743,835</b>	<b>(644,238)</b>
- Up to 1 year	3,425,966	100,069	(76,737)	2,404,502	88,077	(61,417)
- More than 1 year to 3 years	10,774,950	213,787	(280,920)	9,105,093	176,196	(225,122)
- More than 3 years	16,314,441	563,554	(468,153)	12,964,700	479,562	(357,699)
	<b>128,579,118</b>	<b>2,063,608</b>	<b>(2,145,281)</b>	<b>92,479,569</b>	<b>1,378,709</b>	<b>(1,397,688)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>261,802,629</b>	<b>2,014,385</b>	<b>(1,536,574)</b>	<b>224,394,018</b>	<b>1,788,820</b>	<b>(1,338,152)</b>
- Up to 1 year	71,764,827	96,473	(109,199)	59,834,372	75,044	(93,083)
- More than 1 year to 3 years	111,889,411	599,280	(576,801)	98,043,875	511,273	(488,830)
- More than 3 years	78,148,391	1,318,632	(850,574)	66,515,771	1,202,503	(756,239)
Interest rate futures	<b>4,646,388</b>	<b>12,418</b>	<b>(199)</b>	<b>4,646,388</b>	<b>12,418</b>	<b>(199)</b>
- Up to 1 year	3,734,506	10,901	(162)	3,734,506	10,901	(162)
- More than 1 year to 3 years	911,882	1,517	(37)	911,882	1,517	(37)
Interest rate options	<b>598,180</b>	<b>1,701</b>	<b>(7,776)</b>	<b>598,180</b>	<b>1,701</b>	<b>(7,776)</b>
- Up to 1 year	359,691	108	(5,157)	359,691	108	(5,157)
- More than 1 year to 3 years	238,489	1,593	(2,619)	238,489	1,593	(2,619)
	<b>267,047,197</b>	<b>2,028,504</b>	<b>(1,544,549)</b>	<b>229,638,586</b>	<b>1,802,939</b>	<b>(1,346,127)</b>
<u>Equity related derivatives</u>						
Equity swaps	<b>812,041</b>	<b>17,113</b>	<b>(172,249)</b>	<b>578,632</b>	<b>15,992</b>	<b>(171,128)</b>
- Up to 1 year	115,944	8,935	(140,632)	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)	61,862	4,591	(28,020)
- More than 3 years	634,235	3,587	(3,597)	400,826	2,466	(2,476)
Equity options	<b>7,319,356</b>	<b>103,068</b>	<b>(1,400,623)</b>	<b>6,911,442</b>	<b>90,678</b>	<b>(1,388,233)</b>
- Up to 1 year	2,656,925	59,227	(821,728)	2,656,925	59,227	(821,728)
- More than 1 year to 3 years	1,983,267	15,310	(541,463)	1,863,445	12,269	(538,421)
- More than 3 years	2,679,164	28,531	(37,432)	2,391,072	19,182	(28,084)
Index futures	<b>43,473</b>	<b>-</b>	<b>(755)</b>	<b>43,473</b>	<b>-</b>	<b>(755)</b>
- Up to 1 year	43,473	-	(755)	43,473	-	(755)
	<b>8,174,870</b>	<b>120,181</b>	<b>(1,573,627)</b>	<b>7,533,547</b>	<b>106,670</b>	<b>(1,560,116)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(i) Derivative financial instruments (continued)**

At 31 Dec 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	<b>1,961,518</b>	<b>106,882</b>	<b>(105,681)</b>	<b>1,977,648</b>	<b>107,255</b>	<b>(105,989)</b>
- Up to 1 year	1,850,789	79,803	(79,308)	1,866,919	80,176	(79,616)
- More than 1 year to 3 years	103,658	20,960	(20,254)	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)	7,071	6,119	(6,119)
Commodity options	<b>238,781</b>	<b>158,512</b>	<b>(48,376)</b>	<b>222,731</b>	<b>158,116</b>	<b>(48,088)</b>
- Up to 1 year	73,965	1,086	(944)	57,915	690	(656)
- More than 1 year to 3 years	77,304	109,769	(33,496)	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)	87,512	47,657	(13,936)
	<b>2,200,299</b>	<b>265,394</b>	<b>(154,057)</b>	<b>2,200,379</b>	<b>265,371</b>	<b>(154,077)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>9,051,826</b>	<b>55,143</b>	<b>(114,688)</b>	<b>8,935,866</b>	<b>54,556</b>	<b>(114,102)</b>
- Up to 1 year	3,423,416	1,493	(64,225)	3,423,416	1,493	(64,225)
- More than 1 year to 3 years	2,606,556	15,732	(18,797)	2,606,556	15,732	(18,797)
- More than 3 years	3,021,854	37,918	(31,666)	2,905,894	37,331	(31,080)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	<b>2,224,201</b>	<b>5,004</b>	<b>(43,840)</b>	<b>2,224,201</b>	<b>5,004</b>	<b>(44,490)</b>
- Up to 1 year	326,652	-	(19,187)	326,652	-	(19,837)
- More than 1 year to 3 years	1,380,496	414	(4,918)	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)	517,053	4,590	(19,735)
Interest rate swaps	<b>19,124,974</b>	<b>181,513</b>	<b>(218,671)</b>	<b>25,950,567</b>	<b>295,941</b>	<b>(263,037)</b>
- Up to 1 year	13,173	-	(12)	13,174	-	(12)
- More than 1 year to 3 years	3,942,730	77,098	(25,010)	4,171,166	77,418	(27,820)
- More than 3 years	15,169,071	104,415	(193,649)	21,766,227	218,523	(235,205)
Total derivatives assets/(liabilities)	<b>436,402,485</b>	<b>4,719,347</b>	<b>(5,794,713)</b>	<b>368,962,715</b>	<b>3,909,190</b>	<b>(4,879,637)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(i) Derivative financial instruments (continued)**

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

##### **Market Risk**

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

##### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2014, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM4,186 million and RM3,727 million respectively (31 December 2013: RM4,719 million and RM3,909 million respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group are discussed in the audited financial statements for the financial year ended 31 December 2013.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(ii) Commitments and contingencies**

	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	2,537,218	2,373,416
Transaction-related contingent items	4,503,080	4,575,789
Short-term self-liquidating trade-related contingencies	3,248,796	4,027,282
Obligations under underwriting agreement	140,000	163,500
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	43,495,352	49,940,987
- maturity exceeding one year	19,797,571	8,604,067
Miscellaneous commitments and contingencies	3,261,108	2,412,227
Total credit-related commitments and contingencies	<u>76,983,125</u>	<u>72,097,268</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	121,958,205	97,264,923
- more than one year to five years	24,504,471	26,360,999
- more than five years	7,625,412	7,177,397
	<u>154,088,088</u>	<u>130,803,319</u>
Interest rate related contracts :		
- up to one year	82,141,578	75,872,197
- more than one year to five years	186,524,525	184,470,911
- more than five years	39,617,439	25,829,063
	<u>308,283,542</u>	<u>286,172,171</u>
Equity related contracts:		
- up to one year	3,413,885	2,833,547
- more than one year to five years	3,842,146	3,732,189
- more than five years	1,209,952	1,609,134
	<u>8,465,983</u>	<u>8,174,870</u>
Credit related contracts:		
- up to one year	2,955,943	3,423,416
- more than one year to five years	3,697,417	4,238,782
- more than five years	1,402,639	1,389,628
	<u>8,055,999</u>	<u>9,051,826</u>
Commodity related contracts:		
- up to one year	2,294,383	1,924,754
- more than one year to five years	255,512	275,545
	<u>2,549,895</u>	<u>2,200,299</u>
Total treasury-related commitments and contingencies	<u>481,443,507</u>	<u>436,402,485</u>
	<u>558,426,632</u>	<u>508,499,753</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(ii) Commitments and contingencies (continued)**

	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	2,336,442	2,113,500
Transaction-related contingent items	3,086,085	3,164,293
Short-term self-liquidating trade-related contingencies	3,009,968	3,684,877
Obligations under underwriting agreement	140,000	163,500
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	38,135,513	43,737,047
- maturity exceeding one year	18,184,646	7,712,497
Miscellaneous commitments and contingencies	2,032,777	1,496,974
Total credit-related commitments and contingencies	<u>66,925,431</u>	<u>62,072,688</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	86,594,943	67,601,220
- more than one year to five years	19,193,397	21,830,276
- more than five years	6,306,093	5,272,274
	<u>112,094,433</u>	<u>94,703,770</u>
Interest rate related contracts :		
- up to one year	67,738,807	63,941,743
- more than one year to five years	163,360,079	155,485,516
- more than five years	39,950,171	36,161,894
	<u>271,049,057</u>	<u>255,589,153</u>
Equity related contracts:		
- up to one year	3,306,738	2,833,547
- more than one year to five years	3,662,498	3,482,968
- more than five years	1,102,932	1,217,032
	<u>8,072,168</u>	<u>7,533,547</u>
Credit related contracts:		
- up to one year	2,955,943	3,423,416
- more than one year to five years	3,697,417	4,238,782
- more than five years	1,342,639	1,273,668
	<u>7,995,999</u>	<u>8,935,866</u>
Commodity related contracts:		
- up to one year	2,294,383	1,924,834
- more than one year to five years	255,512	275,545
	<u>2,549,895</u>	<u>2,200,379</u>
Total treasury-related commitments and contingencies	<u>401,761,552</u>	<u>368,962,715</u>
	<u>468,686,983</u>	<u>431,035,403</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22. CAPITAL ADEQUACY**

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 Group (other than CIMB Thai Bank and CIMB Bank PLC) and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures with retail exposures on Advance IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The risk-weighted assets of CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures with retail exposures on Advance IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The 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 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.

#### **31 Mar 2014 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Common equity tier 1 ratio	7.830%	8.572%
Tier 1 ratio	9.102%	10.163%
Total capital ratio	<u>12.468%</u>	<u>12.366%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 2013. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	150,219,571	113,647,655
Market risk	14,853,210	13,073,292
Large exposure risk requirements	514,669	514,669
Operational risk	<u>14,960,508</u>	<u>11,363,438</u>
Total risk-weighted assets	<u>180,547,958</u>	<u>138,599,054</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22. CAPITAL ADEQUACY (Continued)**

#### **31 Mar 2014 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
<b>Common Equity Tier I capital</b>		
Ordinary shares	4,131,411	4,131,411
Other reserves	18,215,658	15,029,565
Qualifying non-controlling interests	242,739	-
Common Equity Tier I capital before regulatory adjustments	<u>22,589,808</u>	<u>19,160,976</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,899,949)	(3,555,075)
Intangible assets	(919,393)	(897,736)
Deferred tax assets	(330,294)	(273,923)
Shortfall of eligible provisions to expected losses	(329,719)	(188,119)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(131,860)	(765,837)
Others	(1,842,399)	(1,599,218)
Common Equity Tier I capital after regulatory adjustments	<u>14,136,194</u>	<u>11,881,068</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	160,000	160,000
Non-innovative Tier I Capital	800,000	800,000
Innovative Tier I Capital	1,289,440	1,289,440
Qualifying capital instruments held by third parties	48,159	-
	<u>2,297,599</u>	<u>2,249,440</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(44,000)
Additional Tier I capital after regulatory adjustments	<u>2,297,599</u>	<u>2,205,440</u>
<b>Total Tier I capital</b>	<u>16,433,793</u>	<u>14,086,508</u>
<b>Tier II capital</b>		
Subordinated notes	6,050,000	6,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	32,977	-
Portfolio impairment allowance and regulatory reserves ^	490,874	212,519
Tier II capital before regulatory adjustments	<u>6,603,591</u>	<u>6,292,259</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(527,440)	(3,239,348)
<b>Total Tier II capital</b>	<u>6,076,151</u>	<u>3,052,911</u>
<b>Total capital</b>	<u>22,509,944</u>	<u>17,139,419</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier 1 ratio	9.700%	9.936%	N/A
Tier 1 ratio	10.656%	9.936%	N/A
Total capital ratio	<u>14.034%</u>	<u>13.282%</u>	<u>18.868%</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22. CAPITAL ADEQUACY (Continued)**

#### **31 Dec 2013 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
Common equity tier I ratio	8.274%	9.649%
Tier I ratio	9.750%	11.552%
Total capital ratio	<u>13.068%</u>	<u>12.910%</u>

CIMB Group completed its second DRS of which RM783 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group 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.

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

	<b>The Group RM'000</b>	<b>The Bank* RM'000</b>
Credit risk	145,845,320	109,355,392
Market risk	13,826,815	12,107,705
Large exposure risk requirements	423,320	423,320
Operational risk	14,615,092	11,115,336
Total risk-weighted assets	<u>174,710,547</u>	<u>133,001,753</u>

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

	<b>The Group RM'000</b>	<b>The Bank* RM'000</b>
<b>Common Equity Tier I capital</b>		
Ordinary shares	4,131,410	4,131,410
Other reserves	18,954,705	15,810,362
Qualifying non-controlling interests	243,991	-
Less: Proposed dividends	(752,000) #	(752,000) #
Common Equity Tier I capital before regulatory adjustments	<u>22,578,106</u>	<u>19,189,772</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,890,179)	(3,555,075)
Intangible assets	(874,518)	(852,787)
Deferred tax assets	(263,926)	(212,431)
Shortfall of eligible provisions to expected losses	(282,726)	(151,434)
Others	(1,811,720)	(1,584,536)
Common Equity Tier I capital after regulatory adjustments	<u>14,455,037</u>	<u>12,833,509</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	180,000	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	<u>2,578,800</u>	<u>2,530,620</u>
<b>Total Tier I capital</b>	<u>17,033,837</u>	<u>15,364,129</u>
<b>Tier II capital</b>		
Subordinated notes	6,050,000	6,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	30,471	-
Portfolio impairment allowance and regulatory reserves ^	486,766	207,315
Tier II capital before regulatory adjustments	<u>6,596,977</u>	<u>6,287,055</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(800,439)	(4,480,601)
<b>Total Tier II capital</b>	<u>5,796,538</u>	<u>1,806,454</u>
<b>Total capital</b>	<u>22,830,375</u>	<u>17,170,583</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22. CAPITAL ADEQUACY (Continued)**

#### **31 Dec 2013 - Basel III (Continued)**

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>
Common equity tier 1 ratio	9.905%	9.907%	N/A
Core capital ratio	10.201%	9.907%	N/A
Risk-weighted capital ratio	<u>14.020%</u>	<u>14.082%</u>	<u>20.045%</u>

# The dividends on Redeemable Preference Shares was paid on 21 March 2014.

\* Includes the operations of CIMB Bank (L) Limited.

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM249 million (31 December 2013: RM245 million) and RM223 million (31 December 2013: RM220 million) respectively.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A23. SEGMENTAL REPORT**

#### **Definition of segments**

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

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

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

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

#### **Business segment reporting**

##### **Definition of segments:**

During the end of financial year 2011, an internal reorganisation has resulted in a change in business segment reporting. The Group has been reorganised into the following five major operating divisions:

#### **Consumer Banking**

Consumer Banking provides full-fledged financial services to individual and commercial customer. The divisions which make up the Consumer Banking are Retail Financial Services and Commercial Banking.

Retail Financial Services focuses on innovative products and services to individual customers. It offers products such as credit facilities (residential mortgages, personal loans, share financing, credit card and hire purchase), remittance services, deposit collection and wealth management.

Commercial Banking is responsible for offering products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products include credit facilities (loans, banker's acceptances, revolving credit, leasing, factoring, hire purchase), remittance services and deposit collection.

#### **Wholesale Banking**

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

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

Investment Banking includes client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and institutional clients.

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

#### **Investments**

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

#### **Foreign Banking Operations**

Foreign Banking Operations comprise of CIMB Thai Bank Public Company Limited, Bank of Yingkou Co Ltd and CIMB Bank PLC which are involved in the provision of commercial banking and related services.

#### **Support and others**

Support services comprises unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A23. SEGMENTAL REPORT (CONTINUED)**

**Group**  
**31 Mar 2014**

	Consumer Banking		Wholesale Banking				Support and Others RM'000	Total RM'000
	Commercial Banking RM'000	Retail Financial Services RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000		
Net interest income								
- external income	132,505	691,632	276,317	5,701	87,789	221,108	(2,638)	1,412,414
- inter-segment	66,704	(110,626)	54,780	(2,714)	1,164	(36)	(9,272)	-
	199,209	581,006	331,097	2,987	88,953	221,072	(11,910)	1,412,414
Income from Islamic Banking operations	49,156	145,007	115,790	73	19,870	-	-	329,896
Net non-interest income	32,723	146,651	298,581	10,382	14,566	71,809	8,285	582,997
Net income	281,088	872,664	745,468	13,442	123,389	292,881	(3,625)	2,325,307
Overheads	(161,472)	(551,391)	(228,008)	(4,250)	(38,675)	(182,428)	(16,498)	(1,182,722)
of which:								
Depreciation of property, plant and equipment	(7,035)	(24,816)	(4,904)	(100)	(308)	(10,678)	-	(47,841)
Amortisation of prepaid lease payments	-	-	-	-	-	(72)	-	(72)
Amortisation of intangible assets	(3,747)	(21,537)	(4,728)	(4)	(11,593)	(5,064)	-	(46,673)
Profit/(loss) before allowances	119,616	321,273	517,460	9,192	84,714	110,453	(20,123)	1,142,585
Allowances for impairment losses on loans, advances and financing written-back/(made)	20,502	(57,761)	2,346	63	-	(52,492)	-	(87,342)
Allowances for losses on other receivables	-	-	-	-	-	-	(163)	(163)
Allowances for commitments and contingencies written-back	1,829	-	-	-	-	-	-	1,829
Allowances for other impairment losses (made)/written-back	32	-	56	-	(13,732)	-	-	(13,644)
Segment result	141,979	263,512	519,862	9,255	70,982	57,961	(20,286)	1,043,265
Share of results of joint venture	-	390	-	-	-	-	-	390
Share of results of associates	-	-	-	-	(5,633)	33,075	-	27,442
Taxation								(221,342)
<b>Profit for the financial period</b>								<b>849,755</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A23. SEGMENTAL REPORT (CONTINUED)**

**Group**  
**31 Mar 2013**

	Consumer Banking		Wholesale Banking				Support and Others RM'000	Total RM'000
	Commercial Banking RM'000	Retail Financial Services RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000		
Net interest income								
- external income	78,790	557,753	306,731	4,989	88,282	178,632	591	1,215,768
- inter-segment	93,001	(49,240)	(17,613)	(2,762)	(18,555)	-	(4,831)	-
	171,791	508,513	289,118	2,227	69,727	178,632	(4,240)	1,215,768
Income from Islamic Banking operations	40,022	147,862	125,220	136	19,931	-	-	333,171
Net non-interest income	25,778	136,090	320,153	11,716	23,191	50,737	8,496	576,161
Net income	237,591	792,465	734,491	14,079	112,849	229,369	4,256	2,125,100
Overheads	(156,074)	(576,719)	(199,589)	(5,383)	(195,386)	(162,898)	(36,301)	(1,332,350)
of which:								
Depreciation of property, plant and equipment	(7,578)	(25,525)	(3,796)	(59)	(219)	(11,261)	-	(48,438)
Amortisation of prepaid lease payments	-	-	-	-	-	(75)	-	(75)
Amortisation and impairment of intangible assets	(3,503)	(16,763)	(4,020)	-	(119,634)	(6,451)	-	(150,371)
Profit/(loss) before allowances	81,517	215,746	534,902	8,696	(82,537)	66,471	(32,045)	792,750
Allowances for impairment losses on loans, advances and financing written-back/(made)	31,839	(52,426)	(5,642)	(535)	-	(34,412)	-	(61,176)
Allowances for losses on other receivables made	-	-	-	-	-	-	(636)	(636)
Allowances for commitments and contingencies written-back	-	-	1,334	-	-	-	-	1,334
Allowances for other impairment losses written-back	238	-	2,286	-	-	-	-	2,524
Segment result	113,594	163,320	532,880	8,161	(82,537)	32,059	(32,681)	734,796
Share of results of joint venture	-	2,338	-	-	-	-	-	2,338
Share of results of associate	-	-	-	-	15,780	16,658	-	32,438
Taxation								(179,253)
<b>Profit for the financial period</b>								<b>590,319</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A23. SEGMENTAL REPORT (CONTINUED)**

**Group**

**31 Mar 2014**

	Consumer Banking		Wholesale Banking			Investment	Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services	Corporate Banking, Treasury and Markets	Investments Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000			
Segment assets	23,619,772	95,035,038	133,068,970	6,638,179	11,607,447	29,319,083	299,288,489	
Unallocated assets							7,770,341	
<b>Total assets</b>							<b>307,058,830</b>	
Segment liabilities	33,221,253	71,554,160	132,146,445	6,886,646	10,182,772	24,985,125	278,976,401	
Unallocated liabilities							4,391,292	
<b>Total liabilities</b>							<b>283,367,693</b>	
<b>Other segment items</b>								
Capital expenditure	19,945	70,102	7,436	20	78	5,914	103,495	
Investment in joint venture	-	158,697	-	-	-	-	158,697	
Investment in associates	-	-	-	-	65,865	659,300	725,165	

**Group**

**31 Dec 2013**

	Consumer Banking		Wholesale Banking			Investment	Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services	Corporate Banking, Treasury and Markets	Investments Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000			
Segment assets	22,539,973	92,886,265	134,449,858	5,193,994	11,269,316	30,467,336	296,806,742	
Unallocated assets							6,621,103	
<b>Total assets</b>							<b>303,427,845</b>	
Segment liabilities	32,187,960	70,211,880	131,450,286	6,306,373	10,183,585	26,109,988	276,450,072	
Unallocated liabilities							3,326,980	
<b>Total liabilities</b>							<b>279,777,052</b>	
<b>Other segment items</b>								
Capital expenditure	96,733	354,005	35,357	-	243	29,108	515,446	
Investment in joint venture	-	158,307	-	-	-	-	158,307	
Investment in associates	-	-	-	-	93,501	599,842	693,343	

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. GROUP OPERATION OF ISLAMIC BANKING**

#### **A24a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	Note	Group		Bank	
		31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>Assets</b>					
Cash and short-term funds		5,612,291	7,784,200	598,350	598,420
Deposits and placements with banks and other financial institutions		462,783	231,893	562,863	73,466
Financial assets held for trading		4,004,798	3,329,824	161,713	161,286
Financial investments available-for-sale		1,730,104	1,671,430	356,181	359,700
Financial investments held-to-maturity		988,852	928,623	324,822	326,446
Islamic derivative financial instruments		180,819	247,882	3,751	1,082
Financing, advances and other financing/loans	A24c	36,409,970	36,101,287	1,084,396	1,028,723
Other assets		126,456	285,555	2,539	2,461
Deferred taxation		27,093	22,449	-	-
Tax recoverable		-	1,761	-	-
Amount due from conventional operations		1,617,780	1,175,807	51,324	-
Amount due from related companies		1,787,045	2,208,664	1,786,650	2,208,246
Statutory deposits with Bank Negara Malaysia		1,411,669	1,436,747	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		13,380	14,225	27	27
Property, plant and equipment		5,256	5,236	-	-
<b>Total assets</b>		<b>54,514,296</b>	<b>55,581,583</b>	<b>4,932,616</b>	<b>4,759,857</b>
<b>Liabilities</b>					
Deposits from customers	A24d	38,629,091	39,283,843	845,758	810,501
Deposits and placements of banks and other financial institutions		6,682,076	7,015,928	1,014,903	715,474
Financial liabilities designated at fair value	A24e	195,384	146,216	-	-
Islamic derivative financial instruments		307,202	285,377	-	-
Other liabilities		3,180,967	3,346,263	2,596,063	3,065,359
Amount due to conventional operations		-	115,538	-	-
Amount due to related company		512,609	670,788	390,028	95,797
Provision for taxation and Zakat		11,726	15,437	-	-
Subordinated Sukuk		851,659	856,722	-	-
<b>Total liabilities</b>		<b>50,370,714</b>	<b>51,736,112</b>	<b>4,846,752</b>	<b>4,687,131</b>
<b>Equity</b>					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	70,000	-	-
Reserves		2,923,582	2,775,471	85,864	72,726
<b>Total equity</b>		<b>4,143,582</b>	<b>3,845,471</b>	<b>85,864</b>	<b>72,726</b>
<b>Total liabilities and equity</b>		<b>54,514,296</b>	<b>55,581,583</b>	<b>4,932,616</b>	<b>4,759,857</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. GROUP OPERATION OF ISLAMIC BANKING**

**A24b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	494,660	512,701	494,660	512,701
Income derived from investment of shareholders' funds	44,750	49,781	44,750	49,781
Allowance for impairment losses on financing, advances and other financing/loans	(5,736)	(25,665)	(5,736)	(25,665)
Allowance for losses on other receivables written-back/(made)	151	(476)	151	(476)
Total distributable income	533,825	536,341	533,825	536,341
Income attributable to depositors	(209,514)	(229,311)	(209,514)	(229,311)
Total net income	324,311	307,030	324,311	307,030
Other operating expenses	(125,157)	(126,404)	(125,157)	(126,404)
Profit before taxation	199,154	180,626	199,154	180,626
Taxation	(47,442)	(44,124)	(47,442)	(44,124)
Profit for the financial period	151,712	136,502	151,712	136,502

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	151,712	136,502	151,712	136,502
Other comprehensive (expense)/income:				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Revaluation reserve of financial investments available-for-sale	(3,503)	(184)	(3,503)	(184)
- Net (loss)/gain from change in fair value	(3,966)	4,688	(3,966)	4,688
- Realised gain transferred to statement of income on disposal and impairment	(1,758)	(5,236)	(1,758)	(5,236)
- Income tax effects	2,221	364	2,221	364
Exchange fluctuation reserve	169	(589)	169	(589)
Other comprehensive expense for the financial period, net of tax	(3,334)	(773)	(3,334)	(773)
<b>Total comprehensive income for the period</b>	148,378	135,729	148,378	135,729
Total net income	324,311	307,030	324,311	307,030
Add: Allowance for impairment losses on financing, advances and other financing/loans	5,736	25,665	5,736	25,665
Add: Allowance for losses on other receivables (written-back)/made	(151)	476	(151)	476
Income from Islamic operations (per page 2)	329,896	333,171	329,896	333,171

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. GROUP OPERATION OF ISLAMIC BANKING**

**A24b. UNAUDITED STATEMENT OF INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	12,716	11,581	12,716	11,581
Income/(loss) derived from investment of shareholders' funds	307	(2,847)	307	(2,847)
Allowance for impairment losses on financing, advances and other financing/loans	-	(117)	-	(117)
Total distributable income	<u>13,023</u>	<u>8,617</u>	<u>13,023</u>	<u>8,617</u>
Income attributable to depositors	<u>(2,179)</u>	<u>(2,797)</u>	<u>(2,179)</u>	<u>(2,797)</u>
Total net income	<u>10,844</u>	<u>5,820</u>	<u>10,844</u>	<u>5,820</u>
Profit for the financial period	<u>10,844</u>	<u>5,820</u>	<u>10,844</u>	<u>5,820</u>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	10,844	5,820	10,844	5,820
Other comprehensive income/(expense):				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Revaluation reserve of financial investments available-for-sale	3,182	908	3,182	908
- Net gain from change in fair value	3,472	4,780	3,472	4,780
- Realised gain transferred to statement of income on disposal and impairment	(290)	(3,872)	(290)	(3,872)
Exchange fluctuation reserve	(82)	212	(82)	212
Other comprehensive income for the financial period, net of tax	<u>3,100</u>	<u>1,120</u>	<u>3,100</u>	<u>1,120</u>
<b>Total comprehensive income for the period</b>	<u>13,944</u>	<u>6,940</u>	<u>13,944</u>	<u>6,940</u>
		ok		ok
Total net income	10,844	5,820	10,844	5,820
Add: Allowances for impairment losses on financing, advances and other financing/loans	-	117	-	117
Income from Islamic operations (per page 4)	<u>10,844</u>	<u>5,937</u>	<u>10,844</u>	<u>5,937</u>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A24. GROUP OPERATION OF ISLAMIC BANKING

#### A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

##### i) By type and Shariah contract

##### The Group

	Bai'	Ijarah	Other	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000	RM'000
<b>At 31 Mar 2014</b>				
Cash line	462,962	-	-	462,962
Term financing				
- Housing financing	8,646,669	593,182	-	9,239,851
- Syndicated term financing	290,504	234,297	-	524,801
- Hire purchase receivables	-	6,020,582	-	6,020,582
- Other term financing	15,725,706	640,742	851,721	17,218,169
Credit card receivables	-	-	100,002	100,002
Bills receivable	2,363	-	-	2,363
Islamic trust receipts	19,184	-	56,137	75,321
Claim on customers under acceptance credit	290,197	-	-	290,197
Revolving credits	2,728,186	-	66,194	2,794,380
Share purchases financing	11,784	-	-	11,784
Ar Rahn	-	-	1,027	1,027
Other financing/loans	-	-	2	2
Gross financing, advances and other financing/loans	28,177,555	7,488,803	1,075,083	36,741,441
Fair value changes arising from fair value hedges				54,064
				36,795,505
Less: Allowance for impairment losses				
- Individual impairment allowance				(22,268)
- Portfolio impairment allowance				(363,267)
				(385,535)
				36,409,970
<b>At 31 Dec 2013</b>				
Cash line	478,132	-	-	478,132
Term financing				
- Housing financing	8,730,311	435,622	-	9,165,933
- Syndicated term financing	276,330	226,666	-	502,996
- Hire purchase receivables	-	6,288,975	-	6,288,975
- Other term financing	15,714,558	609,684	752,064	17,076,306
Credit card receivables	-	-	104,449	104,449
Bills receivable	2,885	-	-	2,885
Islamic trust receipts	25,934	-	40,681	66,615
Claim on customers under acceptance credit	370,754	-	-	370,754
Revolving credits	2,242,158	-	150,851	2,393,009
Share purchases financing	16,441	-	-	16,441
Other financing/loans	-	-	894	894
Gross financing, advances and other financing/loans	27,857,503	7,560,947	1,048,939	36,467,389
Fair value changes arising from fair value hedges				40,548
				36,507,937
Less: Allowance for impairment losses				
- Individual impairment allowance				(29,801)
- Portfolio impairment allowance				(376,849)
				(406,650)
				36,101,287

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. GROUP OPERATION OF ISLAMIC BANKING**

**A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)**

**i) By type and Shariah contract (continued)**

**The Bank**

<b>At 31 Mar 2014</b>	<b>Bai' RM'000</b>	<b>Other RM'000</b>	<b>Total financing, advances and other financing/loans RM'000</b>
Term financing			
- Other term financing	-	851,721	851,721
Islamic trust receipts	-	56,137	56,137
Revolving credits	110,342	66,194	176,536
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>110,342</u>	<u>974,054</u>	<u>1,084,396</u>
Fair value changes arising from fair value hedges			-
			<u>1,084,396</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			-
			<u>1,084,396</u>

<b>At 31 Dec 2013</b>	<b>Bai' RM'000</b>	<b>Other RM'000</b>	<b>Total financing, advances and other financing/loans RM'000</b>
Term financing			
- Other term financing	-	752,064	752,064
Islamic trust receipts	-	40,681	40,681
Revolving credits	85,125	150,851	235,976
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>85,125</u>	<u>943,598</u>	<u>1,028,723</u>
Fair value changes arising from fair value hedges			-
			<u>1,028,723</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			-
			<u>1,028,723</u>

During the financial period, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM6,350 million (2013: RM6,350 million) financing using Islamic profit rate swaps.

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014 RM'000</b>	<b>31 Dec 2013 RM'000</b>	<b>31 Mar 2014 RM'000</b>	<b>31 Dec 2013 RM'000</b>
Gross financing hedged	<u>6,350,000</u>	6,350,000	-	-
Fair value changes arising from fair value hedges	<u>54,064</u>	40,548	-	-
	<u>6,404,064</u>	<u>6,390,548</u>	-	-

The fair values loss on Islamic profit rate swaps in this hedge transaction as at 31 March 2014 was RM130 million (31 Dec 2013: RM 67 million).

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A24. GROUP OPERATION OF ISLAMIC BANKING**

#### **A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)**

##### **ii) By geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	35,767,386	35,523,791	110,341	85,125
Indonesia	56,137	40,681	56,137	40,681
Singapore	917,918	902,917	917,918	902,917
Gross financing, advances and other financing/loans	<b>36,741,441</b>	<b>36,467,389</b>	<b>1,084,396</b>	<b>1,028,723</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	382,868	310,150	-	-
Gross impaired financing, advances and other financing/loans	<b>382,868</b>	<b>310,150</b>	<b>-</b>	<b>-</b>

##### **iv) Movements in impaired financing, advances and other financing/loans are as follows :**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	310,150	396,399	-	92,271
Classified as impaired during the financial period/year	189,755	414,409	-	-
Reclassified as not impaired during the financial period/year	(61,592)	(175,390)	-	-
Amount written back in respect of recoveries	(17,968)	(127,800)	-	(42,172)
Amount written off	(37,477)	(204,044)	-	(56,675)
Exchange fluctuation	-	6,576	-	6,576
Balance as at 31 March/31 December	<b>382,868</b>	<b>310,150</b>	<b>-</b>	<b>-</b>
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	<b>1.04%</b>	<b>0.85%</b>	<b>0.00%</b>	<b>0.00%</b>

##### **v) Movements in the allowance for impaired financing, advances and other financing/loans**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>				
At 1 January	29,801	108,184	-	47,259
Net allowance (written-back)/made during the financial period/year	(45)	(14,929)	-	5,815
Amount written off	(7,488)	(67,055)	-	(56,675)
Exchange fluctuation	-	3,601	-	3,601
Balance as at 31 March/31 December	<b>22,268</b>	<b>29,801</b>	<b>-</b>	<b>-</b>
<b>Portfolio impairment allowance</b>				
At 1 January	376,849	347,704	-	-
Net allowance made during the financial period/year	16,406	163,420	-	-
Amount written off	(29,988)	(136,990)	-	-
Amount transferred to holding company	-	2,715	-	-
Balance as at 31 March/31 December	<b>363,267</b>	<b>376,849</b>	<b>-</b>	<b>-</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	<b>2.21%</b>	<b>2.21%</b>	<b>-</b>	<b>-</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. GROUP OPERATION OF ISLAMIC BANKING**

**A24d. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	31 Mar 2014 RM'000	31 Dec 2013 RM'000	31 Mar 2014 RM'000	31 Dec 2013 RM'000
<b>(i) By type of deposits</b>				
Savings deposit				
Wadiah	1,465,711	1,358,418	44,456	27,544
Mudharabah	589,293	574,528	-	-
Demand deposit				
Wadiah	4,439,093	3,336,447	43,675	39,016
Qard	21,047	11,854	-	-
Mudharabah	4,632,234	4,780,701	-	-
Term deposit				
Commodity Murabahah	5,326,942	5,652,819	234,085	255,758
Negotiable Islamic Debt Certificate (NIDC)				
Mudharabah	417,244	414,592	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	4,450,711	5,519,448	-	-
Short term money market deposit-i				
Wakalah	14,410,133	14,841,946	-	-
Wadiah	533,260	502,921	517,913	482,551
General investment account				
Mudharabah	2,142,552	2,088,871	5,628	5,631
Specific investment account				
Mudharabah	177,098	175,455	-	-
Wakalah	-	415	-	-
Others	23,773	25,428	1	1
	<b>38,629,091</b>	<b>39,283,843</b>	<b>845,758</b>	<b>810,501</b>
<b>(ii) By maturity structures of term deposit</b>				
Due within six months	26,095,108	28,020,015	757,626	743,940
Six months to less than one year	788,034	553,838	-	-
One year to less than three years	126,202	67,032	-	-
Three years to less than five years	275,676	383,128	-	-
Five years and more	172,920	172,454	-	-
	<b>27,457,940</b>	<b>29,196,467</b>	<b>757,626</b>	<b>743,940</b>
<b>(iii) By type of customer</b>				
Government and statutory body	4,344,469	4,827,079	-	-
Business enterprises	15,922,683	17,081,689	731,679	730,526
Individuals	5,357,502	4,291,361	110,173	76,518
Others	13,004,437	13,083,714	3,906	3,457
	<b>38,629,091</b>	<b>39,283,843</b>	<b>845,758</b>	<b>810,501</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. GROUP OPERATION OF ISLAMIC BANKING**

**A24e. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>	<b>31 Mar 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	<b>195,384</b>	<b>146,216</b>	<b>-</b>	<b>-</b>

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, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM53,518,000 (2013: RM3,562,000) and RM151,588,000 (2013: RM151,118,000) and RM4,013,000 (2013: RMNil) respectively.

The carrying amount of the Group as at 31 March 2014 of financial liabilities designated at fair value was RM13,735,000 (31 December 2013: 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.

## **PART A-EXPLANATORY NOTES (CONTINUED)**

### **A25. 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.

#### **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 transfers into and transfers out of fair value hierarchy levels 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.

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:

- 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.

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A25. FAIR VALUE ESTIMATION (CONTINUED)**

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	Fair Value 31 March 2014					Fair Value 31 December 2013				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
<b>The Group</b>										
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial assets held for trading										
-Money market instruments	13,417,651	-	13,417,651	-	13,417,651	11,086,646	-	11,086,646	-	11,086,646
-Quoted securities	2,617,667	1,862,202	755,465	-	2,617,667	2,561,422	1,532,268	1,029,154	-	2,561,422
-Unquoted securities	7,720,599	-	7,647,213	73,386	7,720,599	8,189,800	-	8,116,752	73,048	8,189,800
Financial investments available-for-sale										
-Money market instruments	3,914,926	-	3,914,926	-	3,914,926	4,018,822	-	4,018,822	-	4,018,822
-Quoted securities	3,842,505	73,521	3,768,984	-	3,842,505	2,691,227	72,370	2,618,857	-	2,691,227
-Unquoted securities	19,356,091	-	18,158,481	1,197,610	19,356,091	19,475,447	-	18,267,255	1,208,192	19,475,447
Derivative financial instruments										
-Trading derivatives	4,041,536	9,503	3,986,871	45,162	4,041,536	4,532,830	12,418	4,470,737	49,675	4,532,830
-Hedging derivatives	144,870	-	144,870	-	144,870	186,517	-	186,517	-	186,517
<b>Non-financial assets</b>										
Investment Properties	4,000	-	4,000	-	4,000	4,000	-	4,000	-	4,000
<b>Non-recurring fair value measurements</b>										
<b>Non-financial assets</b>										
Non-current assets/disposal groups held for sale	22,600	-	22,600	-	22,600	21,589	-	21,589	-	21,589
<b>Total</b>	<b>55,082,445</b>	<b>1,945,226</b>	<b>51,821,061</b>	<b>1,316,158</b>	<b>55,082,445</b>	<b>52,768,300</b>	<b>1,617,056</b>	<b>49,820,329</b>	<b>1,330,915</b>	<b>52,768,300</b>
<b>Recurring fair value measurements</b>										
<b>Financial liabilities</b>										
Derivative financial instruments										
- Trading derivatives	4,873,186	2,975	3,837,996	1,032,215	4,873,186	5,532,202	954	4,588,097	943,151	5,532,202
- Hedging derivatives	304,478	-	304,478	-	304,478	262,511	-	262,511	-	262,511
Financial liabilities designated at fair values	2,511,058	-	2,511,058	-	2,511,058	2,132,170	-	2,132,170	-	2,132,170
<b>Total</b>	<b>7,688,722</b>	<b>2,975</b>	<b>6,653,532</b>	<b>1,032,215</b>	<b>7,688,722</b>	<b>7,926,883</b>	<b>954</b>	<b>6,982,778</b>	<b>943,151</b>	<b>7,926,883</b>
<b>The Bank</b>										
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial assets held for trading										
-Money market instruments	9,819,192	-	9,819,192	-	9,819,192	8,126,289	-	8,126,289	-	8,126,289
-Quoted securities	1,862,202	1,862,202	-	-	1,862,202	1,532,268	1,532,268	-	-	1,532,268
-Unquoted securities	7,409,295	-	7,402,587	6,708	7,409,295	7,916,616	-	7,909,900	6,716	7,916,616
Financial investments available-for-sale										
-Money market instruments	3,526,400	-	3,526,400	-	3,526,400	3,580,747	-	3,580,747	-	3,580,747
-Quoted securities	160	160	-	-	160	27	27	-	-	27
-Unquoted securities	18,252,718	-	17,193,103	1,059,615	18,252,718	18,484,972	-	17,414,269	1,070,703	18,484,972
Derivative financial instruments										
-Trading derivatives	3,433,475	9,503	3,378,810	45,162	3,433,475	3,608,245	12,418	3,546,152	49,675	3,608,245
-Hedging derivatives	293,401	-	293,401	-	293,401	300,945	-	300,945	-	300,945
<b>Non-recurring fair value measurements</b>										
<b>Non-financial assets</b>										
Non-current assets/disposal groups held for sale	5,940	-	5,940	-	5,940	3,429	-	3,429	-	3,429
<b>Total</b>	<b>44,602,783</b>	<b>1,871,865</b>	<b>41,619,433</b>	<b>1,111,485</b>	<b>44,602,783</b>	<b>43,553,538</b>	<b>1,544,713</b>	<b>40,881,731</b>	<b>1,127,094</b>	<b>43,553,538</b>
<b>Recurring fair value measurements</b>										
<b>Financial liabilities</b>										
Derivative financial instruments										
- Trading derivatives	4,252,954	2,975	3,217,764	1,032,215	4,252,954	4,572,110	954	3,628,005	943,151	4,572,110
- Hedging derivatives	321,114	-	321,114	-	321,114	307,527	-	307,527	-	307,527
Financial liabilities designated at fair values	2,315,674	-	2,315,674	-	2,315,674	1,985,954	-	1,985,954	-	1,985,954
<b>Total</b>	<b>6,889,742</b>	<b>2,975</b>	<b>5,854,552</b>	<b>1,032,215</b>	<b>6,889,742</b>	<b>6,865,591</b>	<b>954</b>	<b>5,921,486</b>	<b>943,151</b>	<b>6,865,591</b>

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A25. FAIR VALUE ESTIMATION (CONTINUED)**

The following represents the changes in Level 3 instruments for the financial year ended 31 March 2014 and 31 December 2013 for the Group and the Bank :

	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
<b>The Group</b>						
<b>2014</b>						
At 1 January	73,048	1,208,192	49,675	1,330,915	943,151	943,151
Total gain/(loss) recognised in statement of income	535	(12,402)	3,345	(8,522)	14,583	14,583
Total loss recognised in other comprehensive income	-	(1,331)	-	(1,331)	-	-
Purchases	-	6,131	592	6,723	221,887	221,887
Sales	-	(1,201)	(8,450)	(9,651)	(147,406)	(147,406)
Transfers out of Level 3	-	(883)	-	(883)	-	-
Exchange fluctuation	(197)	(896)	-	(1,093)	-	-
At 31 March	73,386	1,197,610	45,162	1,316,158	1,032,215	1,032,215

Total gain/(loss) recognised in statement of income relating to assets held on 31 March 2014 under "net non-interest income"

	535	(9,485)	3,345	(5,605)	14,583	14,583
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Total loss recognised in other comprehensive income relating to assets held on 31 March 2014 under "revaluation reserves"

	-	(1,331)	-	(1,331)	-	-
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Change in unrealised gain recognised in statement of income relating to assets held on 31 March 2014 under "net non-interest income"

	535	-	3,345	3,880	14,583	14,583
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	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
<b>The Group</b>						
<b>2013</b>						
At 1 January	66,313	1,105,586	-	1,171,899	-	-
Total gains/(loss) recognised in statement of income	2,387	(40,530)	251	(37,892)	195	195
Total gains recognised in other comprehensive income	-	72,374	-	72,374	-	-
Purchases	-	77,008	49,424	126,432	943,051	943,051
Sales	-	(19,914)	-	(19,914)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,718	-	28,066	-	-
At 31 December	73,048	1,208,192	49,675	1,330,915	943,151	943,151

Total gains/(loss) recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income"

	2,612	(21,387)	251	(18,524)	195	195
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Total gains recognised in other comprehensive income relating to assets held on 31 December 2013 under "revaluation reserves"

	-	72,374	-	72,374	-	-
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Change in unrealised gain recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income"

	2,387	-	251	2,638	195	195
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During the financial period, the transfer out of Level 3 of RM883,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

**PART A-EXPLANATORY NOTES (CONTINUED)**

**A25. FAIR VALUE ESTIMATION (CONTINUED)**

The following represents the changes in Level 3 instruments for the financial year ended 31 March 2014 and 31 December 2013 for the Group and the Bank (Continued) :

	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
<b>The Bank</b>						
<b>2014</b>						
At 1 January	6,716	1,070,703	49,675	1,127,094	943,151	943,151
Total (loss)/gain recognised in statement of income	(8)	(13,124)	3,345	(9,787)	14,583	14,583
Total gain recognised in other comprehensive income	-	411	-	411	-	-
Purchases	-	3,074	592	3,666	221,887	221,887
Sales	-	-	(8,450)	(8,450)	(147,406)	(147,406)
Transfers out of Level 3	-	(883)	-	(883)	-	-
Exchange fluctuation	-	(566)	-	(566)	-	-
At 31 March	6,708	1,059,615	45,162	1,111,485	1,032,215	1,032,215

Total (loss)/gain recognised in statement of income relating to assets held on 31 March 2014 under "net non-interest income"

	(8)	(10,816)	3,345	(7,479)	14,583	14,583
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Total gains recognised in other comprehensive income relating to assets held on 31 March 2014 under "revaluation reserves"

	-	411	-	411	-	-
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Change in unrealised (loss)/gain recognised in statement of income relating to assets held on 31 March 2014 under "net non-interest income"

	(8)	-	3,345	3,337	14,583	14,583
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	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
<b>The Bank</b>						
<b>2013</b>						
At 1 January	6,544	968,397	-	974,941	-	-
Total gains/(loss) recognised in statement of income	172	(37,422)	251	(36,999)	195	195
Total gains recognised in other comprehensive income	-	84,416	-	84,416	-	-
Purchases	-	61,374	49,424	110,798	943,051	943,051
Sales	-	(11,233)	-	(11,233)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	-	15,221	-	15,221	-	-
At 31 December	6,716	1,070,703	49,675	1,127,094	943,151	943,151

Total gains/(loss) recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income"

	397	(28,314)	251	(27,666)	195	195
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Total gains recognised in other comprehensive income relating to assets held on 31 December 2013 under "revaluation reserves"

	-	84,416	-	84,416	-	-
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Change in unrealised gain recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income"

	172	-	251	423	195	195
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During the financial period, the transfer out of Level 3 of RM883,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

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

### B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM1,071 million for the three months period ended 31 March 2014, RM301 million or 39.1% higher as compared to the pre-tax profit of RM770 million registered in the previous corresponding period.

Net interest income increased by RM197 million (16.2%) to RM1,412.4 million, mainly due to higher interest income from loans and advances as a result of loans growth, while net non-interest income increased slightly by RM7 million to RM583 million. Overheads reduced by RM150 million mainly due to non-recurring expenses comprising the provision for Mutual Separation Scheme and write-off of intangible assets (collectively amounting to RM200 million) made in the previous corresponding period.

Allowances for impairment losses on loans, advances and financing increased by RM26 million while allowances made for other impairment losses increased by RM16 million as compared to the previous corresponding period.

### B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The operating environment remains relatively stable as a whole, with the main operations in Malaysia continue to expand in tandem with economic growth as well as increasing market share in targeted segments as CIMB Bank moves up the digitisation scale. Singapore continues to offer growth opportunities for the corporate and consumer banking businesses. The outlook for the Thailand banking operations appears to have tempered in line with the protracted political tensions.

### B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

#### a) Basic EPS

The Group and Bank basic EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	Group			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	845,380	587,432	845,380	587,432
Weighted average number of ordinary shares in issue - proforma ( '000)	4,131,411	3,764,469	4,131,411	3,764,469
Basic earnings per share (expressed in sen per share)	20.46	15.60	20.46	15.60

  

	Bank			
	1st Quarter Ended		Three Months Ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	667,118	429,003	667,118	429,003
Weighted average number of ordinary shares in issue - proforma ( '000)	4,131,411	3,764,469	4,131,411	3,764,469
Basic earnings per share (expressed in sen per share)	16.15	11.40	16.15	11.40

#### b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2014 and 31 March 2013.