

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	The Group	
		31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		30,955,020	33,678,882
Reverse repurchase agreements		4,623,324	8,260,504
Deposits and placements with banks and other financial institutions		4,823,061	3,789,019
Financial assets held for trading	A8	25,866,230	23,403,280
Derivative financial instruments	A22	4,441,112	5,020,453
Financial investments available-for-sale	A9	31,699,322	30,334,058
Financial investments held-to-maturity	A10	12,986,242	10,821,493
Loans, advances and financing	A11	234,196,513	228,431,705
Other assets	A12	11,126,204	7,990,355
Tax recoverable		55,668	64,578
Deferred tax assets		403,873	357,250
Statutory deposits with central banks		6,285,389	6,361,648
Investment in associates and joint ventures		1,064,558	1,013,482
Property, plant and equipment		1,444,086	1,546,783
Investment properties		4,000	4,000
Prepaid lease payments		145,111	147,901
Goodwill		8,016,645	7,877,463
Intangible assets		1,872,856	1,760,225
		380,009,214	370,863,079
Non-current assets held for sale		31,004	49,718
TOTAL ASSETS		380,040,218	370,912,797
LIABILITIES AND EQUITY			
Deposits from customers	A13	262,017,554	263,004,302
Deposits and placements of banks and other financial institutions	A14	22,879,735	20,727,845
Repurchase agreements		6,601,616	5,922,788
Financial liabilities designated at fair value	A15	2,511,058	2,132,170
Derivative financial instruments	A22	5,359,239	6,009,608
Bills and acceptances payable		4,083,573	4,713,219
Other liabilities	A16	10,780,129	8,562,039
Current tax liabilities		423,563	384,800
Deferred tax liabilities		57,038	50,327
Bonds and debentures	B7	8,122,783	7,490,265
Other borrowings	B7	7,616,459	7,772,727
Subordinated obligations	B7	12,219,494	12,066,700
Non-cumulative guaranteed and redeemable preference shares		848,891	847,447
TOTAL LIABILITIES		343,521,132	339,684,237
Ordinary share capital		8,229,346	7,729,346
Reserves		27,325,469	22,542,356
Less: Shares held under trust		(563)	(563)
Treasury shares, at cost		(41)	(41)
		35,554,211	30,271,098
Perpetual preference shares		200,000	200,000
Non-controlling interests		764,875	757,462
TOTAL EQUITY		36,519,086	31,228,560
TOTAL EQUITY AND LIABILITIES		380,040,218	370,912,797
COMMITMENTS AND CONTINGENCIES	A23	574,499,429	522,489,461
Net assets per share attributable to owners of the Parent (RM)		4.32	3.92

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 MARCH 2014

	Note	The Group			
		1st quarter ended		Three months ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	3,807,897	3,536,303	3,807,897	3,536,303
Interest expense	A18	(1,741,132)	(1,639,679)	(1,741,132)	(1,639,679)
Net interest income		2,066,765	1,896,624	2,066,765	1,896,624
Income from Islamic Banking operations	A27(c)	368,013	378,239	368,013	378,239
Net non-interest income	A19	1,097,070	1,155,362	1,097,070	1,155,362
		3,531,848	3,430,225	3,531,848	3,430,225
Gain on disposal of subsidiaries and associates		6,205	515,095	6,205	515,095
		3,538,053	3,945,320	3,538,053	3,945,320
Overheads	A20	(2,010,943)	(2,219,589)	(2,010,943)	(2,219,589)
Profit before allowances		1,527,110	1,725,731	1,527,110	1,725,731
Allowance made for impairment losses on loans, advances and financing	A21	(111,445)	(80,723)	(111,445)	(80,723)
Allowance made for impairment losses on other receivables		(4,717)	(3,563)	(4,717)	(3,563)
Allowance written back for commitments and contingencies		1,829	1,334	1,829	1,334
Allowance (made)/written back for other impairment losses		(15,044)	404	(15,044)	404
		1,397,733	1,643,183	1,397,733	1,643,183
Share of results of joint ventures		(5,798)	7,633	(5,798)	7,633
Share of results of associates		39,134	67,678	39,134	67,678
Profit before taxation		1,431,069	1,718,494	1,431,069	1,718,494
Taxation	B4	(348,847)	(316,120)	(348,847)	(316,120)
Profit for the period		1,082,222	1,402,374	1,082,222	1,402,374
Profit for the period attributable to :					
Owners of the Parent		1,066,282	1,386,178	1,066,282	1,386,178
Non-controlling interests		15,940	16,196	15,940	16,196
		1,082,222	1,402,374	1,082,222	1,402,374
Earnings per share (sen):					
- Basic	B9(a)	13.2	18.7	13.2	18.7
- Fully diluted	B9(b)	N/A	N/A	N/A	N/A

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,082,222	1,402,374	1,082,222	1,402,374
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	(30)	-	(30)	-
- Income tax effects	1,093	-	1,093	-
- Currency translation difference	(46)	-	(46)	-
	1,017	-	1,017	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(33,548)	(115,454)	(33,548)	(115,454)
- Net loss from change in fair value	(718)	(14,636)	(718)	(14,636)
- Realised gain transferred to statement of income on disposal and impairment	(32,464)	(113,118)	(32,464)	(113,118)
- Income tax effects	12,837	12,102	12,837	12,102
- Currency translation difference	(13,203)	198	(13,203)	198
Net investment hedge	1,456	(6,414)	1,456	(6,414)
Hedging reserve - 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	679,114	332,438	679,114	332,438
Share of other comprehensive income of associates and joint ventures	10,969	5,213	10,969	5,213
	661,240	215,130	661,240	215,130
Total other comprehensive expense for the period, net of tax	662,257	215,130	662,257	215,130
Total comprehensive income for the period	1,744,479	1,617,504	1,744,479	1,617,504
Total comprehensive income for the period attributable to:				
Owners of the Parent	1,716,737	1,595,385	1,716,737	1,595,385
Non-controlling interests	27,742	22,119	27,742	22,119
	1,744,479	1,617,504	1,744,479	1,617,504

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

CIMB GROUP HOLDINGS BERHAD
(Company Number: 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

Attributable to owners of the Parent

The Group
31 March 2014

	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2014	7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,066,282	1,066,282	-	15,940	1,082,222
Other comprehensive income (net of tax)	-	-	100	-	667,252	-	-	(23,761)	5,722	1,142	-	-	650,455	-	11,802	662,257
- financial investments available-for-sales	-	-	-	-	-	-	-	(34,730)	-	-	-	-	(34,730)	-	-	(33,548)
- net investment hedge	-	-	-	-	-	-	-	1,456	-	-	-	-	1,456	-	-	1,456
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	3,249	-	-	-	-	3,249	-	-	3,249
- re-measurement of post employment benefits obligations	-	-	-	-	-	-	-	-	1,017	-	-	-	1,017	-	-	1,017
- currency translation difference	-	-	100	-	667,252	-	-	-	-	1,142	-	-	668,494	-	10,620	679,114
- share of other comprehensive income of associate and joint ventures	-	-	-	-	-	-	-	10,969	-	-	-	-	10,969	-	-	10,969
Total comprehensive income for the period	-	-	100	-	667,252	-	-	(23,761)	5,722	1,142	-	1,066,282	1,716,737	-	27,742	1,744,479
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	71,584	(71,584)	-	-	-	-
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,275)	(10,275)	-	(26,973)	(37,248)
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,659	6,659
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	20,730	-	-	20,730	-	-	20,730
Issuance of shares through private placement	500,000	3,041,534	-	-	-	-	-	-	68,604	(54,217)	-	-	14,387	-	-	14,387
At 31 March 2014	8,229,346	8,874,054	4,933,145	137,104	(1,439,725)	(563)	(41)	(66,470)	(197,184)	69,297	1,815,467	13,199,781	35,554,211	200,000	764,875	36,519,086

CIMB GROUP HOLDINGS BERHAD
(Company Number: 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

Attributable to owners of the Parent

The Group
31 March 2013

	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013	7,432,775	4,192,596	4,306,464	137,104	(876,172)	(563)	(32)	800,965	(149,444)	59,459	1,173,577	11,216,265	28,292,994	200,000	773,325	29,266,319
Profit for the financial period	-	-	-	-	-	-	-	(108,856)	-	-	-	1,386,178	1,386,178	-	16,196	1,402,374
Other comprehensive income (net of tax)	-	-	32	-	325,548	-	-	(108,856)	(7,033)	-	-	-	209,207	-	5,923	215,130
- financial investments available-for-sale	-	-	-	-	-	-	-	(114,069)	-	(484)	-	-	(114,069)	-	(1,385)	(115,454)
- net investment hedge	-	-	-	-	-	-	-	(6,380)	-	-	-	-	(6,380)	-	(34)	(6,414)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	(653)	-	-	-	-	(653)	-	-	(653)
- currency translation difference	-	-	32	-	325,548	-	-	-	(653)	-	-	-	(653)	-	-	(653)
- share of other comprehensive expense of associate and joint ventures	-	-	-	-	-	-	-	-	(484)	-	-	-	325,096	-	7,342	332,438
Total comprehensive income for the period	-	-	32	-	325,548	-	-	(108,856)	(7,033)	(484)	-	1,386,178	1,395,385	-	22,119	1,617,504
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,809)	(4,809)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	83,006	(83,006)	-	-	-	-
Arising from (dilution)/accretion of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EOP for staff resigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93	93
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	-	-	2,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	15,612	-	-	15,612	-	-	15,612
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(429)	-	-	(429)	-	-	(429)
At 31 March 2013	7,432,775	4,192,596	4,306,496	137,104	(550,624)	(563)	(32)	692,109	(150,644)	74,158	1,256,583	12,521,437	29,911,395	200,000	790,728	30,902,123

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	The Group	
	31 March 2014 RM'000	31 March 2013 RM'000
Profit before taxation	1,431,069	1,718,494
Adjustments for non-operating and non-cash items	51,759	(392,565)
Operating profit before changes in working capital	1,482,828	1,325,929
Net changes in operating assets	(8,952,464)	(23,193,255)
Net changes in operating liabilities	3,870,358	26,315,789
	(5,082,106)	3,122,534
Cash flows generated from operations	(3,599,278)	4,448,463
Taxation paid	(373,138)	(428,192)
Net cash flows (used in)/generated from operating activities	(3,972,416)	4,020,271
Net cash flows (used in)/from investing activities	(3,591,473)	917,766
Net cash flows from financing activities	3,984,907	286,980
Net (decrease)/increase in cash and cash equivalents during the financial period	(3,578,982)	5,225,017
Effects of exchange rate changes	823,069	79,915
Cash and short-term funds at beginning of the financial period	33,678,882	30,759,899
Cash and short-term funds at end of the financial period	30,922,969	36,064,831
Statutory deposits with Bank Indonesia*	(3,844,138)	(4,232,326)
Monies held in trust	(31,624)	(28,820)
Cash and cash equivalents at end of the financial period	27,047,207	31,803,685

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

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

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

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

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the period ended 31 March 2014:-

(a) On 9 May 2013, the Group announced its intention to resume with the proposal to undertake the dual listing of ordinary shares on the Stock Exchange of Thailand ("SET"). On 30 May 2013, the Securities Commission ("SC") approved the proposed SET listing. On 10 June 2013, approval was attained from Bursa Malaysia Securities for the proposed SET listing. On 15 November 2013, the Group submitted an application to the SC for a 6-month extension to complete the proposed SET listing. On 25 February 2014, the Group announced that it has decided to abort the proposed SET listing in light of the market conditions in Thailand.

(b) On 13 January 2014, the Company announced its undertaking of a private placement pursuant to the shareholders' mandate for the issuance of new ordinary share ("New CIMB Shares") under Section 132D of the Companies Act, 1965 obtained at the Company's Annual General Meeting held on 17 April 2013. Pursuant to the private placement, 500 million new CIMB shares were issued, representing 6.08% of the enlarged issued and paid-up share capital of the Company as at 31 December 2013, to domestic and foreign investors. The private placement was completed on 23 January 2014 and successfully raised gross proceeds of RM3.55 billion.

(c) On 28 February 2014, the Company announced that it will seek its shareholders' approval at its 57th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 15 April 2014.

(d) On 28 February 2014, the Company settled the RM300 million 3-month Commercial Papers which had matured on 28 February 2014.

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

(e) On 31 March 2014, CIMB Islamic Bank (“CIMB Islamic”) a wholly-owned subsidiary of CIMB Bank Berhad, completed its first issuance of a RM150 million Basel III compliant Perpetual Preference Shares (“PPS”) to CIMB Bank Berhad. The issuance was approved by the Board of Directors of CIMB Islamic and CIMB Bank Berhad 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.

(f) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2013 and the corresponding DRS was fixed for 26 March 2014. The Group had, on 23 April 2014, issued and allotted 107,176,094 new ordinary shares of RM1.00 each in New CIMB Shares. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 24 April 2014. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 8,336,522,033 shares.

(g) 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 THBFX 6 months, payable semi annually.

Subsequent to the year 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 rate ranges from 0 - 4.8% per annum variable to index of THBFX 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.

(h) On 14 May 2014, CIMB Bank Berhad 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.

A4. DIVIDENDS PAID

The Directors have proposed a single-tier second interim dividend of 10.33[^] sen per ordinary share, on 8,229,341,531[^] ordinary shares amounting to RM850,090,928 in respect of the financial year ended 31 December 2013. The single-tier second interim dividend was approved by the Board of Directors on 11 February 2014. The dividend consists of an electable portion of 10.33 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM148,087,512 was paid on 23 April 2014.

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

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

A5. STATUS OF CORPORATE PROPOSAL

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

A6. EVENTS DURING THE REPORTING PERIOD

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

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 March 2014 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES

A8. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	281,838	422,188
Cagamas bonds	9,945	14,891
Malaysian Government treasury bills	94,779	75,075
Bank Negara Malaysia monetary notes	3,512,412	3,638,918
Negotiable instruments of deposit	2,951,306	1,874,343
Bankers' acceptances and Islamic accepted bills	980,524	345,728
Credit-linked notes	49,252	49,347
Other Government's securities	5,031,770	4,197,517
Commercial papers	440,533	362,189
Government investment issues	65,292	106,451
	13,417,651	11,086,647
Quoted securities:		
<i>In Malaysia:</i>		
Shares	1,863,534	1,533,392
<i>Outside Malaysia:</i>		
Shares	19,942	114,456
Private and Islamic debt securities	362,895	325,660
Other Government bonds	1,237,267	1,100,785
Bank Indonesia certificates	660,512	546,404
Investment linked funds	573,647	497,482
	4,717,797	4,118,179
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	5,020,493	5,324,359
Shares	6,708	6,716
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	2,627,354	2,791,654
Shares	66,678	66,332
Unit trust	9,549	9,393
	7,730,782	8,198,454
Total financial assets held for trading	25,866,230	23,403,280

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	597,766	656,270
Cagamas bonds	233,593	239,735
Khazanah bonds	331,521	322,874
Other Government securities	227,776	254,035
Other Government treasury bills	27,146	27,052
Government investment issues	2,497,124	2,518,856
	3,914,926	4,018,822
Quoted securities:		
<i>In Malaysia:</i>		
Shares	224,996	221,771
Unit trusts	164,286	163,834
<i>Outside Malaysia:</i>		
Shares	808	27
Private and Islamic debt securities	1,782,266	1,586,488
Other Government bonds	6,024,401	4,611,523
Unit trusts	87,916	86,798
	8,284,673	6,670,441
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	13,872,786	13,629,307
Shares	1,072,784	1,080,282
Loan stocks	10,433	10,433
Property funds	189	189
<i>Outside Malaysia:</i>		
Shares	50,247	51,720
Private equity and unit trust funds	389,474	384,807
Private and Islamic debt securities	4,387,794	4,754,199
Loan stocks	739	1,672
	19,784,446	19,912,609
	31,984,045	30,601,872
Allowance for impairment loss:		
Private debt securities	(65,465)	(70,743)
Private equity funds	(48,174)	(29,493)
Quoted shares	(16,636)	(15,988)
Quoted bonds	(6,330)	(5,650)
Unquoted shares	(137,296)	(135,121)
Unit trusts	(389)	(386)
Loan stocks	(10,433)	(10,433)
	(284,723)	(267,814)
Total financial investments available-for-sale	31,699,322	30,334,058

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	972,668	802,446
Cagamas bonds	191,719	160,997
Other government securities	779,681	780,810
Other government treasury bills	16,843	16,830
Bank Negara Malaysia Monetary Notes	9,918	9,845
Khazanah bonds	237,968	66,736
Malaysian Government investment issues	1,258,605	808,104
	3,467,402	2,645,768
Quoted securities		
<i>Outside Malaysia</i>		
Private debt securities	2,195,057	1,930,753
Islamic bonds	7,260	6,789
Other Government bonds	545,693	501,824
Bank Indonesia certificates	176,554	155,219
	2,924,564	2,594,585
Unquoted securities		
<i>In Malaysia</i>		
Private debt securities	5,549,632	4,479,105
Loan stocks	27,388	27,388
<i>Outside Malaysia</i>		
Private debt securities	1,037,584	1,116,035
	6,614,604	5,622,528
	13,006,570	10,862,881
Accretion of discount net of amortisation of premium	12,874	(8,516)
Less : Allowance for impairment losses	(33,202)	(32,872)
Total financial investments held-to-maturity	12,986,242	10,821,493

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.

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
At amortised cost		
Overdrafts	5,471,120	5,659,427
Term loans/financing		
- Housing loans/financing	58,622,462	56,905,328
- Syndicated term loans	14,125,772	13,911,828
- Hire purchase receivables	14,715,000	14,428,652
- Lease receivables	133,754	142,147
- Factoring receivables	13,531	22,312
- Other term loans/financing	87,665,135	88,843,150
Bills receivable	9,812,536	9,239,224
Trust receipts	1,684,028	2,077,961
Claims on customers under acceptance credits	4,739,791	4,942,558
Staff loans *	791,195	756,729
Credit card receivables	6,415,892	6,440,933
Revolving credits	33,385,955	28,830,969
Share margin financing	2,651,790	2,354,659
Other loans	2,519	1,665
Gross loans, advances and financing	240,230,480	234,557,542
Fair value changes arising from fair value hedge	148,804	140,453
	240,379,284	234,697,995
Less: Allowance for impairment losses		
- Individual impairment allowance	(2,859,778)	(3,005,066)
- Portfolio impairment allowance	(3,322,993)	(3,261,224)
	(6,182,771)	(6,266,290)
Total net loans, advances and financing	234,196,513	228,431,705

* Included in staff loans of the Group are loans to Directors amounting to RM8,568,274 (2013: RM8,409,959).

(a) Included in the Group'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.

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

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Gross loan hedged	8,078,616	8,181,776
Fair value changes arising from fair value hedges	148,804	140,453
	8,227,420	8,322,229

The fair value loss of interest rate swaps in these hedge transaction as at 31 March 2014 was RM166 million (2013: RM101 million).

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

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Domestic banking financial institutions	1,031,521	1,078,983
Domestic non-bank financial institutions		
- stockbroking companies	10,022	10,210
- others	2,572,552	2,572,679
Domestic business enterprises		
- small medium enterprises	33,682,085	31,258,050
- others	50,438,072	48,095,116
Government and statutory bodies	8,911,885	11,885,181
Individuals	115,526,738	111,963,768
Other domestic entities	3,105,221	2,020,750
Foreign entities	24,952,384	25,672,805
Gross loans, advances and financing	240,230,480	234,557,542

(iii) By interest/profit rate sensitivity

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Fixed rate		
- Housing loans	1,884,847	1,786,148
- Hire-purchase receivables	14,703,965	14,414,027
- Other fixed rate loans	41,174,512	41,358,703
Variable rate		
- BLR plus	118,404,086	114,131,244
- Cost plus	28,041,646	26,730,436
- Other variable rates	36,021,424	36,136,984
Gross loans, advances and financing	240,230,480	234,557,542

(iv) By economic purpose

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Personal use	8,346,743	8,441,137
Credit card	6,415,892	6,440,933
Purchase of consumer durables	246,600	170,550
Construction	8,315,221	8,023,104
Residential property (Housing)	59,706,473	57,390,465
Non-residential property	18,451,607	17,866,777
Purchase of fixed assets other than land and building	15,222,422	14,251,738
Mergers and acquisitions	4,344,989	5,410,650
Purchase of securities	16,270,884	15,139,766
Purchase of transport vehicles	20,377,793	19,742,044
Working capital	68,834,455	65,766,696
Other purposes	13,697,401	15,913,682
Gross loans, advances and financing	240,230,480	234,557,542

A11. LOANS, ADVANCES AND FINANCING (Continued)

(v) By geographical distribution

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Malaysia	142,426,078	140,849,113
Indonesia	49,489,318	45,941,706
Thailand	18,745,279	18,495,506
Singapore	18,990,045	19,056,385
United Kingdom	673,021	1,152,021
Hong Kong	755,577	636,761
China	5,846,802	5,730,857
Other countries	3,304,360	2,695,193
Gross loans, advances and financing	240,230,480	234,557,542

(vi) By residual contractual maturity

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Within one year	62,737,472	61,219,942
One year to less than three years	21,953,900	23,303,174
Three years to less than five years	31,800,714	31,614,934
Five years and more	123,738,394	118,419,492
Gross loans, advances and financing	240,230,480	234,557,542

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

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Personal use	269,938	252,938
Credit card	98,528	94,765
Purchase of consumer durables	920	289
Construction	1,157,805	1,180,289
Residential property (Housing)	1,552,247	1,540,293
Non-residential property	229,565	258,780
Purchase of fixed assets other than land and building	443,705	438,895
Purchase of securities	165,923	186,441
Purchase of transport vehicles	449,205	314,470
Working capital	2,285,784	2,373,246
Other purpose	726,186	752,863
Gross impaired loans, advances and financing	7,379,806	7,393,269

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

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Malaysia	4,343,055	4,452,536
Indonesia	1,534,792	1,458,612
Thailand	1,269,720	1,219,287
Singapore	52,754	58,585
United Kingdom	2,834	3,636
China	89,665	111,869
Other countries	86,986	88,744
Gross impaired loans, advances and financing	7,379,806	7,393,269

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	7,393,269	7,927,817
Classified as impaired during the period/year	901,121	3,451,780
Reclassified as not impaired during the period/year	(466,431)	(1,591,922)
Amount written back in respect of recoveries	(222,804)	(1,223,557)
Amount written off	(345,440)	(1,239,233)
Reclassification from unwinding income	-	50,870
Exchange fluctuation	120,091	17,514
At 31 March/31 December	<u>7,379,806</u>	<u>7,393,269</u>
Ratio of gross impaired loans to gross loans, advances and financing	<u>3.07%</u>	<u>3.15%</u>

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

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
<u>Individual impairment allowance</u>		
At 1 January	3,005,066	3,270,343
Net allowance (written back)/made during the period/year	(7,660)	179,523
Amount written off	(171,837)	(440,126)
Allowance written back and charged to deferred assets	(64)	(959)
Amount transferred (to)/from portfolio impairment allowance	(196)	1,043
Unwinding income	(1,609)	46,595
Exchange fluctuation	36,078	(51,353)
At 31 March/31 December	<u>2,859,778</u>	<u>3,005,066</u>
<u>Portfolio impairment allowance</u>		
At 1 January	3,261,224	3,295,857
Net allowance made during the period/year	208,701	858,902
Amount transferred from/(to) individual impairment allowance	196	(1,043)
Amount written off	(178,814)	(735,157)
Allowance written back and charged to deferred assets	115	258
Unwinding income	(7,887)	(31,518)
Exchange fluctuation	39,458	(126,075)
At 31 March/31 December	<u>3,322,993</u>	<u>3,261,224</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	<u>2.25%</u>	<u>2.28%</u>

A12. OTHER ASSETS

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Due from brokers and clients net of allowance for doubtful debts	3,308,012	2,044,742
Other debtors, deposits and prepayments, net of allowance for doubtful debts	5,214,556	3,163,529
Due from joint ventures	1,104,905	1,059,473
Due from insurers, brokers and reinsurers	17,725	26,026
Option premium receivable	198,764	193,721
Deferred assets	78,717	83,018
Foreclosed properties net of allowance for impairment losses	188,559	187,787
Collateral pledged for derivative transactions	1,014,966	1,232,059
	11,126,204	7,990,355

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
<u>By type of deposit</u>		
Demand deposits	61,824,457	60,469,052
Savings deposits	32,039,181	30,209,802
Fixed deposits	110,534,460	110,777,319
Negotiable instruments of deposit	5,631,476	6,419,989
Others	51,987,980	55,128,140
	262,017,554	263,004,302

<u>By type of customer</u>		
Government and statutory bodies	9,061,185	9,759,358
Business enterprises	106,586,310	109,298,049
Individuals	97,824,794	92,638,301
Others	48,545,265	51,308,594
	262,017,554	263,004,302

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

Due within six months	98,438,813	97,933,973
Six months to less than one year	14,145,159	15,849,808
One year to less than three years	1,942,021	1,850,649
Three years to less than five years	1,439,502	1,234,394
Five years and more	200,441	328,484
	116,165,936	117,197,308

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Licensed banks	18,952,901	16,745,660
Licensed finance companies	170,644	223,121
Licensed investment banks	560,339	755,900
Bank Negara Malaysia	520,257	795,996
Other financial institutions	2,675,594	2,207,168
	22,879,735	20,727,845

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

Due within six months	19,602,416	9,099,477
Six months to less than one year	1,922,061	6,788,703
One year to less than three years	361,816	2,404,567
Three years to less than five years	280,823	1,414,464
Five years and more	712,619	1,020,634
	22,879,735	20,727,845

A15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Deposits from customers - structured investments	2,511,058	2,132,170

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

Included in the above are individual, 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), RM151,588,000 (2013: RM151,118,000) and RM4,013,000 (2013: Nil) respectively.

The carrying amount of the Group at 31 March 2014 of financial liabilities designated at fair value were RM299,881,000 (2013: RM272,507,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A16. OTHER LIABILITIES

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Due to brokers and clients	2,896,338	1,904,117
Expenditure payable	1,659,576	2,000,789
Provision for legal claims	81,555	82,783
Sundry creditors	2,743,945	1,367,197
Insurance fund - life and takaful insurance business	58,420	54,894
Allowance for commitments and contingencies	16,181	16,823
Post employment benefit obligations	365,824	279,160
Credit card expenditure payable	180,141	162,088
Call deposit borrowing	769,515	926,272
Unit link contract liabilities	566,457	492,485
Others	1,442,177	1,275,431
	10,780,129	8,562,039

A17. INTEREST INCOME

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income	3,065,054	2,753,951	3,065,054	2,753,951
- Unwinding income [^]	23,903	31,570	23,903	31,570
Money at call and deposit placements with financial institutions	133,218	191,412	133,218	191,412
Reverse repurchase agreements	44,865	74,327	44,865	74,327
Financial assets held for trading	136,599	111,370	136,599	111,370
Financial investments available-for-sale	294,760	255,161	294,760	255,161
Financial investments held-to-maturity	104,830	86,624	104,830	86,624
Others	7,127	3,886	7,127	3,886
	3,810,356	3,508,301	3,810,356	3,508,301
Accretion of discounts less amortisation of premiums	(2,459)	28,002	(2,459)	28,002
	3,807,897	3,536,303	3,807,897	3,536,303

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

A18. INTEREST EXPENSE

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	50,520	39,943	50,520	39,943
Deposits from other customers	1,314,016	1,231,348	1,314,016	1,231,348
Repurchase agreements	17,064	40,619	17,064	40,619
Bonds and debentures	67,154	44,154	67,154	44,154
Subordinated obligations	139,926	157,323	139,926	157,323
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
Other borrowings	82,270	73,896	82,270	73,896
Others	17,837	21,527	17,837	21,527
	1,741,132	1,639,679	1,741,132	1,639,679

A19. NET NON-INTEREST INCOME

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
(a) Net fee income and commission income:				
Commissions	154,160	139,046	154,160	139,046
Fee on loans, advances and financing	165,003	123,733	165,003	123,733
Portfolio management fees	5,546	6,152	5,546	6,152
Service charges and fees	139,870	133,457	139,870	133,457
Corporate advisory fees	20,717	40,281	20,717	40,281
Guarantee fees	17,272	11,823	17,272	11,823
Other fee income	84,522	73,194	84,522	73,194
Placement fees	17,520	11,699	17,520	11,699
Underwriting commission	16,551	8,310	16,551	8,310
Fee and commission income	621,161	547,695	621,161	547,695
Fee and commission expense	(118,699)	(107,617)	(118,699)	(107,617)
Net fee and commission income	502,462	440,078	502,462	440,078
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	3,043	24,579	3,043	24,579
- Financial investments available-for-sale	7,451	1,656	7,451	1,656
<i>Outside Malaysia</i>				
- Financial assets held for trading	80	537	80	537
- Financial investments available-for-sale	359	8,221	359	8,221
	10,933	34,993	10,933	34,993
(c) Net gain/(loss) arising from financial assets held for trading	46,175	(57,471)	46,175	(57,471)
- realised	(44,410)	(1,776)	(44,410)	(1,776)
- unrealised	90,585	(55,695)	90,585	(55,695)
(d) Net gain/(loss) arising from derivative financial instruments	388,676	229,000	388,676	229,000
- realised	(53,138)	281,832	(53,138)	281,832
- unrealised	441,814	(52,832)	441,814	(52,832)
(e) Net gain/(loss) arising from financial liability designated at fair value	7,394	52,903	7,394	52,903
- realised	(14,712)	(174)	(14,712)	(174)
- unrealised	22,106	53,077	22,106	53,077
(f) Net loss arising from hedging derivatives	14,066	(13,366)	14,066	(13,366)
(g) Net gain from sale of financial investments available-for-sale	32,458	112,068	32,458	112,068
(h) Net gain from maturity of financial investment held-to-maturity	2,596	44,664	2,596	44,664
(i) Income from assets management and securities services	61,971	51,087	61,971	51,087
(j) Brokerage income	120,112	139,297	120,112	139,297
(k) Other non-interest income:				
Foreign exchange (loss)/gain	(184,074)	12,132	(184,074)	12,132
Rental income	3,372	3,373	3,372	3,373
(Loss)/Gain on disposal of property, plant and equipment/assets held for sale	(1,319)	2,538	(1,319)	2,538
Underwriting surplus before management expenses	5,029	2,098	5,029	2,098
Loss on disposal of foreclosed properties	(15,394)	(6,821)	(15,394)	(6,821)
Other non-operating income	102,613	108,789	102,613	108,789
	(89,773)	122,109	(89,773)	122,109
Total other operating income	1,097,070	1,155,362	1,097,070	1,155,362

A20. OVERHEADS

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	910,825	960,340	910,825	960,340
- Pension cost	83,976	87,071	83,976	87,071
- Overtime	8,910	8,172	8,910	8,172
- Staff incentives and other staff payments	58,380	55,422	58,380	55,422
- Medical expenses	24,934	21,216	24,934	21,216
- Others	49,012	78,545	49,012	78,545
	1,136,037	1,210,766	1,136,037	1,210,766
Establishment costs				
- Depreciation of property, plant and equipment	83,588	88,199	83,588	88,199
- Amortisation of prepaid lease payments	2,807	3,014	2,807	3,014
- Rental	120,894	113,157	120,894	113,157
- Repair and maintenance	118,573	113,119	118,573	113,119
- Outsourced services	66,040	59,800	66,040	59,800
- Security expenses	24,865	25,587	24,865	25,587
- Others	52,866	53,561	52,866	53,561
	469,633	456,437	469,633	456,437
Marketing expenses				
- Sales commission	2,198	2,721	2,198	2,721
- Advertisement	63,684	63,217	63,684	63,217
- Others	20,281	22,090	20,281	22,090
	86,163	88,028	86,163	88,028
Administration and general expenses				
- Amortisation and impairment of intangible assets	77,869	175,710	77,869	175,710
- Legal and professional fees	26,964	41,562	26,964	41,562
- Stationery	15,306	17,485	15,306	17,485
- Communication	38,440	37,438	38,440	37,438
- Incidental expenses on banking operations	9,209	11,041	9,209	11,041
- Insurance	54,799	53,118	54,799	53,118
- Others	96,523	128,004	96,523	128,004
	319,110	464,358	319,110	464,358
	2,010,943	2,219,589	2,010,943	2,219,589

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

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Allowance made for impaired loans, advances and financing:				
Net allowance (written back)/made during the financial period				
- Individual impairment allowance	(7,660)	(4,216)	(7,660)	(4,216)
- Portfolio impairment allowance	208,701	200,690	208,701	200,690
Impaired loans, advances and financing:				
- recovered	(96,204)	(116,188)	(96,204)	(116,188)
- written off	6,608	437	6,608	437
	111,445	80,723	111,445	80,723

A22. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
At 31 March 2014			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	15,450,974	98,290	(195,008)
- Up to 1 year	13,242,316	75,583	(114,759)
- More than 1 year to 3 years	846,705	14,572	(18,504)
- More than 3 years	1,361,953	8,135	(61,745)
Currency swaps	94,425,932	716,519	(540,012)
- Up to 1 year	93,736,697	686,589	(533,573)
- More than 1 year to 3 years	425,993	11,437	(3,082)
- More than 3 years	263,242	18,493	(3,357)
Currency spot	8,948,517	6,915	(8,461)
- Up to 1 year	8,948,517	6,915	(8,461)
Currency options	5,241,057	61,141	(54,657)
- Up to 1 year	4,339,770	30,396	(24,502)
- More than 1 year to 3 years	515,021	12,592	(12,588)
- More than 3 years	386,266	18,153	(17,567)
Cross currency interest rate swaps	35,212,426	1,012,384	(816,769)
- Up to 1 year	5,518,706	82,238	(113,378)
- More than 1 year to 3 years	11,529,202	267,626	(323,560)
- More than 3 years	18,164,518	662,520	(379,831)
	159,278,906	1,895,249	(1,614,907)
<u>Interest rate derivative</u>			
Interest rate swaps	283,192,034	1,977,690	(1,449,701)
- Up to 1 year	78,742,848	110,873	(102,202)
- More than 1 year to 3 years	95,099,757	432,729	(388,658)
- More than 3 years	109,349,429	1,434,088	(958,841)
Interest rate futures	5,218,479	9,876	(1,065)
- Up to 1 year	3,421,592	8,457	(645)
- More than 1 year to 3 years	1,796,887	1,419	(420)
Interest rate options	510,788	1,430	(6,943)
- Up to 1 year	381,666	399	(3,957)
- More than 1 year to 3 years	129,122	1,031	(2,986)
	288,921,301	1,988,996	(1,457,709)
<u>Equity related derivatives</u>			
Index futures	111,919	-	(1,910)
- Up to 1 year	111,919	-	(1,910)
Equity options	7,299,157	139,431	(1,661,635)
- Up to 1 year	3,159,369	78,645	(922,023)
- More than 1 year to 3 years	2,845,515	12,002	(617,118)
- More than 3 years	1,294,273	48,784	(122,494)
Equity swaps	1,055,398	42,054	(186,579)
- Up to 1 year	143,088	16,602	(146,845)
- More than 1 year to 3 years	249,948	25,249	(39,433)
- More than 3 years	662,362	203	(301)
	8,466,474	181,485	(1,850,124)
<u>Commodity related derivatives</u>			
Commodity swaps	1,767,753	65,368	(63,697)
- Up to 1 year	1,676,580	51,449	(50,379)
- More than 1 year to 3 years	84,123	7,492	(6,891)
- More than 3 years	7,050	6,427	(6,427)
Commodity options	782,142	128,745	(25,919)
- Up to 1 year	617,803	19,515	(19,515)
- More than 1 year to 3 years	77,080	72,421	(3,242)
- More than 3 years	87,259	36,809	(3,162)
	2,549,895	194,113	(89,616)
<u>Credit related contract</u>			
Credit default swaps	6,950,964	31,314	(38,664)
- Up to 1 year	2,955,943	1,371	(22,623)
- More than 1 year to 3 years	2,205,767	10,914	(8,875)
- More than 3 years	1,789,254	19,029	(7,166)
<u>Hedging derivatives</u>			
Interest rate swaps	22,174,028	136,756	(271,097)
- Up to 1 year	38,665	6	(164)
- More than 1 year to 3 years	4,242,191	71,966	(24,676)
- More than 3 years	17,893,172	64,784	(246,257)
Currency forward	190,215	2,970	(1,161)
- Up to 1 year	190,215	2,970	(1,161)
Cross currency interest rate swaps	2,262,792	10,229	(35,961)
- Up to 1 year	273,155	-	(12,738)
- More than 1 year to 3 years	1,473,365	3,418	(4,641)
- More than 3 years	516,272	6,811	(18,582)
	24,627,035	149,955	(308,219)
Total derivative assets/(liabilities)	490,794,575	4,441,112	(5,359,239)

A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2013	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	15,535,868	238,332	(245,114)
- Up to 1 year	12,621,248	201,431	(142,366)
- More than 1 year to 3 years	831,402	18,567	(21,322)
- More than 3 years	2,083,218	18,334	(81,426)
Currency swaps	74,588,373	891,838	(984,888)
- Up to 1 year	73,927,701	858,684	(979,138)
- More than 1 year to 3 years	391,499	13,487	(3,224)
- More than 3 years	269,173	19,667	(2,526)
Currency spot	7,270,147	6,317	(12,801)
- Up to 1 year	7,270,147	6,317	(12,801)
Currency options	3,605,527	97,774	(88,128)
- Up to 1 year	2,629,363	34,023	(24,965)
- 1 year to 3 years	520,621	12,429	(12,424)
- More than 3 years	455,543	51,322	(50,739)
Cross currency interest rate swaps	33,767,451	1,098,021	(1,043,097)
- Up to 1 year	3,956,556	100,069	(144,281)
- More than 1 year to 3 years	11,912,611	213,787	(392,459)
- More than 3 years	17,898,284	784,165	(506,357)
	134,767,366	2,332,282	(2,374,028)
<u>Interest rate derivative</u>			
Interest rate swaps	263,828,147	2,063,089	(1,541,162)
- Up to 1 year	71,813,536	96,482	(109,301)
- More than 1 year to 3 years	111,752,273	600,116	(573,553)
- More than 3 years	80,262,338	1,366,491	(858,308)
Interest rate futures	4,646,388	12,418	(199)
- Up to 1 year	3,734,506	10,901	(162)
- More than 1 year to 3 years	911,882	1,517	(37)
Interest rate options	598,180	1,701	(7,776)
- Up to 1 year	359,691	108	(5,157)
- More than 1 year to 3 years	238,489	1,593	(2,619)
	269,072,715	2,077,208	(1,549,137)
<u>Equity related derivatives</u>			
Index futures	43,473	-	(755)
- Up to 1 year	43,473	-	(755)
Equity options	7,332,980	103,070	(1,401,984)
- Up to 1 year	2,670,549	59,227	(823,089)
- More than 1 year to 3 years	1,983,267	15,312	(541,463)
- More than 3 years	2,679,164	28,531	(37,432)
Equity swaps	812,041	17,113	(172,249)
- Up to 1 year	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)
- More than 3 years	634,235	3,587	(3,597)
	8,188,494	120,183	(1,574,988)
<u>Commodity related derivatives</u>			
Commodity swaps	1,961,518	106,882	(105,681)
- Up to 1 year	1,850,789	79,803	(79,308)
- More than 1 year to 3 years	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)
Commodity options	238,781	158,512	(48,376)
- Up to 1 year	73,965	1,086	(944)
- More than 1 year to 3 years	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)
	2,200,299	265,394	(154,057)
<u>Credit related contract</u>			
Credit default swaps	7,656,021	38,265	(89,176)
- Up to 1 year	3,144,871	1,493	(63,846)
- More than 1 year to 3 years	2,180,546	15,731	(10,541)
- More than 3 years	2,330,604	21,041	(14,789)
<u>Hedging derivatives</u>			
Interest rate swaps	19,335,113	182,117	(219,736)
- Up to 1 year	21,526	41	(55)
- More than 1 year to 3 years	3,942,730	77,097	(25,010)
- More than 3 years	15,370,857	104,979	(194,671)
Currency forward	190,863	-	(4,646)
- Up to 1 year	190,863	-	(4,646)
Cross currency interest rate swaps	2,224,201	5,004	(43,840)
- Up to 1 year	326,652	-	(19,187)
- More than 1 year to 3 years	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)
	21,750,177	187,121	(268,222)
Total derivative assets/(liabilities)	443,635,072	5,020,453	(6,009,608)

A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group'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, measured in terms of the cost to replace the profitable contracts, was RM4,441 million (2013: RM5,020 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

A23. COMMITMENTS AND CONTINGENCIES

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

<u>The Group</u>	31 March 2014	31 December 2013
	Principal	Principal
	Amount	Amount
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	5,686,995	5,558,842
Certain transaction-related contingent items	5,539,933	5,673,446
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	45,960,741	52,400,282
- maturity exceeding one year	19,811,582	8,617,352
Miscellaneous commitments and contingencies	3,316,807	2,413,685
Total credit-related commitments and contingencies	83,704,854	78,854,389
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- up to one year	126,249,374	100,922,530
- more than one year to five years	27,857,126	29,082,502
- more than five years	7,625,412	7,177,397
	161,731,912	137,182,429
<u>Interest rate related contracts</u>		
- up to one year	82,584,771	75,929,258
- more than one year to five years	186,432,686	184,333,773
- more than five years	41,757,473	27,820,397
	310,774,930	288,083,428
<u>Equity related contracts</u>		
- up to one year	3,414,375	2,847,171
- more than one year to five years	3,842,147	3,732,189
- more than five years	1,209,952	1,609,135
	8,466,474	8,188,495
<u>Credit related contracts</u>		
- up to one year	2,955,943	3,144,871
- more than one year to five years	3,272,642	3,812,772
- more than five years	1,042,779	1,022,778
	7,271,364	7,980,421
<u>Commodity related contracts</u>		
- up to one year	2,294,382	1,924,754
- more than one year to five years	255,513	275,545
	2,549,895	2,200,299
Total treasury-related commitments and contingencies	490,794,575	443,635,072
	574,499,429	522,489,461

A24. CAPITAL ADEQUACY

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

Bank Negara Malaysia (BNM) and Bank of Thailand (BOT) issued revised guidelines on the capital adequacy framework on 28 November 2012 and 8 November 2012 respectively, of which both took effect beginning 1 January 2013. The revised guidelines sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The risk-weighted assets of CIMB Investment Bank Group are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand (BOT) requirements and are computed in accordance with the revised "Notification of The BOT. No. SoNoRSor. 87/2551 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach (SA) while Operational Risk is based on Basic Indicator Approach.

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

The regulatory compliance ratios of CIMB Bank PLC refers to Solvency Ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank PLC's net worth divided by its risk-weighted assets.

A24. CAPITAL ADEQUACY (Continued)

31 March 2014

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

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
Common equity tier 1 ratio	8.572% # ^	9.700%	9.936%	7.830% # ^	24.410%	N/A	N/A
Tier 1 ratio	10.163% # ^	10.656%	9.936%	9.102% # ^	24.410%	14.129%	N/A
Total capital ratio	12.366% # ^	14.034%	13.282%	12.468% # ^	24.410%	16.400%	18.868%

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	113,647,655	19,121,003	17,238,055	150,219,571	1,198,864	44,541,050	672,968
Market risk	13,073,292	536,621	1,522,882	14,853,210	83,493	485,656	-
Operational risk	11,363,438	1,898,475	1,177,740	14,960,508	759,745	6,119,626	-
Large exposure risk	514,669	-	-	514,669	-	-	-
	138,599,054	21,556,099	19,938,677	180,547,958	2,042,102	51,146,332	672,968

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Common Equity Tier I capital							
Ordinary shares	4,131,411	1,000,000	1,061,881	4,131,411	100,000	463,737	147,038
Other reserves	15,029,565	1,610,709	1,007,105	18,215,658	456,716	6,832,822	(21,329)
Qualifying non-controlling interests	-	-	-	242,739	-	-	-
Common Equity Tier I capital before regulatory adjustments	19,160,976	2,610,709	2,068,986	22,589,808	556,716	7,296,559	125,709
<u>Less: Regulatory adjustments</u>							
Goodwill	(3,555,075)	(136,000)	-	(4,899,949)	(964)	-	-
Intangible assets	(897,736)	(10,032)	(6,639)	(919,393)	-	-	(1,376)
Deferred tax assets	(273,923)	(30,414)	(81,148)	(330,294)	(50,223)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(765,837)	-	-	(131,860)	-	(70,115)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,783)	-	-
Shortfall of eligible provisions to expected losses	(188,119)	-	-	(329,719)	-	-	-
Others	(1,599,218)	(343,308)	-	(1,842,399)	(271)	-	(1,605)
Common Equity Tier I capital after regulatory adjustments	11,881,068	2,090,955	1,981,199	14,136,194	498,475	7,226,444	122,728
Additional Tier I capital							
Perpetual preference shares	160,000	206,000	-	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	-	-	-
Additional Tier I capital before regulatory adjustments	2,249,440	206,000	-	2,297,599	-	-	-
<u>Less: Regulatory adjustments</u>							
Investments in Additional Tier I capital instruments of subsidiaries and other financial and insurance/takaful entities	(44,000)	-	-	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,205,440	206,000	-	2,297,599	-	-	-
Total Tier I Capital	14,086,508	2,296,955	1,981,199	16,433,793	498,475	7,226,444	122,728
Tier II capital							
Subordinated notes	6,050,000	680,000	604,346	6,050,000	-	723,148	-
Redeemable preference shares	29,740	-	-	29,740	8	-	-
Surplus of eligible provision over expected loss	-	-	-	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	32,977	-	-	-
Portfolio impairment allowance & Regulatory reserve ✓	212,519	48,165	62,748	490,874	2,204	475,685	4,249
Others	-	-	-	-	-	33,021	-
Tier II capital before regulatory adjustments	6,292,259	728,165	667,094	6,603,591	2,212	1,231,854	4,249
<u>Less: Regulatory adjustments</u>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,239,348)	-	-	(527,440)	(8,995)	(70,115)	-
Total Tier II capital	3,052,911	728,165	667,094	6,076,151	-	1,161,739	4,249
Total capital base	17,139,419	3,025,120	2,648,293	22,509,944	498,475	8,388,183	126,977

Interim dividend for financial year ended 31 December 2013 was paid in March 2014.

✓ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 March 2014 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM249 million, RM223 million and RM26 million respectively.

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

^ CIMB Group Holdings Berhad ("CIMBGH") recently completed its third Dividend Reinvestment Scheme ("DRS") of which RM702 million was reinvested into new CIMBGH shares. Pursuant to the completion of DRS, CIMBGH intends to reinvest the excess cash dividend into the Bank which would increase the capital adequacy ratio of the Group and the Bank above those stated above.

A24. CAPITAL ADEQUACY (Continued)

31 December 2013

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

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

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	109,355,392	18,769,614	17,250,730	145,845,320	1,208,453	41,585,173	638,964
Market risk	12,107,705	620,945	1,363,788	13,826,815	58,618	410,116	-
Operational risk	11,115,336	1,866,592	1,168,022	14,615,092	758,001	5,028,579	-
Large exposure risk	423,320	-	-	423,320	-	-	-
	133,001,753	21,257,151	19,782,540	174,710,547	2,025,072	47,023,868	638,964

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Common Equity Tier I capital							
Ordinary shares	4,131,410	1,000,000	1,053,119	4,131,410	100,000	433,774	147,465
Other reserves	15,810,362	1,600,902	998,423	18,954,705	469,418	5,723,758	(21,440)
Qualifying non-controlling interests	-	-	-	243,991	-	-	-
Common Equity Tier I capital before regulatory adjustments	19,941,772	2,600,902	2,051,542	23,330,106	569,418	6,157,532	126,025
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(4,890,179)	(964)	-	-
Intangible assets	(852,787)	(11,080)	-	(874,518)	-	-	(1,613)
Deferred tax assets	(212,431)	(25,566)	(91,698)	(263,926)	(48,914)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	-	-	-	(47,931)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,921)	-	-
Shortfall of eligible provisions to expected losses	(151,434)	-	-	(282,726)	-	-	-
Others	(1,584,536)	(322,814)	-	(1,811,720)	(271)	-	(710)
Common Equity Tier I capital after regulatory adjustments	13,585,509	2,105,442	1,959,844	15,207,037	512,348	6,109,601	123,702
Additional Tier I capital							
Perpetual preference shares	180,000	63,000	-	180,000	-	-	-
Non-innovative Tier I Capital	900,000	-	-	900,000	-	-	-
Innovative Tier I Capital	1,450,620	-	-	1,450,620	-	-	-
Qualifying capital instruments held by third parties	-	-	-	48,180	-	-	-
Additional Tier I capital before regulatory adjustments	2,530,620	63,000	-	2,578,800	-	-	-
Additional Tier I capital before and after regulatory adjustments	2,530,620	63,000	-	2,578,800	-	-	-
Total Tier I Capital	16,116,129	2,168,442	1,959,844	17,785,837	512,348	6,109,601	123,702
Tier II capital							
Subordinated notes	6,050,000	765,000	539,424	6,050,000	-	691,874	-
Redeemable preference shares	29,740	-	-	29,740	9	-	-
Qualifying capital instruments held by third parties	-	-	-	30,471	-	-	-
Portfolio impairment allowance & Regulatory reserve	207,315	46,857	61,837	486,766	1,996	446,988	4,380
Others	-	-	224,760	-	-	30,887	-
Tier II capital before regulatory adjustments	6,287,055	811,857	826,021	6,596,977	2,005	1,169,749	4,380
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,480,601)	-	-	(800,439)	(8,926)	(47,931)	-
Total Tier II capital	1,806,454	811,857	826,021	5,796,538	-	1,121,818	4,380
Total capital base	17,922,583	2,980,299	2,785,865	23,582,375	512,348	7,231,419	128,082
Less:							
Proposed dividends	(752,000)	-	-	(752,000)	-	-	-
Total capital base (net of proposed dividend)	17,170,583	2,980,299	2,785,865	22,830,375	512,348	7,231,419	128,082

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

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2013 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM245 million, RM220 million and RM25 million respectively.

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

^ CIMB Group Holdings Berhad ("CIMBGH") recently completed its second DRS of which RM783 million was reinvested into new CIMBGH shares. Pursuant to the completion of DRS, CIMBGH reinvested cash dividend surplus of RM400 million and additional cash of RM735 million into CIMB Bank via rights issue which was completed on 30 December 2013.

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

A25. SEGMENTAL REPORT

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

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

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

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

Business segment reporting

Definition of segments:

Consumer Banking

Consumer Banking provides full-fledged financial services to individual and commercial customer. The divisions which make up the Consumer Banking are Consumer Sales & Distribution, Retail Financial Services, Commercial Banking, Group Cards & Personal Financing and Group Insurance.

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

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

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

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

Wholesale Banking

Wholesale Banking comprises Corporate Banking, Treasury & 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, debts restructuring, initial public offerings, secondary offerings and general corporate advisory. Equities provide 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.

A25. SEGMENTAL REPORT (Continued)

Investment

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

Support and others

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

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Corporate Banking, Markets RM'000	Investment and others RM'000	
31 March 2014						
Net interest income	1,430,871	13,439	505,628	120,144	(3,317)	2,066,765
- external income/(expense)	(121,349)	11,624	51,445	64,384	(6,104)	-
- inter-segment (expense)/income						
Income from Islamic Banking operations	1,309,522	25,063	557,073	184,528	(9,421)	2,066,765
Net non-interest income	220,767	1,289	124,275	20,214	1,468	368,013
Gain on disposal of subsidiaries and associates	416,459	276,786	340,339	44,416	19,070	1,097,070
	-	-	-	6,205	-	6,205
Net income	1,946,748	303,138	1,021,687	255,363	11,117	3,538,053
Overheads	(1,229,747)	(296,096)	(348,995)	(121,251)	(14,854)	(2,010,943)
of which:						
- Depreciation of property, plant and equipment	(55,483)	(15,607)	(10,140)	(2,153)	(205)	(83,588)
- Amortisation of prepaid lease payments	(76)	(36)	(5)	(2,690)	-	(2,807)
- Amortisation and impairment of intangible assets	(30,862)	(2,933)	(4,946)	(33,069)	(6,059)	(77,869)
Profit/(loss) before allowances	717,001	7,042	672,692	134,112	(3,737)	1,527,110
Allowance (made)/written back for impairment losses on loans, advances and financing	(125,370)	409	12,430	929	157	(111,445)
Allowance (made)/written back for losses on other receivables	(1,694)	1,513	1,084	(4,752)	(868)	(4,717)
Allowance written back for commitments and contingencies	1,829	-	-	-	-	1,829
Allowance written back/(made) for other impairment losses	37	-	78	(15,148)	(11)	(15,044)
Segment results	591,803	8,964	686,284	115,141	(4,459)	1,397,733
Share of results of joint ventures	390	-	-	(6,188)	-	(5,798)
Share of results of associates	-	(963)	-	40,097	-	39,134
Profit/(loss) before taxation	592,193	8,001	686,284	149,050	(4,459)	1,431,069
% of profit before taxation	41.4	0.6	48.0	10.4	(0.4)	100.0
Taxation						(348,847)
Profit for the period						1,082,222

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Corporate Banking, Investment and others RM'000	Support and others RM'000	
31 March 2013						
Net interest income	1,257,414	6,421	568,653	63,760	376	1,896,624
- external income/(expense)	(17,453)	15,882	(31,373)	38,218	(5,274)	-
- inter-segment (expense)/income						
Income from Islamic Banking operations	1,239,961	22,303	537,280	101,978	(4,898)	1,896,624
Net non-interest income	220,752	818	139,908	14,388	2,373	378,239
Gain on disposal of subsidiaries and associates	415,825	251,600	323,219	158,967	5,751	1,155,362
	-	-	-	515,095	-	515,095
Net income	1,876,538	274,721	1,000,407	790,428	3,226	3,945,320
Overheads	(1,252,989)	(220,392)	(333,216)	(386,202)	(26,790)	(2,219,589)
of which:						
- Depreciation of property, plant and equipment	(52,295)	(13,197)	(9,653)	(2,409)	(10,645)	(88,199)
- Amortisation of prepaid lease payments	(9)	(34)	-	(2,895)	(76)	(3,014)
- Amortisation of intangible assets	(20,820)	(2,478)	(4,020)	(141,835)	(6,557)	(175,710)
Profit/(loss) before allowances	623,549	54,329	667,191	404,226	(23,564)	1,725,731
Allowance (made)/written back for impairment losses on loans, advances and financing	(81,357)	(490)	1,322	81	(279)	(80,723)
Allowance (made)/written back for losses on other receivables	(2,546)	(2,724)	(586)	1,535	758	(3,563)
Allowance written back for commitments and contingencies	-	-	1,334	-	-	1,334
Allowance written back/(made) for other impairment losses	-	-	2,223	(2,057)	238	404
Segment results	539,646	51,115	671,484	403,785	(22,847)	1,643,183
Share of results of joint ventures	2,338	107	-	5,188	-	7,633
Share of results of associates	-	(290)	-	67,968	-	67,678
Profit/(loss) before taxation	541,984	50,932	671,484	476,941	(22,847)	1,718,494
% of profit before taxation	31.5	3.0	39.1	27.8	(1.4)	100.0
Taxation						(316,120)
Profit for the period						1,402,374

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking					Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Investment RM'000	Support and others RM'000	
31 March 2014						
Group						
Segment assets	163,728,792	10,362,066	163,313,036	25,325,966	1,127,224	363,857,084
Investment in associates and joint ventures	158,697	13,671	-	886,785	5,405	1,064,558
Unallocated assets	-	-	-	-	-	-
Total assets	163,887,489	10,375,737	163,313,036	26,212,751	1,132,629	364,921,642
Segment liabilities	156,630,649	9,323,158	153,678,101	11,616,135	4,457,942	335,705,985
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	156,630,649	9,323,158	153,678,101	11,616,135	4,457,942	343,521,132
Other segment items						
Incurred capital expenditure	91,830	11,268	8,432	2,027	32,006	145,563
Investment in joint ventures	158,697	4,272	-	145,149	-	308,118
Investment in associates	-	9,399	-	741,635	5,406	756,440

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

A26. 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.

A26. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 31 March 2014 and 31 December 2013.

	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 March 2014					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	13,417,651	-	13,417,651	-	13,417,651
- Quoted securities	4,717,797	2,464,135	2,253,662	-	4,717,797
- Unquoted securities	7,730,782	-	7,657,396	73,386	7,730,782
Financial investments available-for-sale					
- Money market instruments	3,914,926	-	3,914,926	-	3,914,926
- Quoted securities	8,261,318	460,981	7,800,337	-	8,261,318
- Unquoted securities	19,523,078	-	18,256,822	1,266,256	19,523,078
Derivative financial instruments					
- Trading derivatives	4,291,157	9,503	4,236,492	45,162	4,291,157
- Hedging derivatives	149,955	-	149,955	-	149,955
Total	62,006,664	2,934,619	57,687,241	1,384,804	62,006,664
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	5,051,020	3,099	4,015,706	1,032,215	5,051,020
- Hedging derivatives	308,219	-	308,219	-	308,219
Financial liabilities designated at fair value	2,511,058	-	2,511,058	-	2,511,058
Total	7,870,297	3,099	6,834,983	1,032,215	7,870,297
31 December 2013					
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	11,086,647	-	11,086,647	-	11,086,647
- Quoted securities	4,118,179	2,155,444	1,962,735	-	4,118,179
- Unquoted securities	8,198,454	-	8,125,406	73,048	8,198,454
Financial investments available-for-sale					
- Money market instruments	4,018,822	-	4,018,822	-	4,018,822
- Quoted securities	6,648,417	456,056	6,192,361	-	6,648,417
- Unquoted securities	19,666,819	-	18,387,885	1,278,934	19,666,819
Derivative financial instruments					
- Trading derivatives	4,833,332	12,418	4,771,239	49,675	4,833,332
- Hedging derivatives	187,121	-	187,121	-	187,121
Total	58,757,791	2,623,918	54,732,216	1,401,657	58,757,791
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	5,741,386	2,314	4,795,921	943,151	5,741,386
- Hedging derivatives	268,222	-	268,222	-	268,222
Financial liabilities designated at fair value	2,132,170	-	2,132,170	-	2,132,170
Total	8,141,778	2,314	7,196,313	943,151	8,141,778

A26. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 March 2014 and 31 December 2013 for the Group.

	Financial Assets		Financial Liabilities		Total
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments	Derivative financial instruments	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2014					
At 1 January	73,048	1,278,933	49,675	943,151	943,151
Total gains recognised in Statement of Income	535	(12,402)	3,345	(8,522)	14,583
Total losses recognised in Other Comprehensive Income	-	(1,969)	-	(1,969)	-
Purchases	-	6,131	591	6,722	221,887
Sales	-	(1,201)	(8,449)	(9,650)	(147,406)
Settlements	-	(1,159)	-	(1,159)	-
Transfers out of Level 3 to Level 1	-	(883)	-	(883)	-
Exchange fluctuation	(197)	(1,194)	-	(1,391)	-
At 31 March	73,386	1,266,256	45,162	1,384,804	1,032,215
Total gains/(losses) recognised in Statement of Income relating to assets held on 31 March under "net non-interest income"	535	(9,485)	3,345	(5,605)	14,583
Total gains recognised in Other Comprehensive Income relating to assets held on 31 March under "revaluation reserves"	-	(1,331)	-	(1,331)	-
Change in unrealised gain recognised in Statement of Income relating to assets held on 31 March under "net non-interest income"	535	-	3,345	3,880	14,583

A26. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 March 2014 and 31 December 2013 for the Group (Continued)

	Financial Assets				Financial Liabilities		Total	
	Financial assets held for trading		Financial investments available-for-sale		Derivative financial instruments			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
31 December 2013								
At 1 January	66,313	1,175,188	-	1,241,501	-	-	-	
Total gains recognised in Statement of Income	2,387	(41,647)	251	(39,009)	195	195	195	
Total losses recognised in Other Comprehensive Income	-	74,075	-	74,075	-	-	-	
Purchases	-	77,566	49,424	126,990	943,051	943,051	943,051	
Sales	-	(19,966)	-	(19,966)	(95)	(95)	(95)	
Settlements	-	(4,270)	-	(4,270)	-	-	-	
Transfers out of Level 3 to Level 1	-	(5,780)	-	(5,780)	-	-	-	
Exchange fluctuation	4,348	23,768	-	28,116	-	-	-	
At 31 December	73,048	1,278,934	49,675	1,401,657	943,151	943,151	943,151	
Total gains recognised in Statement of Income relating to assets held on 31 December under "net non-interest income"	2,612	(22,504)	251	(19,641)	195	195	195	
Total gains recognised in Other Comprehensive Income relating to assets held on 31 December under "revaluation reserves"	-	71,530	-	71,530	-	-	-	
Change in unrealised gain/loss recognised in Statement of Income relating to assets held on 31 December under "net non-interest income"	2,387	-	251	2,637	195	195	195	

During the financial period, the transfer out of Level 3 of RM883,000 (2013: RM5,780,000) to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

The financial assets held-for-trading and financial investments available-for-sale categorised under Level 3 include unquoted securities. The fair value are derived based on net tangible assets.

Derivative financial instruments categorised under Level 3 includes credit derivatives and equity derivatives. The valuation techniques used are discounted cash flow, Stochastic Default, foreign currency correlation and option pricing model.

(iii). The following represents the Group's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 31 March 2014 and 31 December 2013.

Investment properties (Recurring)

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

Non-current assets held for sales (Non-recurring)

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 31 March 2014, the property plant and equipment and investment properties held for sales that were stated at fair value less cost to sell was RM22,600,000 (2013: RM21,598,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A27. OPERATIONS OF ISLAMIC BANKING

A27a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

		The Group	
	Note	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		6,402,214	8,558,114
Reverse repurchase agreements		-	18,645
Deposits and placements with banks and other financial institutions		657,059	730,415
Financial assets held for trading		4,004,798	3,329,824
Islamic derivative financial instruments		196,585	271,201
Financial investments available-for-sale		1,848,553	1,783,107
Financial investments held-to-maturity		1,106,595	1,040,933
Financing, advances and other financing/loans	A27d(i)	38,191,123	37,851,664
Deferred tax assets		29,558	25,241
Amount due from conventional operations		3,413,202	3,391,843
Statutory deposits with Bank Negara Malaysia		1,411,669	1,436,747
Property, plant and equipment		8,697	9,485
Other assets		502,397	588,654
Goodwill		136,000	136,000
Intangible assets		14,281	14,225
TOTAL ASSETS		57,922,731	59,186,098
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A27(e)	40,313,678	41,186,141
Deposits and placements of banks and other financial institutions		6,942,275	7,296,029
Islamic derivative financial instruments		311,994	294,760
Amount due to conventional operations		512,880	786,600
Provision for taxation and zakat		15,118	17,978
Other liabilities		4,038,262	4,181,097
Financial liabilities designated at fair value		195,384	146,216
Subordinated Sukuk	A27(f)	851,659	856,722
TOTAL LIABILITIES		53,181,250	54,765,543
Equity			
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,250	55,250
Perpetual preference shares		220,000	70,000
Reserves		3,456,392	3,285,874
		4,731,642	4,411,124
Non-controlling interests		9,839	9,431
TOTAL EQUITY		4,741,481	4,420,555
TOTAL LIABILITIES AND EQUITY		57,922,731	59,186,098

A27b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 MARCH 2014

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	549,866	602,460	549,866	602,460
Net income derived from investment of shareholders' funds	54,533	45,629	54,533	45,629
Allowance made for impairment losses on financing, advances and other financing/loans	(15,446)	(35,155)	(15,446)	(35,155)
Allowance written back/(made) for impairment losses on other receivables	155	(555)	155	(555)
Total distributable income	589,108	612,379	589,108	612,379
Income attributable to depositors	(236,386)	(269,850)	(236,386)	(269,850)
Total net income	352,722	342,529	352,722	342,529
Other operating expenses	(137,411)	(139,999)	(137,411)	(139,999)
Profit before allowances	215,311	202,530	215,311	202,530
Allowance written back/(made) for impairment losses	22	(64)	22	(64)
Profit before taxation	215,333	202,466	215,333	202,466
Taxation	(48,260)	(45,390)	(48,260)	(45,390)
Profit for the period	167,073	157,076	167,073	157,076
Profit for the period attributable to:				
Owners of the Parent	166,801	156,721	166,801	156,721
Non-controlling interests	272	355	272	355
	167,073	157,076	167,073	157,076

A26c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	167,073	157,076	167,073	157,076
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(2,520)	121	(2,520)	121
- Net (loss)/gain from change in fair value	(5,448)	4,754	(5,448)	4,754
- Realised gain transferred to income statement on disposal and impairment	(1,758)	(5,236)	(1,758)	(5,236)
- Income tax effects	4,686	603	4,686	603
Exchange fluctuation reserve	6,641	1,018	6,641	1,018
Other comprehensive income for the period, net of tax	4,121	1,139	4,121	1,139
Total comprehensive income for the period	171,194	158,215	171,194	158,215
Total comprehensive income for the period attributable to:				
Owners of the Parent	171,060	158,181	171,060	158,181
Non-controlling interests	134	34	134	34
	171,194	158,215	171,194	158,215
Income from Islamic operations (per page 2)				
Total net income	352,722	342,529	352,722	342,529
Add: Allowance made for impairment losses on financing, advances and other financing/loans	15,446	35,155	15,446	35,155
Add: Allowance (written back)/made for impairment losses on other receivables	(155)	555	(155)	555
	368,013	378,239	368,013	378,239

A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS
(i) By type and Shariah contract
31 March 2014

At amortised cost	The Group				Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Others RM'000	
Cash line	462,962	-	-	-	462,962
Term financing					
House Financing	8,999,229	593,182	-	-	9,592,411
Syndicated Financing	290,504	234,297	-	-	524,801
Hire purchase receivables	748,721	6,020,582	-	-	6,769,303
Other term financing	16,292,695	640,742	-	877,263	17,810,700
Bills receivable	2,363	-	-	-	2,363
Trust receipts	19,184	-	-	56,137	75,321
Claims on customers under acceptance credits	290,197	-	-	-	290,197
Staff financing	-	-	-	2	2
Revolving credits	2,728,186	-	-	66,194	2,794,380
Credit card receivables	-	-	-	119,270	119,270
Share margin financing	11,784	-	19,987	78,344	110,115
Ar Rahn	-	-	-	5,513	5,513
Other financing	-	9,052	-	19,618	28,670
Gross financing, advances and other financing/loans	29,845,825	7,497,855	19,987	1,222,341	38,586,008
Fair value changes arising from fair value hedge					54,064
					38,640,072
Less: Allowance for impairment losses					
- Individual impairment allowance					(43,291)
- Portfolio impairment allowance					(405,658)
					(448,949)
Net financing, advances and other financing/loans					38,191,123

31 December 2013

At amortised cost	The Group				Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Others RM'000	
Cash line	478,132	-	-	-	478,132
Term financing					
House Financing	9,071,124	435,622	-	-	9,506,746
Syndicated Financing	276,330	226,666	-	-	502,996
Hire purchase receivables	785,834	6,288,975	-	-	7,074,809
Other term financing	16,151,926	609,684	-	759,112	17,520,722
Bills receivable	2,885	-	-	-	2,885
Trust receipts	25,934	-	-	40,681	66,615
Claims on customers under acceptance credits	370,754	-	-	-	370,754
Staff financing	-	-	-	2	2
Revolving credits	2,242,158	-	-	150,851	2,393,009
Credit card receivables	-	-	-	121,966	121,966
Share margin financing	16,441	-	39,714	144,782	200,937
Ar Rahn	-	-	-	5,081	5,081
Other financing	-	16,350	-	13,012	29,362
Gross financing, advances and other financing/loans	29,421,518	7,577,297	39,714	1,235,487	38,274,016
Fair value changes arising from fair value hedge					40,548
					38,314,564
Less: Allowance for impairment losses					
- Individual impairment allowance					(48,093)
- Portfolio impairment allowance					(414,807)
					(462,900)
Net financing, advances and other financing/loans					37,851,664

A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

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

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Gross financing hedged	6,350,000	6,350,000
Fair value changes arising from fair value hedges	54,064	40,548
	6,404,064	6,390,548

The fair value loss on profit rate swaps in the hedge transaction as at 31 March 2014 were RM130 million (2013: RM67 million).

(ii) By geographical distribution

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Malaysia	35,767,385	35,523,792
Indonesia	1,900,705	1,847,307
Singapore	917,918	902,917
Gross financing, advances and other financing/loans	38,586,008	38,274,016

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

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Malaysia	382,869	310,151
Indonesia	76,545	65,277
Gross impaired financing, advances and other financing/loans	459,414	375,428

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

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

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	375,428	443,673
Classified as impaired during the period/year	205,684	493,410
Reclassified as not impaired during the period/year	(64,437)	(192,703)
Amount recovered	(17,968)	(127,800)
Amount written off	(44,013)	(237,366)
Exchange fluctuation	4,720	(3,786)
At 31 March/31 December	<u>459,414</u>	<u>375,428</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>1.19%</u>	<u>0.98%</u>

(v) Movements in allowance for impaired financing, advances and other financing/loans:

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Individual impairment allowance		
At 1 January	48,093	127,290
Allowance made/(written back) during the period/year	1,376	(12,569)
Amount written off	(7,488)	(100,377)
Exchange fluctuation	1,310	33,749
At 31 March/31 December	<u>43,291</u>	<u>48,093</u>
Portfolio impairment allowance		
At 1 January	414,807	380,259
Allowance made during the period/year	24,695	205,711
Amount written off	(29,989)	(136,989)
Allowance transferred from conventional operations	-	2,715
Exchange fluctuation	(3,855)	(36,889)
At 31 March/31 December	<u>405,658</u>	<u>414,807</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>2.22%</u>	<u>2.21%</u>

A27e. DEPOSITS FROM CUSTOMERS
(i) By type of deposits

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Savings deposit		
Wadiah	1,875,423	1,734,338
Mudharabah	752,316	711,650
	2,627,739	2,445,988
Demand deposit		
Wadiah	4,557,855	3,439,690
Qard	21,047	11,854
Mudharabah	4,647,925	4,793,196
	9,226,827	8,244,740
Term deposit		
<i>Commodity Murabahah</i>	5,326,942	5,652,819
<i>Negotiable Islamic Debt Certificate (NIDC)</i>	4,867,955	5,934,040
Mudharabah	417,244	414,592
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	4,450,711	5,519,448
<i>Short term money market deposit-i</i>	14,943,393	15,344,867
Wakalah	14,410,133	14,841,946
Wadiah	533,260	502,921
<i>General investment account</i>	2,959,751	3,200,189
Mudharabah	2,959,751	3,200,189
<i>Specific investment account</i>	337,298	338,070
Mudharabah	337,298	337,655
Murabahah	-	415
	28,435,339	30,469,985
Others - Qard	23,773	25,428
	40,313,678	41,186,141

(ii) By maturity structures of term deposit

Due within six months	26,830,159	29,055,401
Six months to one year	868,964	628,554
One year to three years	127,420	68,248
Three years to five years	275,676	383,128
More than five years	333,120	334,654
	28,435,339	30,469,985

(iii) By type of customer

Government and statutory bodies	4,398,869	4,881,479
Business enterprises	16,439,279	17,828,677
Individuals	6,467,344	5,388,521
Others	13,008,186	13,087,464
	40,313,678	41,186,141

A27f. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Deposits from customers - structured investments	195,384	146,216

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

Included in the above are individual, 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), RM151,588,000 (2013: RM151,118,000) and RM4,013,000 (2013: Nil) respectively.

The carrying amount of the Group as at 31 December 2013 of financial liabilities designated at fair value were RM13,735,000 (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 B - Explanatory Notes Pursuant to BNM/GP8 Guidelines on Financial Reporting for Licensed Institutions

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

CIMB Group Holdings ("CIMB Group") Results

CIMB Group Holdings Berhad ("CIMB Group" or the "Group") today reported a 1Q14 net profit of RM1.066 billion, equivalent to a net earnings per share ("EPS") of 13.2sen. Compared to its Business As Usual ("BAU") net profit of RM1.021 billion for 1Q13, the Group's 1Q14 net profit increased by 4.4% year-on-year ("Y-o-Y"). In 1Q13, the Group recorded a RM1.386 billion net profit which included a net gain of RM365 million from the sale of CIMB Aviva less restructuring charges. The Group's annualised 1Q14 net return on average equity ("ROE") was 13.0% with an enlarged equity base following the private placement of new shares in January 2014. Compared to 4Q13, the Group's net profit was 2.7% higher.

The Group had a decent start to the year given the weaker than expected capital markets and lower contribution from Indonesia. The Group grew strongly in Singapore and are ahead of targets at its Regional Corporate Banking and Malaysia and Singapore Consumer Bank.

CIMB Group Y-o-Y Results

For comparative purposes, the Y-o-Y performance is analysed based on BAU numbers for 1Q13. CIMB Group's 1Q14 revenues were 3.1% higher at RM3.538 billion. Net interest income was 6.3% higher while non-interest income declined by 2.9%, due to softer Treasury & Markets and weak equity markets. On a Y-o-Y basis, the decline in Rupiah impacted CIMB Niaga's earnings contribution to the Group by 12.4%.

Operating expenses declined 0.4% as the Group continues with its efforts in prioritizing cost efficiencies and minimising spend. The Group's profit before tax ("PBT") was higher 2.0% at RM1.431 billion.

The Group's regional Consumer Bank PBT expanded by 9.2% Y-o-Y in 1Q14 to RM592 million or 41% of Group core PBT (from 39% in 1Q13). PBT from the Malaysian consumer operations was 16.4% higher Y-o-Y with good revenue growth and lower overheads. The Singapore consumer operations chalked a PBT of RM15 million for 1Q14 from RM2 million in 1Q13. The consumer banking operations' PBT in Indonesia was 22.2% lower Y-o-Y due to flat revenues, higher overhead expenses and the weaker Rupiah. The Thai consumer operations PBT doubled to RM8 million in 1Q14 due to strong revenue growth riding on its much enlarged loan base.

The Group's Regional Wholesale Banking PBT declined by 3.9% Y-o-Y to RM694 million largely due to weaker treasury markets and slower deal flows. Treasury & Markets PBT were 7.7% lower Y-o-Y, while the Investment Banking PBT was 84.3% lower because of the weaker equity markets and the consolidation of the enlarged APAC operations, previously reported under Investments. Corporate Banking maintained an uptrend as its PBT expanded 10.2% Y-o-Y at RM410 million as all countries showed positive momentum. Investments PBT was 4.3% higher Y-o-Y. Corporate Banking contribution to Group core PBT increased to 29% from 26% in 1Q13 while Treasury & Markets and Investment Banking contribution dropped to 19% and 1% respectively.

Overall the contribution of the Group's core corporate and consumer banking business has increased from 65% to 70% of total PBT.

Non-Malaysian core PBT was lower at 38% in 1Q14 from 39% in 1Q13. CIMB Niaga's PBT rose 3.3% Y-o-Y to IDR1,481 billion but its contribution to the Group declined 9.4% Y-o-Y to RM413 million due to the Rupiah depreciation. Thailand's PBT contribution to the Group grew by 8.5% Y-o-Y at RM73 million as the strong growth at CIMB Thai was offset by much weaker performance at CIMB Securities (Thailand). Total PBT contribution from Singapore increased 60.5% to RM76 million as CIMB Bank Singapore continued to post strong balance sheet growth.

The Group's total gross loans (excluding the declining bad bank loan book) expanded 12.4% Y-o-Y or 14.0% after adjusting for foreign exchange fluctuations. Commercial banking loans increased 20.6% while retail loans and corporate loans grew 12.8% and 7.6% respectively. Geographically, Singapore gross loans growth was strongest at 72.3% while Thailand and Indonesia expanded by 20.0% and 9.5% respectively, in local currency terms. Malaysia loans were 9.0% higher Y-o-Y.

The Group's 1Q14 total deposits were flat Y-o-Y but 1.8% higher Y-o-Y after excluding foreign exchange fluctuations. The 4.9% expansion in retail deposits and 5.9% growth in commercial banking deposits were offset by the 6.8% decline in corporate and treasury deposits as the Group continued to reduce expensive deposits. The Group's CASA rose by 5.3% while the CASA ratio rose to 35.4% from 33.7% in 1Q13. Overall net interest margins were marginally lower at 2.85% from 2.88%.

The Group's total loan impairment of RM111 million in 1Q14 was 37.0% higher than the RM81 million in 1Q13 due to significantly lower recoveries and write-backs as well as increased provisioning in CIMB Thai. However, the Group's total credit charge remained relatively low at 0.19%. The Group's 1Q14 gross impairment ratio improved to 3.1% from 3.8% in 1Q13, with allowance coverage (including regulatory reserve) of 108.4%. The Group's cost to income ratio was higher at 56.8% compared to previously. However, excluding the one-off items in 1Q13, the 1Q14 cost to income ratio shows a downward Y-o-Y trend.

As at 31 March 2014, CIMB Group's total capital ratio stood at 14.8% while its Common Equity Tier 1 (CET 1) capital ratio stood at 9.6%, following the completion of the RM3.55 billion private placement of new equity in January 2014.

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

CIMB Group Q-on-Q Results

The Group's 1Q14 revenues of RM3.538 billion were 6.8% lower than 4Q13, as net interest income was flat while non-interest income declined 18.6% Q-o-Q due to lower fee based income from our Consumer businesses, lower Treasury & Markets income and the absence of shared gains from Thai Asset Management Corporation ("TAMC"). 1Q14 net profit was 2.7% higher Q-o-Q at RM1.066 billion due to the 5.9% decline in costs and 64.0% contraction in loan impairment.

The Group's Consumer Banking PBT grew 13.2% Q-o-Q. The Malaysian retail operations were 7.5% higher Q-o-Q largely due to lower costs and provisions, while the Indonesian consumer division's PBT contribution to the Group was unchanged Q-o-Q. Wholesale Banking PBT was marginally 0.9% higher Q-o-Q as the stronger performance at Corporate Banking offset the declines in Treasury & Markets and Investment Banking. PBT from Investments were 1.4% lower Q-o-Q.

CIMB Niaga Results

On 29 April 2014, CIMB Niaga reported a 1Q14 net profit of IDR1,098 billion, a 4.2% Y-o-Y increase, with a 1Q14 net ROE of 16.7%. The improved Y-o-Y performance was underpinned by the larger asset base, a gradual growth in non-interest income, better net interest margins ("NIM") and lower provisions, which partially offset the slower Treasury & Markets income and higher overhead expenses. On a sequential basis, the 1Q14 net profit was 2.5% higher than 4Q13.

CIMB Niaga's gross loans grew 9.5% Y-o-Y for 1Q14 mainly driven by the commercial and corporate banking segments, which expanded by 10.7% and 12.7% respectively. Retail banking loans grew 5.1%. The Gross NPL stood at 2.6% as at end-March 2014 compared to 2.4% in 1Q13. CIMB Niaga's loan loss coverage (based on BI definition) stood at 98.8% as at end-1Q14 compared to 108.8% as at end-1Q13.

CIMB Niaga's core capital and risk weighted capital ratios stood at 14.1% and 16.4% respectively as at 31 March 2014.

CIMB Thai Results

On 18 April 2014, CIMB Thai announced a 40.8% Y-o-Y growth in net profit to THB441 million for 1Q14. The stronger performance was attributed to the strong loans growth, improved NIMs as well as expansion in non-interest income. Sequentially, CIMB Thai's net profit was 16.8% lower due to the recognition of a THB1,101 million share of recoveries from bad loans managed by TAMC in 4Q13.

The annualised loan loss charge increased to 1.1% from 0.6% as at 1Q13, while the loan loss coverage ratio rose to 100.6% from 86.1% at end-1Q13 in anticipation of the potentially challenging operating conditions. CIMB Thai's net NPL ratio stayed unchanged at 1.8%.

As at 31 March 2014, CIMB Thai's Tier 1 capital and total capital ratios were at 9.9% and 13.3% respectively.

CIMB Islamic

CIMB Islamic's Y-o-Y PBT increased by 33.9% to RM141 million due to a recovery in Islamic capital markets activity. CIMB Islamic's gross financing assets grew 4.7% Y-o-Y, accounting for 14.8% of total Group loans. Total deposits grew by 2.2% Y-o-Y to RM37.8 billion.

Geographic Expansion

In 1Q14, CIMB Group commenced operations of the CIMB Bank Hong Kong branch to facilitate transaction banking requirements of our ASEAN corporate customers. Our Shanghai bank branch is expected to be operational in 2Q14, while our maiden branch in Laos is expected to be established by 2Q14.

B2. CORPORATE DEVELOPMENTS

Capital Management

- On 9 May 2013, CIMB Group announced its intention to resume with the proposal to undertake the dual listing of ordinary shares on the Stock Exchange of Thailand (“SET”). On 30 May 2013, the Securities Commission (“SC”) approved the proposed SET listing. On 10 June 2013, approval was attained from Bursa Malaysia Securities for the proposed SET listing. On 15 November 2013, the Group submitted an application to the SC for a 6-month extension to complete the proposed SET listing. On 25 February 2014, the Group announced that it has decided to abort the proposed SET listing in light of the market conditions in Thailand.
- On 13 January 2014, CIMB Group undertook a private placement of 500 million new ordinary shares at an issue price of RM7.10 per share. The issuance represented 6.08% of the enlarged issued and paid-up share capital of CIMB Group and raised a total amount of RM3.55 billion. The new shares were listed and quoted on the Main Market of Bursa Securities on 23 January 2014.
- On 31 March 2014, CIMB Islamic Bank completed its first issuance of a RM150 million Basel III compliant Perpetual Preference Shares to CIMB Bank.
- On 23 April 2014, CIMB Group issued & allotted 107,176,094 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the Dividend Reinvestment Scheme (“DRS”) arising from the Single Tier Second Interim Dividend announcement for FY13. The new shares were listed and quoted on the Main Market of Bursa Securities on 24 April 2014.

Others

- On 2 January 2014, Dagong Global Credit Rating Co. affirmed CIMB Bank’s long term local and foreign currency issuer default ratings of ‘AA’ and ‘AA-’ respectively. The outlook is stable.
- On 12 January 2014, Moody’s affirmed CIMB Niaga’s bank financial strength rating (“BFSR”) of D, which maps to a ba2 baseline credit assessment. Moody’s affirmed CIMB Niaga’s issuer rating at Baa3/P3. The outlook is stable.
- On 15 January 2014, Moody’s assigned rating on CIMB Thai’s long-term local/foreign currency deposit and issuer ratings of Baa2/P2. CIMB Thai attained BFSR of D which maps to a ba2 baseline credit assessment. The outlook is stable.
- On 22 January 2014, MARC affirmed CIMB Islamic’s long-term and short-term Financial Institution ratings at ‘AAA’ and ‘MARC-1’. MARC also affirmed CIMB Islamic’s RM2.0 billion Tier 2 Junior Sukuk Programme at ‘AA+IS’ and set the outlook for all ratings as stable.
- On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s long-term issuer default rating at ‘BBB’ and national long-term rating at ‘AA-(tha)’, both with stable outlook. Short-term issuer default rating and national rating are affirmed at ‘F3’ and ‘F1+(tha)’ respectively.
- On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s THB10bn Debenture Programme at ‘F1+(tha)’, THB3bn 5.35% and THB3bn 4.8% Subordinated Lower Tier 2 at ‘A+(tha)’, and THB2.5bn 5.25% Subordinated Upper Tier 2 Notes at ‘A(tha)’.
- On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s long-term issuer default rating at ‘BBB’ and national long-term rating at ‘AAA(idn)’, both with stable outlook. Fitch also assigned ‘F3’ and ‘F1+(idn)’ for Niaga’s short-term issuer default rating and national short-term rating.
- On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s IDR1.6 trillion 10.85% Subordinated Debt II and IDR1.38 11.3% trillion Subordinated Debt at ‘AA(idn)’, and IDR8trn Senior Unsecured Debt Programme and Senior Unsecured Bonds at ‘AAA(idn)’.
- On 16 May 2014, Moody’s reaffirmed CIMB Bank’s BFSR at C-, local currency rating at A1/P1 and foreign currency rating at A3/P2. The outlook is revised to positive from stable for CIMB Bank’s foreign currency deposit, issuer, senior unsecured debt and senior unsecured MTN program ratings.
- On 16 May 2014, Moody’s reaffirmed CIMB Islamic Bank’s BFSR at D+, local currency rating at A1/P1 and foreign currency rating at A3/P2. The outlook is revised to positive from stable for CIMB Islamic’s foreign currency deposit and issuer ratings.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

The operating environment in the regional capital markets as well as Indonesia as a whole remain challenging. The Group’s growth expectations in Thailand also have to be adjusted as political tensions show little sign of abating. Malaysia and Singapore though continue to offer good growth opportunities for the Group’s corporate and consumer banking businesses.

With corporate and consumer banking now accounting for 70% of the Group’s PBT, the Group is focusing on optimising the balance sheet by deploying its newly enlarged capital base, and managing margins. In addition, operating costs will continue to be managed.

B4. TAXATION

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	351,090	362,368	351,090	362,368
Deferred tax expense	(1,686)	(47,477)	(1,686)	(47,477)
(Over)/Under accrual in prior years	(557)	1,229	(557)	1,229
	348,847	316,120	348,847	316,120
Reconciliation				
Profit before taxation	1,431,069	1,718,494	1,431,069	1,718,494
Tax at statutory income tax rate of 25% (2013: 25%)	357,767	429,624	357,767	429,624
Effect of different tax rates in other countries and change in tax rates	2,692	(118)	2,692	(118)
Due to income not subject to income tax and expenses not deductible for tax purposes	(11,055)	(114,615)	(11,055)	(114,615)
(Over)/Under accrual in prior years	(557)	1,229	(557)	1,229
	348,847	316,120	348,847	316,120

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

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

B6. REALISED AND UNREALISED PROFITS

	Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Total retained earnings of the Group and subsidiaries		
- Realised	12,378,174	12,070,506
- Unrealised	44,004	182,063
	12,422,178	12,252,569
Total share of retained earnings from associates		
- Realised	674,266	627,592
- Unrealised	1,857	1,290
Total share of retained earnings from joint ventures		
- Realised	66,417	101,803
- Unrealised	1	1
	13,164,719	12,983,255
Consolidation adjustments	35,062	(767,897)
Total group retained earnings as per consolidated financial statements	13,199,781	12,215,358

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

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 31 March 2014 and 31 December 2013 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group. In addition, the unrealised retained profits of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

B7. BORROWINGS AND DEBT SECURITIES

	The Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
Bonds and debentures*		
Unsecured		
One year or less (short term)	2,673,000	2,116,464
More than one year (medium/long term)	5,449,783	5,373,801
	<u>8,122,783</u>	<u>7,490,265</u>

* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR5,398,000 million, IDR denominated notes equivalent to IDR600,000 million, HKD denominated bonds equivalent to HKD3,138 million, USD denominated bonds equivalent to USD415 million, THB denominated debentures equivalent to THB31,088 million and SGD denominated bonds equivalent to SGD20 million.

Other borrowing **

Unsecured		
One year or less (short term)	1,288,779	1,631,620
More than one year (medium/long term)	6,327,680	6,141,107
	<u>7,616,459</u>	<u>7,772,727</u>

** RM300 million 3-month Commercial Papers had matured on 28 February 2014.

Subordinated obligations***

Unsecured		
More than one year (medium/long term)	12,219,494	12,066,700
	<u>12,219,494</u>	<u>12,219,494</u>

*** Included in subordinated notes for current period are IDR denominated Subordinated Notes of IDR2,980,000 million and THB denominated Subordinated Notes of THB6,544,000,000

B8. MATERIAL LITIGATION

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

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

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

	The Group			
	1st quarter ended		Three months ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,066,282	1,386,178	1,066,282	1,386,178
Weighted average number of ordinary shares in issue				
- proforma ('000)	8,107,119	7,432,771	8,107,119	7,432,771
Basic earnings per share (expressed in sen per share)	13.2	18.7	13.2	18.7

b) Diluted EPS

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