

Company No: 13491-P

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Reports and Financial Statements  
for the financial year ended 31 December 2014**

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2014**

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# CIMB Bank Berhad

(Incorporated in Malaysia)

## Directors' Report for the financial year ended 31 December 2014

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2014.

### Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 14 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

### Financial results

	<b>The Group</b> <b>RM'000</b>	<b>The Bank</b> <b>RM'000</b>
Profit after taxation attributable to:		
- Owners of the Parent	2,964,546	2,477,636
- Non-controlling interests	<u>10,746</u>	<u>-</u>
	<u>2,975,292</u>	<u>2,477,636</u>

### Dividends

The dividends on redeemable preference shares paid or declared by the Bank since 31 December 2013 were as follows:

	<b>RM'000</b>
<b>In respect of the financial year ended 31 December 2013:</b>	
Single tier second interim dividend of 25.29 sen per redeemable preference share, paid on 21 March 2014	<u>752,007</u>
<b>In respect of the financial year ended 31 December 2014:</b>	
Single tier interim dividend of 28.82 sen per redeemable preference share, paid on 2 September 2014	<u>857,000</u>

The Directors have proposed a single tier second interim dividend of approximately 25.32 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM753 million in respect of the financial year ended 31 December 2014. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 29 January 2015.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2014.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Reserves, provisions and allowances**

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

### **Issuance of shares**

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

The rights issue was approved by the shareholder of the Bank on 19 March 2014. The rights issue was completed on 8 April 2014 with issuance of 456 million units of new CIMB Bank ordinary shares of RM1.00 each.

On 24 April 2014, CIMB Group completed its third Dividend Reinvestment Scheme ("DRS") of which approximately RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM454 million into CIMB Bank. The rights issue was done on basis of 1 rights share for every 48.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 11 June 2014. The rights issue was completed on 30 June 2014 with issuance of 95 million units of new CIMB Bank shares.

On 30 October 2014, CIMB Group successfully completed its fourth DRS of which approximately RM591 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM515 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 45.5 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 24 November 2014. The rights issue was completed on 18 December 2014 with issuance of 105 million units of new CIMB Bank shares.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Bad and doubtful debts, and financing**

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

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

### **Current assets**

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

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

### **Valuation methods**

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

### **Contingent and other liabilities**

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

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

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

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Change of circumstances**

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

### **Items of an unusual nature**

In the opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 48 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made other than those disclosed in Note 49 to the Financial Statements.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Directors**

The Directors of the Bank in office since the date of the last Report and at the date of this Report are as follows:

#### **Directors**

Dato' Zainal Abidin bin Putih

Dato' Sri Mohamed Nazir bin Abdul Razak

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

Puan Rosnah Dato' Kamarul Zaman

Mr. Venkatachalam Krishnakumar

Mr. Renzo Christopher Viegas

Ms. Grace Yeoh Cheng Geok

Encik Ahmad Zulqarnain Che On (appointed on 22 September 2014)

Dato' Sri Amrin bin Awaluddin (appointed on 11 November 2014)

Dato' Sulaiman bin Mohd Tahir (resigned on 30 May 2014)

Mr. Joseph Dominic Silva (resigned on 22 September 2014)

In accordance with Article 97 of the Bank's Articles of Association, Dato' Zainal Abidin bin Putih and Puan Rosnah Dato' Kamarul Zaman will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Article 102 of the Bank's Articles of Association, Encik Ahmad Zulqarnain Che On and Dato' Sri Amrin bin Awaluddin will retire from the Board at the forthcoming AGM and being eligible, offer themselves for re-election.

**CIMB Bank Berhad**

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**Directors' Report  
for the financial year ended 31 December 2014 (Continued)****Directors' interests in shares, share options and debentures**

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

	Number of ordinary shares of RM1 each			
	As at 1 January	Acquired/ Granted	Disposed	As at 31 December
<b><u>Ultimate holding company</u></b>				
<b>CIMB Group Holdings Berhad ("CIMB Group")</b>				
Dato' Sri Mohamed Nazir bin Abdul Razak <sup>^</sup>	52,175,981	883,513 (a)	(318,470)	52,741,024
Dato' Zainal Abidin bin Putih <sup>#</sup>	111,857	3,288 (b)	-	115,145
Mr. Renzo Christopher Viegas	129,867	157,505 (a)	(52,731)	234,641

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

	Number of ordinary shares of RM1 each			
	As at 1 January	Acquired/ Granted	Disposed	As at 31 December
<sup>^</sup> Dato' Azlina binti Abdul Aziz	4,000,000	123,010 (b)	-	4,123,010
<sup>#</sup> Datin Jasmine binti Abdullah Heng	20,371	626 (b)	-	20,997
<sup>#</sup> Mohamad Ari Zulkarnain bin Zainal Abidin	10,000	157 (b)	-	10,157

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

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

	Debentures held			As at 31 December
	As at 1 January	Acquired	Disposed	
<b><u>Related company</u></b>				
<b>PT Bank CIMB Niaga Tbk</b>				
<b>- Subordinated Notes</b>				
Dato' Sri Mohamed Nazir bin Abdul Razak	IDR4,500,000,000	-	-	IDR4,500,000,000

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



# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 41 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the Equity Ownership Plan of the ultimate holding company (shown in Note 40 to the Financial Statements) as disclosed in this Report.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **2014 Business Plan And Strategy**

The Bank exhibited its resilience in 2014 despite another challenging year underpinned by a tougher operating environment, heightened competition, thinning margins and stricter regulations. For the year, the Bank's core focus areas were to optimise balance sheet returns, expand fee income opportunities, prudent cost management, increasing share of wallet and to deliver superior customer experience.

The Bank continues to place emphasis on key segments with targeted initiatives in cross-sell activities supported by customer data analytics. Sales productivity registered material improvements in helping the Bank grow market share and improved rankings for key retail products. Operating cost was a key focus area where the Bank continue to employ a prudent approach where new investments expenditure were corresponded by savings from other areas.

The Group registered a profit before taxation of RM3,714 million for the financial year ended 31 December 2014, RM59 million or 1.6% higher as compared to the profit before taxation of RM3,655 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income by RM737 mil. This was offset by lower net non-interest income and increase in overheads.

Allowances for impairment losses on loans, advances and financing increased by RM231 million whereas write-back of commitments and contingencies higher by RM8 million during the financial year under review.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited. Their total assets contributed approximately 14.8% (2013: 16.3%) and 8.6% (2013: 9.2%) respectively to CIMB Bank's consolidated total assets, and their profit before taxation contributed approximately 14.2% (2013: 13.4%) and 3.8% (2013: 7.6%) to CIMB Bank's consolidated profit before taxation.

### **Outlook for 2015**

Growth prospects for CIMB Malaysia are expected to track the slower economic environment and moderation in consumer spending. CIMB Singapore should perform positively with continued business expansion amidst steady economic growth. The outlook for CIMB Thai suggests a gradual improvement in line with the expected economic recovery.

## CIMB Bank Berhad

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### Directors' Report for the financial year ended 31 December 2014 (Continued)

#### Ratings by External Rating Agencies

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad (MARC)	August 2014	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM5.0 billion Subordinated Debt Programme &amp; Junior Sukuk Programmes</li> <li>4. RM4.0 billion Perpetual Non-Innovative Tier I Stapled Capital Securities</li> <li>5. RM1.0 billion Innovative Tier I Capital Securities</li> <li>6. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme</li> </ol>	AAA MARC-1 AA+/ AA+ <sub>IS</sub> AA AA AA+	Stable
RAM Rating Services Berhad (RAM)	October 2014	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme</li> </ol>	AAA P1 AA <sub>1</sub>	Stable

**CIMB Bank Berhad**

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**Directors' Report  
for the financial year ended 31 December 2014 (Continued)****Ratings by External Rating Agencies (Continued)**

Details of the ratings of the Bank and its debt securities are as follows: (continued)

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	August 2014	<ol style="list-style-type: none"> <li>1. Long-term Rating: Bank Deposits – Foreign Currency</li> <li>2. Short-term Rating: Bank Deposits – Foreign Currency</li> <li>3. Long-term Rating: Bank Deposits – Domestic Currency</li> <li>4. Short-term Rating: Bank Deposits – Domestic Currency</li> <li>5. Bank Financial Strength</li> <li>6. Baseline Credit Assessment</li> <li>7. Adjusted Baseline Credit Assessment</li> <li>8. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme</li> <li>9. USD350 million 5-year Senior Unsecured Notes</li> <li>10. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated)</li> </ol>	<p style="text-align: center;">A3 P-2 A1 P-1 C- baa1 baa1 (P)A3 A3  (P)A3/ Baa3</p>	<p style="text-align: center;">Positive  Stable  Stable  Positive</p>
Standard & Poor's Ratings Services (S&P)	December 2014	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Rating</li> <li>2. Short-term Foreign Currency Rating</li> <li>3. Long-term Local Currency Rating</li> <li>4. Short-term Local Currency Rating</li> <li>5. Long-term ASEAN Regional Scale Rating</li> <li>6. Short-term ASEAN Regional Scale Rating</li> <li>7. USD350 million 5-year Senior Unsecured Notes</li> </ol>	<p style="text-align: center;">A- A-2 A- A-2 axAA axA-1 A-</p>	<p style="text-align: center;">Stable</p>

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## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2014 (Continued)**

#### **Ratings by External Rating Agencies (Continued)**

Details of the ratings of the Bank and its debt securities are as follows: (continued)

<b>Rating Agency</b>	<b>Rating Date</b>	<b>Rating Classification</b>	<b>Rating Accorded</b>	<b>Outlook</b>
Dagong Global Credit Rating Co. Ltd. (Dagong)	January 2015	1. Long-term Foreign Currency Rating 2. Long-term Local Currency Rating	AA- AA	Stable

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Board Shariah Committee**

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and the Islamic Financial Services Act 2013, the Board of Directors (the "Board") is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank's Islamic banking and finance operations as well as those Islamic business undertaken under its subsidiaries that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group as established under CIMB Islamic Bank Berhad, the core Islamic banking and finance operating entity of the group.

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank and its subsidiaries that it has management control. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

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

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

The members of the Board Shariah Committee are as follows:

1. Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil (appointed on 1 November 2014)
2. Sheikh Professor Dr. Mohammad Hashim Kamali
3. Sheikh Dr. Nedham Mohamed Saleh Yaqoobi
4. Sheikh Dr. Haji Mohd Na'im bin Haji Mokhtar
5. Sheikh Associate Professor Dr. Shafaai bin Musa
6. Sheikh Dr. Yousef Abdullah Al Shubaily
7. Professor Dr. Noor Inayah Yaakub
8. Sheikh Muhamad Taufik Ridlo (appointed on 1 April 2014)
9. Sheikh Professor Dato' Dr. Sudin Haron (appointed on 1 November 2014)

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Board Shariah Committee (Continued)**

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

### **Zakat obligations**

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

### **Significant events during the financial year**

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

### **Subsequent events after the financial year end**

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2014 (Continued)**

### **Statement of Directors' Responsibility**

In preparing the Financial Statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2014 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 16 of the Directors' Report.



## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2014 (Continued)**

#### **Ultimate holding company**

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

#### **Auditors**

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

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



**Dato' Zainal Abidin bin Putih**  
Director



**Renzo Christopher Viegas**  
Director

Kuala Lumpur  
9 March 2015

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Statement by Directors

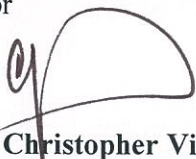
### Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Zainal Abidin bin Putih and Renzo Christopher Viegas, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 24 to 368 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2014 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965, in Malaysia.

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



**Dato' Zainal Abidin bin Putih**  
Director



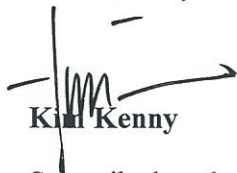
**Renzo Christopher Viegas**  
Director

Kuala Lumpur  
9 March 2015

## Statutory Declaration

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

I, Kim Kenny, being the officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 24 to 368 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**Kim Kenny**

Subscribed and solemnly declared by the abovesigned Kim Kenny at Kuala Lumpur before me, on 9 March 2015.

Commissioner for Oaths



# **CIMB Bank Berhad**

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## **Board Shariah Committee's Report**

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

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

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

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

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

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

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

## **CIMB Bank Berhad**

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### **Board Shariah Committee's Report (Continued)**

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

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

- (1) within CIMB Bank, Labuan Offshore Branch due to failure to comply with Shariah requirement set by the Board Shariah Committee. All earnings that were realised from sources or by means prohibited by Shariah amounting USD145,524.78 or RM508,827.39 over the course of the year have been considered for disposal to charitable causes.
- (2) within the Bank's subsidiary, CIMB Islamic Bank Berhad ("CIMB Islamic") due to web banner advertisement which failed to comply with Shariah requirement set by the Board Shariah Committee. There were no earnings that was derived from this incident.

RM1,061.70 reflected in the financial statement represents Shariah Non Compliance Income (SNCI) occurred in 2013.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Board Shariah Committee's Report (Continued)**

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

1. Updating CIMB Islamic and where relevant the Bank's procedures and processes in the affected activities to reflect the Shariah requirements.
2. Removed any elements that do not comply with Shariah requirements in CIMB Islamic's business communication immediately.

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

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2014 that were presented to us were done in compliance with Shariah;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. All earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

Company No: 13491-P

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Board Shariah Committee's Report (Continued)**

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

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Bank for the year ended 31 December 2014 were conducted in conformity with Shariah except for what has been disclosed.

On behalf of the Board Shariah Committee



**Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil**  
Member



**Sheikh Professor Dr. Mohammad-Hashim Kamali**  
Member

Kuala Lumpur  
9 March 2015



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIMB BANK BERHAD

(Company No: 13491-P)  
(Incorporated in Malaysia)

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Bank Berhad, on pages 24 to 368, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 55.

#### Directors' Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB BANK BERHAD (CONTINUED)

(Company No: 13491-P)  
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the Financial Statements.
- (c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Bank's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CIMB BANK BERHAD (CONTINUED)  
(Company No: 13491-P)  
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OTHER MATTERS

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Soo Hoo Khoo', written over the printed name.

SOO HOO KHOON YEAN  
(No. 2682/10/15 (J))  
Chartered Accountant

Kuala Lumpur  
9 March 2015

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2014**

	Note	The Group		The Bank	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Cash and short-term funds	2	25,456,055	24,941,166	21,435,099	18,467,152
Reverse repurchase agreements		4,512,949	7,993,092	4,406,653	5,321,399
Deposits and placements with banks and other financial institutions	3	3,844,882	3,666,536	5,383,015	7,950,214
Financial assets held for trading	4	22,718,087	21,837,868	18,390,932	17,575,173
Derivative financial instruments	25(a)	6,931,371	4,719,347	5,999,209	3,909,190
Financial investments available-for-sale	5	27,533,335	26,185,496	22,769,832	22,065,746
Financial investments held-to-maturity	6	16,714,871	9,828,806	13,496,116	7,590,527
Loans, advances and financing	7	207,954,719	185,430,615	150,874,563	132,833,310
Other assets	8	5,829,992	3,481,239	5,263,421	2,546,780
Tax recoverable		3,601	6,270	-	-
Deferred taxation	9	191,246	206,382	69,009	85,262
Statutory deposits with central banks	10	6,839,444	6,359,196	5,125,836	4,652,307
Amounts due from ultimate holding company	11	28,853	28,853	-	-
Amounts due from subsidiaries	12	-	-	6,264	138,004
Amounts due from related companies	13	1,233,998	1,092,848	1,230,514	1,091,544
Investment in subsidiaries	14	-	-	5,036,252	4,886,252
Investment in joint venture	15	161,188	158,307	125,000	125,000
Investment in associates	16	785,797	693,343	318,329	321,635
Goodwill	17	4,965,324	4,890,179	3,555,075	3,555,075
Intangible assets	18	1,074,429	1,015,035	956,067	978,712
Prepaid lease payments	19	855	1,346	-	-
Property, plant and equipment	20	854,725	866,332	502,102	507,240
Investment properties	21	4,000	4,000	-	-
		<b>337,639,721</b>	<b>303,406,256</b>	<b>264,943,288</b>	<b>234,600,522</b>
Non-current assets/disposal groups held for sale	53	9,858	21,589	5,658	3,429
<b>Total assets</b>		<b>337,649,579</b>	<b>303,427,845</b>	<b>264,948,946</b>	<b>234,603,951</b>
<b>Liabilities</b>					
Deposits from customers	22	235,267,154	220,247,690	174,320,567	156,115,031
Deposits and placements of banks and other financial institutions	23	31,417,322	19,999,833	31,538,303	30,417,708
Repurchase agreements		5,735,839	5,922,788	5,735,839	2,276,152
Financial liabilities designated at fair value	24	3,690,701	2,132,170	2,726,392	1,985,954
Derivative financial instruments	25(a)	7,558,799	5,794,713	6,601,809	4,879,637
Bills and acceptances payable		1,556,909	3,257,202	761,214	1,917,838
Amounts due to ultimate holding company	11	-	1,450	-	-
Amounts due to subsidiaries	12	-	-	126,290	35,736
Amounts due to related companies	13	40,783	34,016	23,250	21,156
Other liabilities	26	4,144,584	3,978,664	3,437,224	3,177,941
Provision for taxation and Zakat		121,491	217,221	101,553	221,857
Deferred taxation	9	2,346	2,188	-	-
Bonds and debentures	27	6,014,471	5,867,080	3,921,746	2,736,453
Other borrowings	28	2,730,742	1,968,211	2,730,742	1,968,211
Subordinated obligations	29	10,068,609	9,634,575	8,833,276	8,828,797
Redeemable preference shares	30(a)	733,522	719,251	-	-
<b>Total liabilities</b>		<b>309,083,272</b>	<b>279,777,052</b>	<b>240,858,205</b>	<b>214,582,471</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2014 (continued)**

	Note	The Group		The Bank	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Equity</b>					
<b>Capital and reserves attributable to owners of the Parent</b>					
Ordinary share capital	31	4,787,023	4,131,410	4,787,023	4,131,410
Reserves	33	23,197,849	18,954,705	19,073,978	15,660,330
		27,984,872	23,086,115	23,861,001	19,791,740
Perpetual preference shares	32	200,000	200,000	200,000	200,000
Redeemable preference shares	30(b)	29,740	29,740	29,740	29,740
Non-controlling interests		351,695	334,938	-	-
<b>Total equity</b>		<b>28,566,307</b>	<b>23,650,793</b>	<b>24,090,741</b>	<b>20,021,480</b>
<b>Total equity and liabilities</b>		<b>337,649,579</b>	<b>303,427,845</b>	<b>264,948,946</b>	<b>234,603,951</b>
<b>Commitments and contingencies</b>	25(b)	<b>683,524,925</b>	<b>512,582,888</b>	<b>535,881,943</b>	<b>435,118,538</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>5.85</b>	<b>5.59</b>	<b>4.98</b>	<b>4.79</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Income  
for the financial year ended 31 December 2014**

	Note	The Group		The Bank	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income	34	10,430,197	9,468,437	9,070,573	8,387,957
Interest expense	35	(4,518,523)	(4,294,061)	(3,987,855)	(3,804,657)
Net interest income		5,911,674	5,174,376	5,082,718	4,583,300
Income from Islamic banking operations	54	1,298,309	1,382,852	50,489	22,999
Net non-interest income	36	1,997,485	2,346,380	1,972,928	2,042,067
Net income		9,207,468	8,903,608	7,106,135	6,648,366
Overheads	37	(4,884,301)	(4,876,491)	(3,611,455)	(3,679,418)
Profit before allowances		4,323,167	4,027,117	3,494,680	2,968,948
Allowances for impairment losses on loans, advances and financing	38	(701,958)	(470,868)	(430,894)	(231,871)
Allowances for losses on other receivables		(980)	(1,046)	(1,492)	(546)
Allowances for commitments and contingencies written-back/(made)	26(c)	8,943	1,334	(212)	1,334
Allowances for other impairment losses	39	(28,930)	(26,358)	(28,910)	(8,850)
Profit after allowances		3,600,242	3,530,179	3,033,172	2,729,015
Share of results of joint venture	15	2,881	4,750	-	-
Share of results of associates	16	110,832	120,217	-	-
Profit before taxation		3,713,955	3,655,146	3,033,172	2,729,015
Taxation	42	(738,663)	(642,596)	(555,536)	(587,065)
<b>Profit after taxation</b>		<b>2,975,292</b>	<b>3,012,550</b>	<b>2,477,636</b>	<b>2,141,950</b>
<b>Profit for the financial year attributable to :</b>					
Owners of the Parent		2,964,546	2,993,126	2,477,636	2,141,950
Non-controlling interests		10,746	19,424	-	-
		<b>2,975,292</b>	<b>3,012,550</b>	<b>2,477,636</b>	<b>2,141,950</b>
<b>Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)</b>	43	<b>65.59</b>	<b>78.76</b>	<b>54.81</b>	<b>56.36</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Comprehensive Income  
for the financial year ended 31 December 2014**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the financial year	2,975,292	3,012,550	2,477,636	2,141,950
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	127,306	(519,512)	95,210	(459,661)
- Net gain/(loss) from change in fair value	212,396	(390,194)	139,037	(376,100)
- Realised gain transferred to statement of income on disposal and impairment	(64,342)	(217,390)	(23,689)	(159,375)
- Income tax effects	(22,004)	86,014	(20,138)	75,814
- Currency translation difference	1,256	2,058	-	-
Net investment hedge	(193,883)	(135,684)	(193,883)	(135,684)
Cash flow hedge	3,991	(11,396)	3,991	(11,396)
- Net gain/(loss) from change in fair value	3,802	(14,349)	3,802	(14,349)
- Income tax effects	189	2,953	189	2,953
Exchange fluctuation reserve	452,049	166,700	131,960	82,013
Share of other comprehensive income/(expense) of associate	4,963	(4,577)	-	-
	394,426	(504,469)	37,278	(524,728)
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial loss on post employment benefits obligations	(7,325)	(2,524)	-	-
Income tax effects	2,500	-	-	-
	(4,825)	(2,524)	-	-
Other comprehensive income/(expense) during the financial year, net of tax	389,601	(506,993)	37,278	(524,728)
<b>Total comprehensive income for the financial year</b>	<b>3,364,893</b>	<b>2,505,557</b>	<b>2,514,914</b>	<b>1,617,222</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	3,343,585	2,487,602	2,514,914	1,617,222
Non-controlling interests	21,308	17,955	-	-
	3,364,893	2,505,557	2,514,914	1,617,222

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2014**

The Group	Attributable to owners of the Parent																	
	Redeemable		Share	Statutory	Exchange	Revaluation	Merger	Capital	Hedging	Share-based	Regulatory	Defined	Retained	Perpetual		Total		
	Share	Preference												preference	Non-controlling			
Note	capital	Shares	premium	reserve	fluctuation	investments	deficit	reserve	reserve	reserve	reserve	profits	RM'000	RM'000	RM'000	RM'000		
At 1 January 2014	4,131,410	29,740	6,402,610	5,121,848	98,846	144,792	(1,085,928)	735,457	(126,490)	44,877	1,743,883	(5,129)	5,879,939	23,115,855	200,000	334,938	23,650,793	
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	2,964,546	2,964,546	-	10,746	2,975,292	
Other comprehensive income/(expense) (net of tax)	-	-	-	-	442,947	130,969	-	-	(189,892)	434	-	(5,419)	-	379,039	-	10,562	389,601	
- financial investments available-for-sale	-	-	-	-	-	126,006	-	-	-	-	-	-	-	126,006	-	1,300	127,306	
- net investment hedge	-	-	-	-	-	-	-	-	(193,883)	-	-	-	-	(193,883)	-	-	(193,883)	
- cash flow hedge	-	-	-	-	-	-	-	-	3,991	-	-	-	-	3,991	-	-	3,991	
- currency translation difference	-	-	-	-	442,947	-	-	-	-	434	-	(594)	-	442,787	-	9,262	452,049	
- actuarial loss from defined benefits	-	-	-	-	-	-	-	-	-	-	-	(4,825)	-	(4,825)	-	-	(4,825)	
- share of other comprehensive income of associate	-	-	-	-	-	4,963	-	-	-	-	-	-	-	4,963	-	-	4,963	
Total comprehensive income/(expense) for the year	-	-	-	-	442,947	130,969	-	-	(189,892)	434	-	(5,419)	2,964,546	3,343,585	-	21,308	3,364,893	
Transfer to statutory reserve	-	-	-	717,246	-	-	-	-	-	-	-	-	(717,246)	-	-	-	-	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(1,150,088)	-	1,150,088	-	-	-	-	
Second interim dividend for the financial year ended 31 December 2013	44	-	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	-	(752,007)	
Interim dividend for the financial year ended 31 December 2014	44	-	-	-	-	-	-	-	-	-	-	-	(857,000)	(857,000)	-	-	(857,000)	
Issue of shares from rights issue	-	655,613	-	2,496,335	-	-	-	-	-	-	-	-	-	3,151,948	-	-	3,151,948	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,551)	(4,551)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	56,335	-	-	-	56,335	-	-	56,335	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(44,104)	-	-	-	(44,104)	-	-	(44,104)	
At 31 December 2014		4,787,023	29,740	8,898,945	5,839,094	541,793	275,761	(1,085,928)	735,457	(316,382)	57,542	593,795	(10,548)	7,668,320	28,014,612	200,000	351,695	28,566,307

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2014 (Continued)**

The Group	Attributable to owners of the Parent																
	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment reserve	Regulatory reserve	Defined benefits reserve	Retained profits	Total	Perpetual		Total Equity
	Share capital	Preference Shares													RM'000	RM'000	
<b>At 1 January 2013</b>	3,764,469	29,740	5,033,633	4,494,970	(67,331)	667,987	(1,085,928)	735,457	20,590	23,360	1,173,577	(2,605)	5,682,990	20,470,909	200,000	317,649	20,988,558
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	2,993,126	2,993,126	-	19,424	3,012,550
Other comprehensive income/(expense) (net of tax)	-	-	-	-	166,177	(523,195)	-	(147,080)	1,098	-	(2,524)	-	(505,524)	-	-	(1,469)	(506,993)
- financial investments available-for-sale	-	-	-	-	-	(518,618)	-	-	-	-	-	-	(518,618)	-	-	(894)	(519,512)
- net investment hedge	-	-	-	-	-	-	-	(135,684)	-	-	-	-	(135,684)	-	-	-	(135,684)
- cash flow hedge	-	-	-	-	-	-	-	(11,396)	-	-	-	-	(11,396)	-	-	-	(11,396)
- currency translation difference	-	-	-	-	166,177	-	-	-	1,098	-	-	-	167,275	-	-	(575)	166,700
- actuarial loss from defined benefits	-	-	-	-	-	-	-	-	-	-	(2,524)	-	(2,524)	-	-	-	(2,524)
- share of other comprehensive expense of associate	-	-	-	-	-	(4,577)	-	-	-	-	-	-	(4,577)	-	-	-	(4,577)
Total comprehensive income/(expense) for the year	-	-	-	-	166,177	(523,195)	-	(147,080)	1,098	-	(2,524)	2,993,126	2,487,602	-	-	17,955	2,505,557
Transfer to statutory reserve	-	-	-	626,878	-	-	-	-	-	-	-	-	(626,878)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	570,306	-	(570,306)	-	-	-	-	-
Second interim dividend for the financial year ended 31 December 2012	44	-	-	-	-	-	-	-	-	-	-	(959,000)	(959,000)	-	-	-	(959,000)
Interim dividend for the financial year ended 31 December 2013	44	-	-	-	-	-	-	-	-	-	-	(639,993)	(639,993)	-	-	-	(639,993)
Issue of shares from rights issue	-	366,941	-	1,368,977	-	-	-	-	-	-	-	-	-	1,735,918	-	-	1,735,918
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(666)	(666)
Share-based payment expense	-	-	-	-	-	-	-	-	-	43,675	-	-	43,675	-	-	-	43,675
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(23,256)	-	-	(23,256)	-	-	-	(23,256)
<b>At 31 December 2013</b>	4,131,410	29,740	6,402,610	5,121,848	98,846	144,792	(1,085,928)	735,457	(126,490)	44,877	1,743,883	(5,129)	5,879,939	23,115,855	200,000	334,938	23,650,793

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2014 (Continued)**

The Bank	← Non-distributable Revaluation reserve- financial investments available-for-sale →													Distributable			Total Equity
	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Non-distributable Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment		Regulatory reserve	Retained profits	Perpetual preference shares			
	Share capital	Preference Shares								RM'000	RM'000				RM'000	RM'000	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1 January 2014</b>	<b>4,131,410</b>	<b>29,740</b>	<b>6,402,610</b>	<b>4,499,957</b>	<b>113,706</b>	<b>125,231</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(37,961)</b>	<b>43,871</b>	<b>1,513,795</b>	<b>3,300,141</b>	<b>19,821,480</b>	<b>200,000</b>	<b>20,021,480</b>		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	2,477,636	2,477,636	-	2,477,636		
Other comprehensive income/(expense) (net of tax)	-	-	-	-	131,611	95,210	-	-	(189,892)	349	-	-	37,278	-	37,278		
- financial investments available-for-sale	-	-	-	-	-	95,210	-	-	-	-	-	-	95,210	-	95,210		
- net investment hedge	-	-	-	-	-	-	-	(193,883)	-	-	-	-	(193,883)	-	(193,883)		
- cash flow hedge	-	-	-	-	-	-	-	3,991	-	-	-	-	3,991	-	3,991		
- currency translation difference	-	-	-	-	131,611	-	-	-	-	349	-	-	131,960	-	131,960		
Total comprehensive income/(expense) for the year	-	-	-	-	131,611	95,210	-	-	(189,892)	349	-	2,477,636	2,514,914	-	2,514,914		
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(920,000)	920,000	-	-	-		
Transfer to statutory reserve	-	-	-	619,409	-	-	-	-	-	-	-	(619,409)	-	-	-		
Second interim dividend for the financial year ended 31 December 2013	44	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	(752,007)		
Interim dividend for the financial year ended 31 December 2014	44	-	-	-	-	-	-	-	-	-	-	(857,000)	(857,000)	-	(857,000)		
Issue of shares from rights issue	-	655,613	2,496,335	-	-	-	-	-	-	-	-	-	3,151,948	-	3,151,948		
Share-based payment expense	-	-	-	-	-	-	-	-	-	54,450	-	-	54,450	-	54,450		
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(43,044)	-	-	(43,044)	-	(43,044)		
<b>At 31 December 2014</b>	<b>4,787,023</b>	<b>29,740</b>	<b>8,898,945</b>	<b>5,119,366</b>	<b>245,317</b>	<b>220,441</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(227,853)</b>	<b>55,626</b>	<b>593,795</b>	<b>4,469,361</b>	<b>23,890,741</b>	<b>200,000</b>	<b>24,090,741</b>		



**CIMB Bank Berhad**

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**Statements of Changes in Equity  
for the financial year ended 31 December 2014 (Continued)**

The Bank	Note	Non-distributable										Distributable				Total Equity RM'000
		Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Share-based		Regulatory reserve	Retained profits	Perpetual preference shares		
		Share capital	Preference Shares							payment reserve	Regulatory reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2013		3,764,469	29,740	5,033,633	3,964,469	33,074	584,892	(1,047,872)	746,852	109,119	22,817	930,953	3,875,514	18,047,660	200,000	18,247,660
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,141,950	2,141,950	-	2,141,950
Other comprehensive (expense)/income (net of tax)		-	-	-	-	80,632	(459,661)	-	-	(147,080)	1,381	-	-	(524,728)	-	(524,728)
- financial investments available-for-sale		-	-	-	-	-	(459,661)	-	-	-	-	-	-	(459,661)	-	(459,661)
- net investment hedge		-	-	-	-	-	-	-	-	(135,684)	-	-	-	(135,684)	-	(135,684)
- cash flow hedge		-	-	-	-	-	-	-	-	(11,396)	-	-	-	(11,396)	-	(11,396)
- currency translation difference		-	-	-	-	80,632	-	-	-	-	1,381	-	-	82,013	-	82,013
Total comprehensive (expense)/income for the year		-	-	-	-	80,632	(459,661)	-	-	(147,080)	1,381	-	2,141,950	1,617,222	-	1,617,222
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	582,842	(582,842)	-	-	-
Transfer to statutory reserve		-	-	-	535,488	-	-	-	-	-	-	-	(535,488)	-	-	-
Expiry of Management Equity Scheme		-	-	-	-	-	-	-	-	-	-	-	(959,000)	(959,000)	-	(959,000)
Second interim dividend for the financial year ended 31 December 2012	44	-	-	-	-	-	-	-	-	-	-	-	(639,993)	(639,993)	-	(639,993)
Interim dividend for the financial year ended 31 December 2013	44	366,941	-	1,368,977	-	-	-	-	-	-	-	-	-	1,735,918	-	1,735,918
Share-based payment expense		-	-	-	-	-	-	-	-	-	42,405	-	-	42,405	-	42,405
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(22,732)	-	-	(22,732)	-	(22,732)
At 31 December 2013		4,131,410	29,740	6,402,610	4,499,957	113,706	125,231	(1,047,872)	746,852	(37,961)	43,871	1,513,795	3,300,141	19,821,480	200,000	20,021,480

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2014**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	3,713,955	3,655,146	3,033,172	2,729,015
Adjustments for:				
Depreciation of property, plant and equipment	184,365	194,789	134,552	139,797
Amortisation of intangible assets	195,477	174,895	173,357	156,474
Amortisation of prepaid lease payments	289	302	-	-
Gain on disposal of property, plant and equipment/ assets held for sale/leased assets	(268)	(12,626)	(1,063)	(12,521)
Loss on disposal of foreclosed properties	64,081	41,458	-	-
Gain on revaluation of investment properties	-	(1,021)	-	-
Property, plant and equipment written off	6,802	2,668	6,802	2,662
Net gain from sale of financial investments available-for-sale	(91,222)	(231,131)	(54,719)	(187,731)
Net gain from redemption of financial investments held-to-maturity	(2,640)	(126,917)	(2,640)	(126,866)
Net loss from hedging activities	14,787	70,826	(16,088)	35,111
Net gain from fair value hedge on redeemable preference shares	(30,933)	(31,457)	-	-
Unrealised loss from financial assets held for trading	129,296	197,046	130,120	199,892
Unrealised loss/(gain) from financial liabilities designated at fair value	34,478	(256,899)	(47,932)	(256,899)
Unrealised (gain)/loss from derivative financial instruments	(207,781)	240,435	(97,940)	156,267
Unrealised loss/(gain) on foreign exchange	116,097	(271,531)	143,348	(169,548)
Allowances for impairment losses on loans, advances and financing	970,793	779,913	605,667	453,948
Allowance for other impairment losses made on securities	28,930	26,358	28,910	23,367
Allowances for losses on other receivables made	980	1,046	1,492	546
Writeback for impairment loss in subsidiaries	-	-	-	(14,517)
Interest income on financial investments available-for-sale	(903,558)	(909,645)	(831,697)	(848,351)
Interest income on financial investments held-to-maturity	(560,371)	(295,140)	(486,855)	(228,635)
Interest expense on subordinated obligations	388,226	355,717	402,523	364,399
Interest expense on bonds and debentures	121,041	97,069	59,682	31,839
Interest expense on other borrowings	47,028	53,900	45,386	39,339
Interest expense on redeemable preference shares	46,294	41,714	-	-
Accretion of discount less amortisation of premium	(10,973)	(30,863)	(24,251)	(33,236)
Dividend income	(74,659)	(56,216)	(270,098)	(134,004)
Allowances for commitments and contingencies (written-back)/made	(8,943)	(1,334)	212	(1,334)
Share-based payment expense	56,335	43,675	54,450	42,405
Share of results of joint venture	(2,881)	(4,750)	-	-
Share of results of associates	(110,832)	(120,217)	-	-
	<b>4,114,193</b>	<b>3,627,210</b>	<b>2,986,390</b>	<b>2,361,419</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2014 (Continued)**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(Increase)/decrease in operating assets</b>				
Reverse repurchase agreements	<b>3,480,143</b>	(2,613,306)	<b>914,746</b>	(141,673)
Deposits and placements with banks and other financial institutions	<b>(178,346)</b>	70,484	<b>2,567,199</b>	2,758,497
Financial assets held for trading	<b>(840,181)</b>	2,203,652	<b>(773,047)</b>	(127,750)
Loans, advances and financing	<b>(23,393,311)</b>	(30,512,499)	<b>(18,629,671)</b>	(25,191,830)
Amount due from subsidiaries	-	-	<b>131,740</b>	178,082
Amount due from related companies	<b>(141,150)</b>	324,901	<b>(138,970)</b>	323,797
Other assets	<b>(2,572,450)</b>	(947,784)	<b>(2,771,730)</b>	(1,041,519)
Statutory deposits with central banks	<b>(480,248)</b>	(1,095,337)	<b>(473,529)</b>	(765,886)
<b>Increase/(decrease) in operating liabilities</b>				
Deposits from customers	<b>15,019,464</b>	20,009,457	<b>18,205,536</b>	10,699,869
Deposits and placements of banks and other financial institutions	<b>11,417,489</b>	4,247,877	<b>1,120,595</b>	11,428,561
Repurchase agreements	<b>(186,949)</b>	2,839,289	<b>3,459,687</b>	(507,256)
Derivative financial instruments	<b>(434,334)</b>	507,504	<b>(464,328)</b>	753,090
Bills and acceptances payable	<b>(1,700,293)</b>	(37,879)	<b>(1,156,624)</b>	73,449
Financial liabilities designated at fair value	<b>1,524,053</b>	2,396,145	<b>788,369</b>	2,249,929
Amount due to ultimate holding company	<b>(1,450)</b>	1,450	-	-
Amount due to subsidiaries	-	-	<b>90,554</b>	(34,786)
Amount due to related companies	<b>6,767</b>	8,664	<b>2,094</b>	21,134
Other liabilities	<b>184,643</b>	768,234	<b>102,949</b>	925,748
Cash flows generated from operations	<b>5,818,040</b>	1,798,062	<b>5,961,960</b>	3,962,875
Taxation paid	<b>(853,038)</b>	(746,197)	<b>(666,769)</b>	(565,480)
<b>Net cash generated from operating activities</b>	<b>4,965,002</b>	1,051,865	<b>5,295,191</b>	3,397,395

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2014 (Continued)**

	Note	The Group		The Bank	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from investing activities</b>					
Dividend from associate		20,037	-	20,037	-
Dividend income		74,659	56,216	250,061	134,004
Investment in subsidiaries		-	-	(150,000)	(24,063)
Interest income received from financial investments available-for-sale		889,006	928,754	832,754	856,422
Net purchase of financial investments available-for-sale		(1,156,925)	(1,013,695)	(594,018)	(1,208,448)
Interest income received from financial investments held-to-maturity		463,835	296,958	427,175	255,616
Net (purchase)/proceeds from financial investments held-to-maturity		(6,804,803)	(1,348,093)	(5,856,611)	(2,016,212)
Purchase of property, plant and equipment		(241,358)	(170,606)	(208,278)	(141,400)
Proceeds from disposal of property, plant and equipment/assets held for sale/leased assets		88,529	17,029	71,747	13,765
Proceeds from disposal/write off of intangible assets		17,040	1,361	100,396	11
Proceeds from disposal of prepaid lease payments		246	7	-	-
Proceeds from disposal of investment properties		-	510	-	-
Purchase of intangible assets		(270,955)	(344,840)	(250,248)	(328,420)
Capital repayment from an associate		3,303	47,336	3,303	47,336
<b>Net cash used in investing activities</b>		<b>(6,917,386)</b>	<b>(1,529,063)</b>	<b>(5,353,682)</b>	<b>(2,411,389)</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(1,613,558)	(1,599,659)	(1,609,007)	(1,598,993)
Interest expense paid on subordinated obligations		(383,014)	(361,067)	(400,071)	(368,138)
Interest expense paid on redeemable preference shares		(45,817)	(41,241)	-	-
Interest expense paid on other borrowings		(45,567)	(53,932)	(33,368)	(39,727)
Interest expense paid on bond and debentures		(103,458)	(81,432)	(51,288)	(29,012)
Proceeds from issuance of bonds and debentures		8,136,874	7,900,846	960,635	1,359,004
Proceeds from other borrowings		1,631,075	98,310	1,631,075	98,310
Proceeds from issuance of subordinated obligations		400,000	1,119,299	-	1,050,000
Repayment of bonds and debentures		(8,324,436)	(4,699,714)	-	-
Repayment of other borrowing		(1,118,880)	(524,320)	(1,118,880)	(524,320)
Repayment of subordinated obligations		(6,284)	(1,500,000)	-	(1,500,000)
Issuance of shares due to rights issue		3,151,948	1,735,918	3,151,948	1,735,918
<b>Net cash generated from financing activities</b>		<b>1,678,883</b>	<b>1,993,008</b>	<b>2,531,044</b>	<b>183,042</b>
<b>Net (decrease)/increase in cash and cash equivalents during the financial year</b>		<b>(273,501)</b>	<b>1,515,810</b>	<b>2,472,553</b>	<b>1,169,048</b>
<b>Effects of exchange rate differences</b>		<b>788,390</b>	<b>446,480</b>	<b>495,394</b>	<b>358,199</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>24,941,166</b>	<b>22,978,876</b>	<b>18,467,152</b>	<b>16,939,905</b>
<b>Cash and cash equivalents at end of financial year</b>	2	<b>25,456,055</b>	<b>24,941,166</b>	<b>21,435,099</b>	<b>18,467,152</b>

# **CIMB Bank Berhad**

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## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014**

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

### **A Basis of preparation**

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

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

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah principles.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 50.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **A Basis of preparation (Continued)**

##### **(a) Standards and amendments to published standards that are effective and applicable to the Group and the Bank**

The new accounting standards and amendments to published standards that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2014 are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 127 “Investment entities”
- Amendment to MFRS 132 “Financial instruments: Presentation” – Offsetting financial assets and financial liabilities
- 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 accounting standards, amendments and improvements to published standards did not have a material impact on the financial statements of the Group and the Bank.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective**

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

- (i) Financial year beginning on/after 1 January 2015
  - Annual Improvements to MFRSs 2010-2012 Cycle (effective 1 January 2015)
    - Amendments to MFRS 2 Share-based Payment  
The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.
    - MFRS 3 Business Combinations  
The amendment to MFRS 3 clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in MFRS 132 ‘Financial instruments: Presentation’. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss.
    - MFRS 8 Operating Segments  
The amendment to MFRS 8 requires disclosure of the judgement made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity’s assets when segment assets are reported.
    - MFRS 13 Fair Value Measurement  
The basis of conclusions of MFRS 13 is amended to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amount where the effect of discounting is immaterial.
    - MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets  
The amendments to MFRS 116 and MFRS 138 clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
    - MFRS 124 Related Party Disclosures  
MFRS 124 is amended to include, as a related party, an entity that provided key management personnel services to the reporting entity or the parent of the reporting entity (‘the management entity’). Disclosure of the amounts charged to the reporting entity is required.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank will apply these standards, amendments to published standards from:  
(Continued)

##### **(i) Financial year beginning on/after 1 January 2015 (Continued)**

- Annual Improvements to MFRSs 2011-2013 Cycle (effective 1 January 2015)
  - Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards  
The basis of conclusions is amended to clarify that where a new standard is not mandatory but is available for early adoption, a first-time adopter can use either the old or the new version, provided there same standard is applied in all periods presented.
  - MFRS 3 Business Combinations  
The amendment to MFRS 3 clarifies that the standard does not apply to the accounting for the formation of any joint venture under MFRS 11.
  - MFRS 13 Fair Value Measurement  
The amendment to MFRS 13 clarifies that the portfolio exception in the standard applies to all contracts (including non-financial contracts) within the scope of MFRS 139 or MFRS 9.
  - MFRS 140 Investment Property  
The amendment to MFRS 140 clarifies that MFRS 140 and MFRS 3 are not mutually exclusive. MFRS 140 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in MFRS 3 to determine whether the acquisition of an investment property is a business combination.
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions (effective 1 January 2015)

The amendment applies to contributions from employees or third parties to defined benefits plans and clarifies the treatment of such contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of users of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank will apply these standards, amendments to published standards from:  
(Continued)

(ii) Financial year beginning on/after 1 January 2016

- Amendment to MFRS 11 'Joint arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank will apply these standards, amendments to published standards from:  
(Continued)

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

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

(iv) Financial year beginning on/after 1 January 2018

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank will apply these standards, amendments to published standards from:  
(Continued)

##### **(iv) Financial year beginning on/after 1 January 2018 (Continued)**

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of the above new accounting standards will not have any significant impact on the financial results of the Group and the Bank except for MFRS 9. The Group has initiated the assessment of the potential effect of this Standard. Due to the complexity of this standard, the financial impact of its adoption are still being assessed by the Group. This standard is expected to have pervasive impact on the Group's financial statements.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **B Economic entities in the Group**

#### **(a) Subsidiaries**

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

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

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

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

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

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **B Economic entities in the Group (Continued)**

#### **(a) Subsidiaries (Continued)**

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

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

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

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

#### **(b) Changes in ownership interests in subsidiaries without change of control**

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

#### **(c) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(d) Joint arrangements**

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

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

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

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

##### **(e) Associates**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(e) Associates (Continued)**

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

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

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

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising in investment in associate are recognised in the statement of income.

##### **(f) Interests in subsidiaries, joint arrangements and associates**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **C Recognition of interest/profit income and interest/profit expense**

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

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

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

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



## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **D Recognition of fees and other income**

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

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

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

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

#### **E Sale and repurchase agreements**

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **F Financial assets**

#### **(a) Classification**

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

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

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

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

#### **(ii) Loans and receivables**

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

#### **(iii) Financial investments held-to-maturity**

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

#### **(iv) Financial investments available-for-sale**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **F Financial assets (Continued)**

##### **(b) Recognition and initial measurement**

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

##### **(c) Subsequent measurement**

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **F Financial assets (Continued)**

##### **(d) Reclassification of financial assets**

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

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

Any previous gain or loss on that asset that has been recognised in other comprehensive income shall be accounted for as follows:

(i) In the case of a financial asset with a fixed maturity, the gain or loss shall be amortised to statement of income over the remaining life of the held-to-maturity investment using the effective interest method. Any difference between the new amortised cost and maturity amount shall also be amortised over the remaining life of the financial asset using the effective interest method, similar to the amortisation of a premium and a discount. If the financial asset is subsequently impaired, any gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with Note F(c).

(ii) In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognised in statement of income when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired any previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to statement of income in accordance with Note F(c).

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **G Financial liabilities**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **G Financial liabilities (Continued)**

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

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

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group and the Bank under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income.
- applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

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

##### **(b) Financial liabilities at amortised cost**

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, sundry creditors, bonds and debentures, other borrowings, subordinated obligations, amount due to ultimate holding company, amount due to subsidiaries, amount due to related companies and redeemable preference shares.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **H Derecognition of financial assets and financial liabilities**

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

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

### **I Offsetting financial instruments**

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

### **J Impairment of financial assets**

#### **(a) Assets carried at amortised cost**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **J Impairment of financial assets (Continued)**

##### **(a) Assets carried at amortised cost (Continued)**

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

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

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

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

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

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



## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **J Impairment of financial assets (Continued)**

##### **(b) Assets classified as available-for-sale**

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

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

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

#### **K Derivative financial instruments and hedge accounting**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **K Derivative financial instruments and hedge accounting (Continued)**

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

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

##### **(a) Fair value hedge**

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

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

##### **(b) Cash flow hedge**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **K Derivative financial instruments and hedge accounting (Continued)**

##### **(c) Net investment hedge**

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

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

##### **(d) Derivatives that do not qualify for hedge accounting**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **L Property, plant and equipment**

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

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	40 years or over the remaining period of the lease, whichever is shorter
Building on freehold land	40 years
Building on leasehold land	40 years or over the remaining period of the lease, whichever is shorter
Office and plant equipment, furniture and fittings:	
- office equipment	3 - 5 years
- plant equipment	5 years
- furniture and fittings	5 - 10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment:	
- servers and hardware	3 - 5 years
- ATM machine	5 - 10 years
Computer equipment under lease	3 - 5 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years

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

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **M Intangible assets**

#### **(a) Goodwill**

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

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

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

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

#### **(b) Other intangible assets**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **M Intangible assets (Continued)**

##### **(b) Other intangible assets (Continued)**

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

Customer relationships:	
- credit card	12 years
- revolving credit	4 years
- overdraft	6 years
- trade finance	5 years
Core deposits	8 years
Computer software	3 - 15 years

#### **N Assets purchased under lease**

##### **(a) Finance lease**

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

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

##### **(b) Operating lease**

###### *Leasehold land*

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

###### *Others*

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **N Assets purchased under lease (Continued)**

##### **(b) Operating lease (Continued)**

*Others (Continued)*

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

#### **O Assets sold under lease**

##### **(a) Finance lease**

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

##### **(b) Operating lease**

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

#### **P Currency translations**

##### **(a) Functional and presentation currency**

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **P Currency translations (Continued)**

#### **(b) Foreign currency transactions and balances**

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

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

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

#### **(c) Group companies**

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

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

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



## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **P Currency translations (Continued)**

##### **(c) Group companies (Continued)**

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

#### **Q Income and deferred taxes**

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

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

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

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

### **Q Income and deferred taxes (Continued)**

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

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

### **R Share capital**

#### **(a) Classification**

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

#### **(b) Share issue costs**

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

#### **(c) Dividends**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **S Employee benefits**

##### **(a) Short term employee benefits**

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

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

##### **(b) Post employment benefits**

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

###### *Defined contribution plans*

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

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

###### *Defined benefit plans*

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **S Employee benefits (Continued)**

##### **(b) Post employment benefits (Continued)**

###### *Defined benefit plans (Continued)*

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

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

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

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

##### **(c) Other long term employee benefits**

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

##### **(d) Termination benefits**

Termination benefits are payable when employment is terminated by the Group and the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

(a) when the Group and the Bank can no longer withdraw the offer of those benefits; and

(b) when the Group and the Bank recognise costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **S Employee benefits (Continued)**

##### **(e) Bonus plans**

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

##### **(f) Share-based compensation benefits**

###### *Employee Ownership Plan ("EOP")*

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **T Impairment of non-financial assets**

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

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

#### **U Foreclosed properties**

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

#### **V Provisions**

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

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

Provisions are not recognised for future operating losses.

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **W Financial guarantee contracts**

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

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

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

#### **X Cash and cash equivalents**

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

#### **Y Segment reporting**

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

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

#### **Z Non-current assets/disposal groups held for sale**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2014 (Continued)**

#### **AA Investment properties**

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

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

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

#### **AB Contingent assets and contingent liabilities**

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

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

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



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2014

### 1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 14 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

The holding company of the Bank is CIMB Group Sdn Bhd and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a company listed on the Main Board of the Bursa Malaysia Securities Berhad, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 13<sup>th</sup> Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at Menara Bumiputra-Commerce, 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

### 2 Cash and short-term funds

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Cash and balances with banks and other financial institutions	6,206,643	4,377,315	5,280,573	3,369,348
Money at call and deposit placements maturing within one month	19,249,412	20,563,851	16,154,526	15,097,804
	<u>25,456,055</u>	<u>24,941,166</u>	<u>21,435,099</u>	<u>18,467,152</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****3 Deposits and placements with banks and other financial institutions**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>3,570,308</b>	3,437,230	<b>5,182,769</b>	7,820,011
Licensed investment banks	<b>200,246</b>	100,200	<b>200,246</b>	100,200
Bank Negara Malaysia and other central banks	<b>16,370</b>	44,451	-	-
Other financial institutions	<b>57,958</b>	84,655	-	30,003
	<b><u>3,844,882</u></b>	<u>3,666,536</u>	<b><u>5,383,015</u></b>	<u>7,950,214</u>

Included in the Bank's deposits and placements with banks and other financial institutions are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

As at 31 December 2014, the RPSIA placements amounted to RM2,090 million (2013: RM2,469 million) for a tenure between 1 to 3 months (2013: tenure 1 to 6 months) at indicative profit rates from 3.38% to 3.96% (2013: 3.33% to 3.64%) per annum.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****4 Financial assets held for trading**

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	676,023	422,188	676,023	422,188
Cagamas bonds	9,970	14,891	9,970	14,891
Malaysian Government treasury bills	138,038	75,075	123,212	75,075
Other Government securities	5,081,737	4,197,517	5,081,737	4,197,517
Bank Negara Malaysia Monetary Notes	3,662,375	3,638,917	1,426,838	1,454,575
Bankers' acceptances and Islamic accepted bills	121,197	345,728	121,197	345,728
Negotiable instruments of deposit	2,745,907	1,874,343	1,753,327	1,125,975
Credit-linked notes	-	49,347	-	49,347
Commercial papers	151,700	362,189	151,700	362,189
Government Investment Issue	151,724	106,451	138,839	78,804
	12,738,671	11,086,646	9,482,843	8,126,289
<b>Quoted securities:</b>				
<u>In Malaysia</u>				
Shares	1,581,650	1,187,388	1,581,650	1,187,388
<u>Outside Malaysia</u>				
Shares	1,558,635	344,880	1,558,635	344,880
Private debt securities	210,698	122,429	-	-
Other Government bonds	510,339	906,725	-	-
	2,279,672	1,374,034	1,558,635	344,880
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	6,716	6,716	6,716	6,716
Private and Islamic debt securities	2,538,048	5,325,099	2,331,870	5,118,247
	2,544,764	5,331,815	2,338,586	5,124,963
<u>Outside Malaysia</u>				
Private equity funds	125,965	66,332	51,886	-
Private and Islamic debt securities	3,447,365	2,791,653	3,377,332	2,791,653
	3,573,330	2,857,985	3,429,218	2,791,653
	22,718,087	21,837,868	18,390,932	17,575,173

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****5 Financial investments available-for-sale**

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	527,247	621,477	527,247	621,477
Malaysian Government Sukuk	19,750	34,793	-	-
Khazanah bonds	553,937	322,874	483,723	322,874
Government Investment Issue	2,519,145	2,518,856	2,203,248	2,141,065
Other Government treasury bills	72,335	27,052	72,335	27,052
Other Government securities	261,407	254,035	261,407	254,035
Cagamas bonds	148,161	239,735	139,657	214,244
Commercial papers	74,805	-	74,805	-
	<b>4,176,787</b>	<b>4,018,822</b>	<b>3,762,422</b>	<b>3,580,747</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	9,795	27	99	27
Other Government bonds	2,209,594	2,363,788	-	-
Unit trusts	73,819	72,728	-	-
Private debt securities	297,039	255,070	-	-
	<b>2,590,247</b>	<b>2,691,613</b>	<b>99</b>	<b>27</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	981,731	924,266	972,333	915,779
Private debt securities	14,230,343	13,570,311	12,700,845	12,727,179
Loan stocks	10,433	10,433	10,433	10,433
	<b>15,222,507</b>	<b>14,505,010</b>	<b>13,683,611</b>	<b>13,653,391</b>
<u>Outside Malaysia</u>				
Shares	28,301	27,511	147	1,028
Private equity funds	615,448	384,807	479,497	257,211
Private debt securities	5,141,452	4,764,629	5,057,859	4,754,199
	<b>5,785,201</b>	<b>5,176,947</b>	<b>5,537,503</b>	<b>5,012,438</b>
	<b>27,774,742</b>	<b>26,392,392</b>	<b>22,983,635</b>	<b>22,246,603</b>
<b>Allowance for impairment losses:</b>				
Private debt securities	(64,924)	(67,110)	(64,924)	(67,110)
Private equity funds	(68,420)	(33,126)	(64,625)	(29,493)
Unquoted shares	(97,238)	(95,841)	(73,821)	(73,821)
Loan stocks	(10,433)	(10,433)	(10,433)	(10,433)
Unit trusts	(392)	(386)	-	-
	<b>(241,407)</b>	<b>(206,896)</b>	<b>(213,803)</b>	<b>(180,857)</b>
	<b>27,533,335</b>	<b>26,185,496</b>	<b>22,769,832</b>	<b>22,065,746</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****5 Financial investments available-for-sale (Continued)**

Securities and money market instruments amounting to RM4,536 million (2013: RM4,083 million) were invested by asset management companies on behalf of the Group and the Bank.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At 1 January	<b>206,896</b>	229,379	<b>180,857</b>	206,047
Allowance made during the financial year	<b>28,930</b>	27,780	<b>28,910</b>	23,367
Disposal of securities	-	(48,557)	-	(48,557)
Exchange fluctuation	<b>5,581</b>	(1,706)	<b>4,036</b>	-
At 31 December	<b>241,407</b>	206,896	<b>213,803</b>	180,857

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****6 Financial investments held-to-maturity**

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	1,116,365	802,446	1,116,365	802,446
Government Investment Issue	3,091,812	808,104	3,084,244	808,104
Other government securities	796,713	780,810	796,713	780,810
Cagamas bonds	201,076	160,997	201,076	160,997
Khazanah bonds	245,369	66,736	232,707	66,736
	<b>5,451,335</b>	<b>2,619,093</b>	<b>5,431,105</b>	<b>2,619,093</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Private debt securities	2,602,142	1,637,403	-	-
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Loans stocks	27,388	27,388	-	-
Private debt securities	7,625,543	4,477,636	7,025,147	3,876,918
	<b>7,652,931</b>	<b>4,505,024</b>	<b>7,025,147</b>	<b>3,876,918</b>
<u>Outside Malaysia</u>				
Private debt securities	1,075,296	1,117,503	1,075,700	1,116,501
Amortisation of premium net of accretion of discount	(39,307)	(22,698)	(35,836)	(21,985)
Less: Allowance for impairment losses	(27,526)	(27,519)	-	-
	<b>16,714,871</b>	<b>9,828,806</b>	<b>13,496,116</b>	<b>7,590,527</b>

In 2014, securities and money market instruments amounting to RM932 million were invested by asset management companies on behalf of the Group and the Bank.

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

The fair value and the carrying amount of the financial investments and the revaluation reserve-financial investments available-for-sale at the date of reclassification are RM659,540,000 (2013: RM774,913,000) and RM659,667,000 (2013: RM776,148,000) and RM127,000 (2013: RM1,235,000) respectively. The fair value and carrying amount of the financial investments as at 31 December 2014 are RM1,339,000,000 (2013: RM764,000,000) and RM1,344,000,000 (2013: RM767,000,000) respectively.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****6 Financial investments held-to-maturity (Continued)**

The fair value losses that would have been recognised in other comprehensive income if the financial investments had not been reclassified is RM 7,124,000 (2013: RM 2,618,000).

As at 31 December 2014, the remaining unamortised revaluation reserve-financial investments available-for-sale amounting to RM1,209,000 (2013: RM1,182,000).

Included in the financial investments held-to-maturity of the Group as at 31 December 2014 are 10-year promissory notes of THB9 million (2013: THB9 million) maturing in 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank Public Company Limited ("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 had recognised a gain of approximately RM113 million arising from the sharing arrangement.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At 1 January	<b>27,519</b>	34,350	-	-
Written back during the financial year	-	(1,422)	-	-
Redemption of securities	-	(5,409)	-	-
Exchange fluctuation	7	-	-	-
At 31 December	<b>27,526</b>	27,519	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing****(i) By type**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>5,472,339</b>	5,498,157	<b>3,890,702</b>	4,122,209
Term loans/financing				
- Housing loan/financing	<b>57,366,545</b>	50,418,831	<b>42,099,364</b>	37,496,022
- Syndicated term loan	<b>14,608,120</b>	13,909,892	<b>14,031,052</b>	13,403,780
- Other term loans/financing	<b>82,732,253</b>	74,136,477	<b>56,888,652</b>	50,642,650
- Factoring receivables	<b>25,529</b>	22,312	-	-
- Lease receivables	<b>34,610</b>	52,638	-	-
- Hire purchase receivables	<b>15,685,097</b>	14,428,652	<b>8,155,403</b>	6,264,561
Bills receivable	<b>10,699,811</b>	9,198,490	<b>7,253,446</b>	6,327,629
Trust receipts	<b>1,316,462</b>	1,986,719	<b>617,123</b>	652,172
Claim on customers under acceptance credit	<b>3,070,409</b>	3,397,107	<b>2,678,005</b>	3,024,575
Staff loans	<b>537,940</b>	452,395	<b>446,359</b>	385,390
Credit card receivables	<b>6,089,363</b>	5,344,131	<b>5,971,925</b>	5,239,682
Revolving credit	<b>13,243,998</b>	9,424,452	<b>10,813,908</b>	7,239,751
Share margin financing	<b>801,329</b>	720,691	<b>791,876</b>	704,250
Gross loans, advances and financing	<b>211,683,805</b>	188,990,944	<b>153,637,815</b>	135,502,671
Fair value changes arising from fair value hedges	<b>136,079</b>	140,453	<b>81,704</b>	102,195
	<b>211,819,884</b>	189,131,397	<b>153,719,519</b>	135,604,866
Less: Individual impairment allowance	<b>(1,897,017)</b>	(1,767,230)	<b>(1,613,522)</b>	(1,526,098)
Less: Portfolio impairment allowance	<b>(1,968,148)</b>	(1,933,552)	<b>(1,231,434)</b>	(1,245,458)
Total net loans, advances and financing	<b>207,954,719</b>	185,430,615	<b>150,874,563</b>	132,833,310



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

## (i) By type (continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM49,684,000 (2013: RM56,586,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have 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 and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM8,119,997,000 (2013: RM8,181,776,000) and RM1,723,826,000 (2013: RM1,788,383,000) respectively, using interest rate swaps.

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Gross loans hedged	<b>8,119,997</b>	8,181,776	<b>1,723,826</b>	1,788,383
Fair value changes arising from fair value hedges	<b>136,079</b>	140,453	<b>81,704</b>	102,195
	<b>8,256,076</b>	8,322,229	<b>1,805,530</b>	1,890,578

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 31 December 2014 were RM111,559,549 (2013: RM100,531,414) and RM28,288,358 (2013: RM33,739,330) respectively.

- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 3), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 31 December 2014, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM2,099 million (2013: RM2,476 million) and RM6.4 million (2013: RM11.3 million) respectively.

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

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	2,359,359	1,707,606	2,334,649	1,673,733
Domestic non-bank financial institutions				
- stockbroking companies	13,224	10,210	10,016	10,210
- others	3,189,524	2,572,679	1,192,017	811,748
Domestic business enterprises				
- small medium enterprises	22,627,554	12,439,147	16,411,211	9,552,603
- others	30,104,596	35,983,520	17,816,636	21,941,915
Government and statutory bodies	8,854,267	11,885,181	2,078,806	5,133,700
Individuals	111,276,128	98,484,803	81,264,868	71,021,672
Other domestic entities	783,966	223,211	411,303	117,820
Foreign entities	32,475,187	25,684,587	32,118,309	25,239,270
Gross loans, advances and financing	<b>211,683,805</b>	<b>188,990,944</b>	<b>153,637,815</b>	<b>135,502,671</b>

(iii) By interest rate sensitivity:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Fixed rate				
- Housing loans	1,678,201	1,697,993	995,268	918,107
- Hire-purchase receivables	11,761,674	13,206,437	4,220,635	5,035,086
- Other fixed rate loans	29,484,969	32,187,877	16,288,634	18,864,708
Variable rate				
- BLR plus	94,364,692	80,559,657	78,420,393	67,302,531
- Cost-plus	33,940,334	27,402,289	27,616,516	21,269,784
- Other variable rates	40,453,935	33,936,691	26,096,369	22,112,455
Gross loans, advances and financing	<b>211,683,805</b>	<b>188,990,944</b>	<b>153,637,815</b>	<b>135,502,671</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Personal use	8,061,845	7,931,464	3,127,394	3,114,867
Credit card	6,089,363	5,344,131	5,971,925	5,239,682
Purchase of consumer durables	594,860	170,389	573,051	152,394
Construction	7,540,856	7,139,816	3,970,192	3,590,808
Residential property (Housing)	59,318,648	50,780,646	43,853,494	37,761,385
Non-residential property	20,573,059	17,775,165	16,999,410	14,568,495
Purchase of fixed assets other than land and building	2,394,976	2,915,178	1,902,427	2,371,977
Merger and acquisition	5,288,961	5,410,650	5,288,027	5,409,407
Purchase of securities	18,741,333	14,336,939	18,157,220	14,315,100
Purchase of transport vehicles	15,815,995	14,489,405	8,442,752	6,455,672
Working capital	51,389,488	47,207,201	37,316,882	34,205,710
Other purpose	15,874,421	15,489,960	8,035,041	8,317,174
Gross loans, advances and financing	<u>211,683,805</u>	<u>188,990,944</u>	<u>153,637,815</u>	<u>135,502,671</u>

(v) By geographical distribution:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	152,322,219	140,617,289	115,446,107	104,944,286
Indonesia	3,147,194	1,886,152	3,147,194	1,833,295
Thailand	22,002,463	17,731,310	1,734,635	568,534
Singapore	21,987,428	18,551,524	21,987,428	18,551,524
United Kingdom	795,982	1,152,021	795,982	1,152,021
Hong Kong	562,922	636,761	562,922	636,761
China	5,980,515	5,672,236	5,980,515	5,672,236
Other countries	4,885,082	2,743,651	3,983,032	2,144,014
Gross loans, advances and financing	<u>211,683,805</u>	<u>188,990,944</u>	<u>153,637,815</u>	<u>135,502,671</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

(vi) By residual contractual maturity:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Maturing within one year	46,557,134	43,412,675	37,060,827	34,549,208
One year to less than three years	15,156,770	14,945,686	11,814,674	12,151,916
Three years to less than five years	25,353,765	23,436,171	15,860,777	16,211,287
Five years and more	124,616,136	107,196,412	88,901,537	72,590,260
Gross loans, advances and financing	<b>211,683,805</b>	<b>188,990,944</b>	<b>153,637,815</b>	<b>135,502,671</b>

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

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Personal use	226,761	150,886	93,829	57,152
Credit card	97,279	79,870	94,357	77,585
Purchase of consumer durables	5,588	128	5,582	56
Construction	1,069,624	1,068,220	1,016,867	1,057,328
Residential property (Housing)	950,842	853,432	652,515	658,753
Non-residential property	151,818	167,774	118,389	138,572
Purchased of fixed assets other than land and building	4,986	12,402	1,770	5,980
Purchase of securities	142,961	151,740	142,761	151,517
Purchase of transport vehicles	398,813	288,377	184,142	146,097
Working capital	934,734	1,163,152	722,536	980,032
Other purpose	388,398	338,962	37,763	58,227
Gross impaired loans, advances and financing	<b>4,371,804</b>	<b>4,274,943</b>	<b>3,070,511</b>	<b>3,331,299</b>

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

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	3,224,126	3,329,154	2,758,892	3,001,533
Indonesia	108,839	101,192	108,839	101,192
Thailand	816,468	598,558	-	615
Singapore	30,827	41,788	30,827	41,788
United Kingdom	2,518	3,636	2,518	3,636
China	95,775	111,869	95,775	111,869
Other countries	93,251	88,746	73,660	70,666
Gross impaired loans, advances and financing	<b>4,371,804</b>	<b>4,274,943</b>	<b>3,070,511</b>	<b>3,331,299</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>4,274,943</b>	4,541,316	<b>3,331,299</b>	3,692,842
Classified as impaired during the financial year	<b>3,178,159</b>	2,677,680	<b>1,875,539</b>	1,818,887
Reclassified as not impaired during the financial year	<b>(1,449,335)</b>	(1,190,196)	<b>(963,866)</b>	(879,878)
Amount written back in respect of recoveries	<b>(831,284)</b>	(950,462)	<b>(659,578)</b>	(725,958)
Amount written off	<b>(860,796)</b>	(849,993)	<b>(533,317)</b>	(599,489)
Reclassification from unwinding income	-	21,266	-	-
Exchange fluctuation	<b>60,117</b>	25,332	<b>20,434</b>	24,895
At 31 December	<b>4,371,804</b>	4,274,943	<b>3,070,511</b>	3,331,299
Ratio of gross impaired loans to total loans, advances and financing	<b>2.07%</b>	2.26%	<b>2.00%</b>	2.46%

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****7 Loans, advances and financing (Continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>				
At 1 January	<b>1,767,230</b>	1,902,985	<b>1,526,098</b>	1,652,134
Net allowance made during the financial year	<b>310,299</b>	104,894	<b>253,223</b>	113,315
Allowance written-back and charged to deferred assets	<b>(2,735)</b>	(959)	<b>(2,735)</b>	(959)
Amount written off	<b>(212,388)</b>	(284,604)	<b>(179,094)</b>	(260,011)
Amount transferred to portfolio impairment allowance	<b>3,160</b>	1,043	-	-
Unwinding income	-	21,266	-	-
Exchange fluctuation	<b>31,451</b>	22,605	<b>16,030</b>	21,619
At 31 December	<b>1,897,017</b>	1,767,230	<b>1,613,522</b>	1,526,098
<b>Portfolio impairment allowance</b>				
At 1 January	<b>1,933,552</b>	1,841,225	<b>1,245,458</b>	1,255,788
Net allowance made during the financial year	<b>639,287</b>	652,951	<b>338,241</b>	330,086
Allowance made and charged to deferred assets	<b>381</b>	258	<b>381</b>	258
Amount written off	<b>(633,170)</b>	(557,542)	<b>(354,668)</b>	(339,965)
Amount transferred from individual impairment allowance	<b>(3,160)</b>	(1,043)	-	-
Amount transferred to subsidiary	-	-	-	(2,715)
Exchange fluctuation	<b>31,258</b>	(2,297)	<b>2,022</b>	2,006
At 31 December	<b>1,968,148</b>	1,933,552	<b>1,231,434</b>	1,245,458
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<b>1.3%</b>	2.1%	<b>1.2%</b>	2.1%

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****8 Other assets**

	Note	The Group		The Bank	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Deferred assets	(a)	-	83,017	-	83,017
Foreclosed properties	(b)	154,541	136,348	-	-
Option premium receivables		196,002	193,721	196,002	193,721
Collateral pledged for derivative transactions		3,116,901	1,582,685	2,912,711	1,269,613
Other debtors, deposits and prepayments		2,362,548	1,485,468	2,154,708	1,000,429
		<b>5,829,992</b>	<b>3,481,239</b>	<b>5,263,421</b>	<b>2,546,780</b>

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

	The Group and The Bank	
	2014 RM'000	2013 RM'000
At 1 January	83,017	103,524
Impairment allowance made	(2,354)	(701)
Recovery for the financial year	(80,663)	(19,806)
At 31 December	-	83,017

- (b) Movements in foreclosed properties during the financial year are as follows:

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	136,348	120,549	-	-
Acquired during the financial year	152,656	120,442	-	-
Disposed during the financial year	(145,281)	(104,474)	-	-
Exchange difference	10,818	(169)	-	-
At 31 December	<b>154,541</b>	<b>136,348</b>	-	-

Foreclosed properties are stated at lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2014. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****9 Deferred taxation**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deferred tax assets	<b>191,246</b>	206,382	<b>69,009</b>	85,262
Deferred tax liabilities	<b>(2,346)</b>	(2,188)	-	-
	<b>188,900</b>	204,194	<b>69,009</b>	85,262

Further breakdown are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Deferred tax assets (before offsetting)</b>				
Individual/Portfolio impairment allowance	<b>67,443</b>	62,490	<b>257</b>	301
Property, plant and equipment	<b>4,317</b>	5,950	-	-
Revaluation reserve- financial investments available-for-sale	<b>10,142</b>	5,476	-	-
Provision for expenses	<b>262,119</b>	274,018	<b>243,699</b>	252,596
Cash flow hedge	<b>3,142</b>	2,953	<b>3,142</b>	2,953
Post employment benefit obligations	<b>24,753</b>	20,786	-	-
Other temporary differences	<b>55,257</b>	58,213	<b>38,650</b>	36,794
	<b>427,173</b>	429,886	<b>285,748</b>	292,644
Offsetting	<b>(235,927)</b>	(223,504)	<b>(216,739)</b>	(207,382)
<b>Deferred tax assets (after offsetting)</b>	<b>191,246</b>	206,382	<b>69,009</b>	85,262
<b>Deferred tax liabilities (before offsetting)</b>				
Property, plant and equipment	<b>(122,299)</b>	(127,405)	<b>(110,970)</b>	(114,443)
Revaluation reserve- financial investments available-for-sale	<b>(99,806)</b>	(73,258)	<b>(90,611)</b>	(70,473)
Intangible assets	<b>(15,128)</b>	(24,865)	<b>(15,158)</b>	(22,466)
Other temporary differences	<b>(1,040)</b>	(164)	-	-
	<b>(238,273)</b>	(225,692)	<b>(216,739)</b>	(207,382)
Offsetting	<b>235,927</b>	223,504	<b>216,739</b>	207,382
<b>Deferred tax liabilities (after offsetting)</b>	<b>(2,346)</b>	(2,188)	-	-



**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>										
At 1 January 2014		62,490	(121,455)	(67,782)	58,049	(24,865)	274,018	2,953	20,786	204,194
Credited/(charged) to statements of income	42	1,131	2,593	-	2,065	9,737	(12,883)	-	-	2,643
Over/(under) accrual in prior year		-	880	-	(8,186)	-	984	-	-	(6,322)
Transferred to equity		-	-	(22,004)	-	-	-	189	2,500	(19,315)
Exchange difference		3,822	-	122	2,289	-	-	-	1,467	7,700
At 31 December 2014		67,443	(117,982)	(89,664)	54,217	(15,128)	262,119	3,142	24,753	188,900

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Post employment benefit obligations RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>										
At 1 January 2013		3,316	(65,254)	(153,796)	19,229	(36,001)	236,174	-	-	3,668
Credited/(charged) to statements of income	42	59,174	(44,054)	-	38,329	11,136	28,428	-	20,786	113,799
(Under)/over accrual in prior year		-	(12,147)	-	491	-	9,416	-	-	(2,240)
Transferred to equity		-	-	86,014	-	-	-	2,953	-	88,967
At 31 December 2013		62,490	(121,455)	(67,782)	58,049	(24,865)	274,018	2,953	20,786	204,194

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Bank	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>									
At 1 January 2014		301	(114,443)	(70,473)	36,794	(22,466)	252,596	2,953	85,262
(Charged)/credited to statements of income	42	(44)	2,593	-	9,483	7,308	(9,881)	-	9,459
Over/(under) accrual in prior year		-	880	-	(7,627)	-	984	-	(5,763)
Transferred to equity		-	-	(20,138)	-	-	-	189	(19,949)
At 31 December 2014		257	(110,970)	(90,611)	38,650	(15,158)	243,699	3,142	69,009

The Bank	Note	Portfolio impairment allowance RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>									
At 1 January 2013		377	(62,540)	(146,287)	20,643	(33,894)	215,853	-	(5,848)
(Charged)/credited to statements of income	42	(76)	(39,756)	-	15,974	11,428	27,326	-	14,896
(Under)/over accrual in prior year		-	(12,147)	-	177	-	9,417	-	(2,553)
Transferred to equity		-	-	75,814	-	-	-	2,953	78,767
At 31 December 2013		301	(114,443)	(70,473)	36,794	(22,466)	252,596	2,953	85,262

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****10 Statutory deposits with central banks**

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Statutory deposits with				
- Bank Negara Malaysia	4,984,559	5,098,714	3,686,605	3,661,867
- Other central banks	1,854,885	1,260,482	1,439,231	990,440
	<u>6,839,444</u>	<u>6,359,196</u>	<u>5,125,836</u>	<u>4,652,307</u>

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

**11 Amounts due from/(to) ultimate holding company**

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Amounts due from:				
- ultimate holding company	<u>28,853</u>	<u>28,853</u>	<u>-</u>	<u>-</u>
Amount due to:				
- ultimate holding company	<u>-</u>	<u>(1,450)</u>	<u>-</u>	<u>-</u>

The amounts due from/(to) ultimate holding company are unsecured, interest free and recallable on demand.

**12 Amounts due from/(to) subsidiaries**

	The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000
Amounts due from subsidiaries	<u>6,264</u>	<u>138,004</u>
Amounts due to subsidiaries	<u>(126,290)</u>	<u>(35,736)</u>

The amounts due from/(to) subsidiaries are unsecured, interest free and recallable on demand.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****13 Amounts due from/(to) related companies**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Amounts due from related companies	<b>1,233,998</b>	1,092,848	<b>1,230,514</b>	1,091,544
Amounts due to related companies	<b>(40,783)</b>	(34,016)	<b>(23,250)</b>	(21,156)

Included in amount due from related companies is an amount of RM1,189,074,000 (2013: RM1,059,473,000) due from PCSB. With the adoption of MFRS 139 on 1 January 2010, hire-purchase receivables belonging to PCSB were de-recognised from the Group's and the Bank's loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

The amounts from/(to) related companies are unsecured, interest free and recallable on demand.

**14 Investments in subsidiaries**

	<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Unquoted shares, at cost		
- ordinary shares	<b>4,829,003</b>	4,830,036
- preference shares	<b>220,000</b>	70,000
	<b>5,049,003</b>	4,900,036
Less: Allowance for impairment losses	<b>(12,751)</b>	(13,784)
	<b>5,036,252</b>	4,886,252

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)****(a) Additional investment in subsidiaries**

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

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

- (ii) On 21 January 2013, CIMB Bank has completed capital injection of USD8 million into new ordinary shares of CIMB Bank PLC. The capital injection is to enable CIMB Bank PLC to meet regulatory requirements of National Bank of Cambodia and to support its business growth.

- (b) The Bank had undertaken a net investment hedge on the foreign exchange risk of CIMB Bank (L) Limited using the following hedging instruments:

	<b>Fair value at 31 December 2014 RM'000</b>	Fair value at 31 December 2013 RM'000
USD200 million subordinated loans	<b>699,300</b>	655,400
USD109 million interbank borrowings	<b>381,119</b>	-
USD134 million interbank borrowings	-	439,118
USD100 million other borrowing	<b>349,650</b>	-
USD3 million currency swaps	<b>10,490</b>	-
USD70 million currency swaps	-	(6,188)
	<hr/>	<hr/>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2014 %	31 December 2013 %	31 December 2014 %	31 December 2013 %
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
Mutiara Aset Berhad	Dormant	100	100	-	-
CIMB Islamic Trustee Berhad	Trustee services	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Semerak Services Sdn. Bhd.	Provision of security, maintenance and other related services	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of management services and outsourcing	100	100	-	-

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
Mezzanine Capital Limited	Fund management	-	-	100	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Nominee services	-	-	100	100
SBB Capital Markets Sdn. Bhd. @	Investment holding	-	100	-	-
CIMB Commerce Trustee Berhad	Trustee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SIBB Berhad	Investment dealings	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	80	80

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2014 %	31 December 2013 %	31 December 2014 %	31 December 2013 %
SFB Auto Berhad	Dormant	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte Ltd (Incorporated in Republic of Singapore) <sup>a</sup>	Nominee services	100	100	-	-
SBB Capital Corporation	Special purpose vehicle	100	100	-	-
Perdana Visi Hartanah Sdn. Bhd. <sup>@</sup>	Property investment	-	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) <sup>a</sup>	Banking	93.71	93.71	-	-
Commerce Returns Berhad <sup>^</sup>	Special purpose vehicle	100	100	-	-
CIMB Bank PLC (Incorporated in Cambodia) <sup>a</sup>	Commercial banking and related financial services	100	100	-	-
Merdeka Kapital Berhad	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	**	**	-	-



**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
		%	%	%	%
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) <sup>α</sup>	Debt collection service	-	-	<b>99.99</b>	99.99
Centre Auto Lease Company Limited (Incorporated in the Kingdom of Thailand) <sup>α</sup>	Leasing/hire purchase	-	-	<b>99.99</b>	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) <sup>α</sup>	Hire purchase of motorcycles	-	-	<b>99.99</b>	99.99
Krungthai Thanakit Finance PCL (Incorporated in the Kingdom of Thailand) <sup>#</sup>	Dormant	-	-	<b>99.10</b>	99.10
PT Pattanasup Company Limited (Incorporated in the Kingdom of Thailand) <sup>#</sup>	Dormant	-	-	<b>99.93</b>	99.93

<sup>α</sup> Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

<sup>\*\*</sup> The silo of Merdeka Kapital Berhad is consolidated pursuant to MFRS 10 and not audited by PricewaterhouseCoopers Malaysia

<sup>@</sup> Company has been voluntarily liquidated during the financial year

<sup>^</sup> Consolidated in the Group as the substance of the relationship between the entity and the Bank indicates that the entity is controlled by the Bank

<sup>#</sup> In the process of liquidation

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

(d) Consolidation of the silo of Merdeka Kapital Berhad

In 2011, the Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to the Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(e) Details of subsidiaries that have material non-controlling interests:

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

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non- controlling interests		Accumulated non-controlling interests	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	6.3	6.3	7,178	17,904	336,893	320,466
Individually immaterial subsidiaries with non-controlling interests					14,802	14,472
					<b>351,695</b>	<b>334,938</b>

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

	CIMB Thai Bank Public Company Limited Group As at 31 December	
	2014 RM'000	2013 RM'000
Total assets	29,180,235	27,966,946
Total liabilities	(26,713,246)	(25,743,790)
Net assets	<b>2,466,989</b>	<b>2,223,156</b>
	Year ended 31 December	
	2014 RM'000	2013 RM'000
Revenue	<b>1,087,457</b>	1,101,145
Profit before taxation	140,214	277,458
Taxation	(25,392)	8,473
Other comprehensive expense	149,864	(29,678)
Total comprehensive income	<b>264,686</b>	<b>256,253</b>
Profit allocated to non-controlling interest	7,178	17,904
Dividends paid to non-controlling interest	1,312	666
Net cash generated from/(used in) operating activities	576,546	(1,028,680)
Net cash used in investing activities	(407,848)	(475,964)
Net cash (used in)/generated from financing activities	<b>(312,933)</b>	1,800,091
Net (decrease)/increase in cash and cash equivalents	<b>(144,235)</b>	295,447

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **14 Investments in subsidiaries (Continued)**

(f) Unconsolidated structured entities:

(i) Nature, purpose and extent of the Group's and the Bank's interest in unconsolidated structure entities

#### **Investment Vehicle 1**

CIMB Bank's involvement in unconsolidated structured entities ("USE") for investment purposes are typically in the capacity of an investor with limited liability and no management control, with a view to invest in the USE's business model which may include trading strategies on various asset classes such as interest rate futures on major liquid currencies. CIMB Bank earns a share of profits which are typically distributed in proportion to each capital provider's share in the USE, while additional capital support, albeit limited, may be required if the USE is loss-making.

#### **Investment Vehicle 2**

CIMB Bank's involvement in USE is for investment purposes with a view to invest in the USE's profit participation scheme ("PPS") as principal and on-sell to other investors. The PPS will be used to fund USE's purchase of the rights to all the present and future cashflow of dividends and other shareholders' distribution (the "Dividends") of the underlying assets. CIMB Bank earns a fixed payout amount per annum against its invested amount and the cashflows from the Dividends in accordance with a pre-agreed order of priority as set out in the terms of the PPS and will expire upon the final payment of the cashflows.

#### **Third Party Funding Entity**

CIMB Bank provides funding to USE, whereby such funding may be secured against a variety of assets/collateral. The Bank may also enter into a derivative transaction with USE in its normal course of business.

CIMB Bank does not consolidate these USEs as the Bank does not have control over these entities in accordance with MFRS10.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(f) Unconsolidated structured entities: (Continued)

(ii) Carrying amount, size and maximum exposure to loss

The following table shows the carrying amount of the Group's and the Bank's interest recognised in the statements of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the structured entities.

	Carrying amount as at 31 December 2014		
	Investment	Investment	Third Party
	Vehicle 1	Vehicle 2	Funding Entity
	RM'000	RM'000	RM'000
Cash and short-term funds	4,093	-	57,559
Reverse repurchase agreements	-	-	712,730
Financial investments available-for-sale	692	269,694	-
Other assets	349,650	-	-
<b>Total assets</b>	<b>354,435</b>	<b>269,694</b>	<b>770,289</b>
Derivative financial liabilities **	-	-	25,842
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>25,842</b>
<b>Commitments</b>	<b>349,650</b>	<b>-</b>	<b>-</b>
	<b>Investment</b>	<b>Investment</b>	<b>Third Party</b>
	<b>Vehicle 1</b>	<b>Vehicle 2</b>	<b>Funding Entity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets size of structured entity*</b>	<b>10,052,438</b>	<b>3,966,000</b>	<b>769,230</b>

\* Where the Bank does not have control over the USE, the assets size of the USE is based on the Bank's best estimates.

\*\* Derivative liabilities are based of a notional amount of USD200 million.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **14 Investments in subsidiaries (Continued)**

(f) Unconsolidated structured entities: (Continued)

(ii) Carrying amount, size and maximum exposure to loss (Continued)

#### **Cash and short-term funds**

Represents CIMB Bank's cash received from realised gains from derivatives, interest income and dividend income.

#### **Financial investments available-for-sale**

Represents CIMB Bank's equity/economic interests in unconsolidated structured entities.

#### **Reverse repurchase agreements and other assets**

Represents reverse repurchase agreements or loans to Third Party Funding Vehicles which may be collateralised by underlying securities. This also includes collateral placements to Investment Vehicle for collateralisation purposes against potential future losses incurred by the vehicle.

#### **Derivative financial liabilities**

Derivative transactions entered into with the structured entities are in the normal course of business. Carrying amounts of the derivative financial liabilities do not reflect the true variability of returns to CIMB Bank because they do not take into account the effects of collateral or hedges.

#### **Commitments**

Represents financial commitments (such as capital support) which CIMB Bank is contractually obligated to make to the Investment Vehicles in a given year due to losses/underperformance of the underlying business of the vehicle. The maximum liability is capped at the collateral amounts pledged (see Other Assets).

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****14 Investments in subsidiaries (Continued)**

(f) Unconsolidated structured entities: (Continued)

(iii) Income/losses from structured entities

<b>Structured Entity</b>	<b>Gains/(losses) recognised in the statements of income for the financial year ended 31 December 2014</b>		
	<b>Unrealised losses on derivatives</b>	<b>Realised gains on derivatives</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Third Party Funding Entity	(25,842)	57,559	31,717

<b>Structured Entity</b>	<b>Income recognised in the statements of income for the financial year ended 31 December 2014</b>		
	<b>Interest Income</b>	<b>Dividend Income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investment Vehicle 1	2,415	1,678	4,093
Investment Vehicle 2 <sup>^</sup>	-	-	-
Third Party Funding Entity	13,430	-	13,430
	<u>15,845</u>	<u>1,678</u>	<u>17,523</u>

<sup>^</sup>The Investment Vehicle 2 was set up on 22 December 2014, therefore no income has been recognised for the financial year ended 31 December 2014.

Unrealised losses on derivatives do not reflect the true variability of returns to CIMB Bank because they do not take into account the effects of collateral or hedges.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****15 Investment in joint venture**

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
At 1 January	<b>158,307</b>	153,557
Share of profit	<b>2,881</b>	4,750
At 31 December	<b>161,188</b>	158,307

	<b>The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Unquoted shares, at cost	<b>125,000</b>	125,000

**(a) Information about joint venture:**

The principal place of business and country of incorporation of the joint venture is Malaysia. The joint venture is measured using the equity method. There is no available quoted market price of the investment in the joint venture.

The direct joint venture of the Bank is:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of equity held</b>	
		<b>2014</b>	2013
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	<b>50</b>	50

On 22 October 2003, Bumiputra-Commerce Finance Berhad (“BCF”) (now known as Mutiara Aset Berhad) entered into a joint venture agreement with Proton Edar Sdn. Bhd. (“PESB”) for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a joint venture was incorporated under the name of Proton Commerce Sdn Bhd (“PCSB”) which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares (“PPS”) which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****15 Investment in joint venture (Continued)**

- (b) The summarised financial information below represents amounts shown in the material joint venture's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	<b>PCSB</b>	
	<b>As at 31 December</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Non-current assets	<b>1,627,977</b>	1,616,285
Current assets	<b>274,984</b>	136,964
Current liabilities (non-trade)	<b>(1,300,586)</b>	(1,151,620)
Non-current liabilities (non-trade)	<b>(280,000)</b>	(285,015)
Net assets	<b>322,375</b>	316,614
The above amounts of assets include the following:		
Cash and cash equivalents	<b>159,090</b>	42,213
	<b>Year ended 31 December</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Revenue	<b>91,790</b>	91,134
Profit for the financial year/Total comprehensive income for the financial year	<b>5,761</b>	9,500
The above profit for the financial year include the following:		
Interest income	<b>86,435</b>	88,671
Interest expense	<b>(43,513)</b>	(37,293)
Taxation	<b>(3,221)</b>	(3,610)



**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****15 Investment in joint venture (Continued)**

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture recognised in the consolidated financial statements:

	<b>PCSB</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Opening net assets as at 1 January	<b>316,614</b>	307,114
Profit for the financial year	<b>5,761</b>	9,500
Closing net assets as at 31 December	<b><u>322,375</u></b>	<u>316,614</u>
Interest in joint venture (%)	<b>50%</b>	50%
Interest in joint venture (RM'000)	<b><u>161,188</u></b>	<u>158,307</u>

**16 Investments in associates**

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
At 1 January	<b>693,343</b>	625,039
Capital repayments	<b>(3,303)</b>	(47,336)
Dividend from associate	<b>(20,038)</b>	-
Share of associate's other comprehensive income/(expense)	<b>4,963</b>	(4,577)
Share of profit	<b>110,832</b>	120,217
At 31 December	<b><u>785,797</u></b>	<u>693,343</u>

	<b>The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Unquoted shares outside Malaysia, at cost	<b><u>318,329</u></b>	<u>321,635</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****16 Investments in associates (Continued)**

(a) Information about associates:

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

The direct associates of the Bank are:

Name	Principal activities	Percentage of equity held	
		2014	2013
		%	%
Bank of Yingkou Co., Ltd (Incorporated in the People's Republic of China)	Banking	19.36	19.99
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Investing in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	25.1	25.1
SEASAF Power Sdn. Bhd.	Investment holding	25.1	25.1
SEASAF Highway Sdn. Bhd.	Investment holding	25.1	25.1
SEASAF Education Sdn. Bhd.	Investment holding	25.1	25.1
SEASAF 1 Resources Pte Ltd (Incorporated in the Republic of Singapore)	Investment holding	25.1	25.1

During the financial year, Bank of Yingkou completed a capital increase of 64,200,000 new shares of RMB1.00 each raising a proceeds of RMB205,440,000. The Bank did not exercise its proportional preemptive rights and accordingly its percentage holding in Bank of Yingkou is reduced from 19.99% to 19.36%.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****16 Investments in associates (Continued)**

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

	<b>Bank of Yingkou</b>	
	<b>As at 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total assets	<b>45,813,219</b>	38,559,039
Total liabilities	<b>(42,130,944)</b>	(35,466,900)
Net assets	<b><u>3,682,275</u></b>	<u>3,092,139</u>
	<b>Year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b><u>1,566,901</u></b>	<u>1,203,911</u>
Profit for the financial year/Total comprehensive income for the financial year	<b><u>572,492</u></b>	<u>479,719</u>
Dividends paid by the associate during the year	<b><u>98,222</u></b>	<u>-</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****16 Investments in associates (Continued)**

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<b>Bank of Yingkou</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Opening net assets as at 1 January	<b>3,092,139</b>	2,612,420
Profit for the financial year	<b>572,492</b>	479,719
Dividends	<b>(98,222)</b>	-
Increase in share capital	<b>115,866</b>	-
Closing net assets as at 31 December	<b><u>3,682,275</u></b>	<u>3,092,139</u>
Interest in associate (%)	<b>19.36%</b>	20%
Interest in associate	<b>712,888</b>	618,428
Goodwill	<b>7,797</b>	7,797
Carrying value	<b><u>720,685</u></b>	<u>626,225</u>

- (d) Aggregate information of associate that is not individually material:

	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
The Group's share of (loss)/profit for the financial year	<b>(3,666)</b>	24,273
The Group's share of other comprehensive income/(loss) for the financial year	<b>4,963</b>	(4,577)
The Group's share of total comprehensive income for the financial year	<b>1,297</b>	19,696
Aggregate carrying amount of the Group's interest in the associate	<b><u>65,112</u></b>	<u>67,118</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****17 Goodwill**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cost</b>				
At 1 January	4,894,179	4,895,433	3,559,075	3,559,075
Exchange fluctuation	75,145	(1,254)	-	-
At 31 December	<u>4,969,324</u>	<u>4,894,179</u>	<u>3,559,075</u>	<u>3,559,075</u>
<b>Impairment</b>				
At 1 January/31 December	(4,000)	(4,000)	(4,000)	(4,000)
<b>Net book value at 31 December</b>	<u>4,965,324</u>	<u>4,890,179</u>	<u>3,555,075</u>	<u>3,555,075</u>

**Allocation of goodwill to cash-generating units**

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

A segment-level summary of the goodwill allocation is presented below:

	The Group		The Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Retail Financial Services	1,262,272	1,101,075	1,262,272	1,101,075
Commercial Banking	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	-	-
Group Cards	425,803	-	425,803	-
Direct Banking Group*	-	587,000	-	587,000
Treasury	537,000	537,000	537,000	537,000
Foreign Banking operations	1,199,277	1,199,277	-	-
Goodwill	<u>4,890,352</u>	<u>4,890,352</u>	<u>3,555,075</u>	<u>3,555,075</u>
Exchange fluctuation	74,972	(173)	-	-
	<u>4,965,324</u>	<u>4,890,179</u>	<u>3,555,075</u>	<u>3,555,075</u>

\* Direct Banking consists of Direct Access and Credit Cards. Goodwill has been allocated accordingly to Retail Finance Services and Group Cards in 2014.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **17 Goodwill (Continued)**

##### **Impairment test for goodwill**

###### Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2015 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (2013: 5.00%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.00% (2013: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 7.04% (2013: 6.55%) and 7.06% (2013: 9.78%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

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

##### **Impairment charge**

There was no impairment charge for the financial year ended 31 December 2014 and 31 December 2013.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****18 Intangible assets**

<b>The Group</b>	<b>Note</b>	<b>Customer relationships RM'000</b>	<b>Core deposits RM'000</b>	<b>Computer software RM'000</b>	<b>Licence fee RM'000</b>	<b>Total RM'000</b>
<b>2014</b>						
<b>Cost</b>						
At 1 January		163,358	264,662	1,719,421	290	2,147,731
Additions		-	-	270,955	-	270,955
Disposals/write-off		-	-	(17,963)	-	(17,963)
Reclassified to property, plant and equipment	20	-	-	(710)	-	(710)
Exchange fluctuation		55	-	10,371	19	10,445
At 31 December		<b>163,413</b>	<b>264,662</b>	<b>1,982,074</b>	<b>309</b>	<b>2,410,458</b>
<b>Amortisation and impairment</b>						
At 1 January		105,372	247,793	779,447	84	1,132,696
Amortisation during the financial year		13,332	16,608	165,439	98	195,477
Disposals/write-off		-	-	(923)	-	(923)
Exchange fluctuation		60	-	8,714	5	8,779
At 31 December		<b>118,764</b>	<b>264,401</b>	<b>952,677</b>	<b>187</b>	<b>1,336,029</b>
<b>Net book value at 31 December 2014</b>		<b>44,649</b>	<b>261</b>	<b>1,029,397</b>	<b>122</b>	<b>1,074,429</b>
<b>The Group</b>	<b>Note</b>	<b>Customer relationships RM'000</b>	<b>Core deposits RM'000</b>	<b>Computer software RM'000</b>	<b>Licence fee RM'000</b>	<b>Total RM'000</b>
<b>2013</b>						
<b>Cost</b>						
At 1 January		163,359	264,662	1,375,658	-	1,803,679
Additions		-	-	344,550	290	344,840
Disposals/write-off		-	-	(3,128)	-	(3,128)
Reclassified to property, plant and equipment	20	-	-	(31)	-	(31)
Exchange fluctuation		(1)	-	2,372	-	2,371
At 31 December		<b>163,358</b>	<b>264,662</b>	<b>1,719,421</b>	<b>290</b>	<b>2,147,731</b>
<b>Amortisation and impairment</b>						
At 1 January		91,455	214,710	652,417	-	958,582
Amortisation during the financial year		13,918	33,083	127,808	86	174,895
Disposals/write-off		-	-	(1,767)	-	(1,767)
Exchange fluctuation		(1)	-	989	(2)	986
At 31 December		<b>105,372</b>	<b>247,793</b>	<b>779,447</b>	<b>84</b>	<b>1,132,696</b>
<b>Net book value at 31 December 2013</b>		<b>57,986</b>	<b>16,869</b>	<b>939,974</b>	<b>206</b>	<b>1,015,035</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****18 Intangible assets (Continued)**

	<b>Customer relationships RM'000</b>	<b>Core deposits RM'000</b>	<b>Computer software RM'000</b>	<b>Total RM'000</b>
<b>The Bank</b>				
<b>2014</b>				
<b>Cost</b>				
At 1 January	153,091	263,612	1,556,675	1,973,378
Additions	-	-	250,248	250,248
Disposals/write-off	-	-	(101,083)	(101,083)
Exchange fluctuation	-	-	2,002	2,002
At 31 December	<b>153,091</b>	<b>263,612</b>	<b>1,707,842</b>	<b>2,124,545</b>
<b>Amortisation</b>				
At 1 January	95,680	247,136	651,850	994,666
Amortisation during the financial year	12,758	16,476	144,123	173,357
Disposals/write-off	-	-	(688)	(688)
Exchange fluctuation	-	-	1,143	1,143
At 31 December	<b>108,438</b>	<b>263,612</b>	<b>796,428</b>	<b>1,168,478</b>
<b>Net book value at 31 December 2014</b>	<b>44,653</b>	<b>-</b>	<b>911,414</b>	<b>956,067</b>
<b>The Bank</b>				
<b>2013</b>				
<b>Cost</b>				
At 1 January	153,091	263,612	1,227,010	1,643,713
Additions	-	-	328,420	328,420
Disposals/write-off	-	-	(652)	(652)
Exchange fluctuation	-	-	1,897	1,897
At 31 December	<b>153,091</b>	<b>263,612</b>	<b>1,556,675</b>	<b>1,973,378</b>
<b>Amortisation</b>				
At 1 January	82,922	214,184	540,770	837,876
Amortisation during the financial year	12,758	32,952	110,764	156,474
Disposals/write-off	-	-	(641)	(641)
Exchange fluctuation	-	-	957	957
At 31 December	<b>95,680</b>	<b>247,136</b>	<b>651,850</b>	<b>994,666</b>
<b>Net book value at 31 December 2013</b>	<b>57,411</b>	<b>16,476</b>	<b>904,825</b>	<b>978,712</b>

The above intangible assets include the software under construction at cost of the Group and the Bank of RM205,281,166 (2013: RM502,114,781) and RM198,558,353 (2013: RM496,834,958) respectively.



## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **18 Intangible assets (Continued)**

The valuation of customer relationships was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing customer base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

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

The remaining amortisation periods of the intangible assets are as follows:

Customer relationships:	
- credit card	3.5 years
Core deposits	2 years
Computer software	1 – 15 years

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****19 Prepaid lease payments**

	Short term leasehold land RM'000	Total RM'000
<b>The Group 2014</b>		
<b>Cost</b>		
At 1 January	5,359	5,359
Disposals/write-off	(1,628)	(1,628)
Exchange fluctuation	315	315
At 31 December	<u>4,046</u>	<u>4,046</u>
<b>Amortisation</b>		
At 1 January	4,013	4,013
Amortisation during the financial year	289	289
Disposals/write-off	(1,382)	(1,382)
Exchange fluctuation	271	271
At 31 December	<u>3,191</u>	<u>3,191</u>
<b>Net book value at 31 December 2014</b>	<u>855</u>	<u>855</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****19 Prepaid lease payments (Continued)**

	<b>Short term leasehold land RM'000</b>	<b>Total RM'000</b>
<b>The Group 2013</b>		
<b>Cost</b>		
At 1 January	5,384	5,384
Disposals/write-off	(20)	(20)
Exchange fluctuation	(5)	(5)
At 31 December	<u>5,359</u>	<u>5,359</u>
<b>Amortisation</b>		
At 1 January	3,736	3,736
Amortisation during the financial year	302	302
Disposals/write-off	(13)	(13)
Exchange fluctuation	(12)	(12)
At 31 December	<u>4,013</u>	<u>4,013</u>
<b>Net book value at 31 December 2013</b>	<u>1,346</u>	<u>1,346</u>

Future amortisation of prepaid land lease is as follows:

	<b>Short term leasehold land</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
<b>The Group</b>		
- Not later than one year	<b>289</b>	302
- Later than one year and not later than five years	<b>566</b>	1,044
	<u><b>855</b></u>	<u>1,346</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment**

The Group 2014	Note	Freehold land RM'000	Leasehold	Leasehold	Buildings on freehold land RM'000	Buildings on	Buildings on	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total RM'000
			land 50 years or more RM'000	land less than 50 years RM'000		50 years or more RM'000	less than 50 years RM'000	RM'000	RM'000	RM'000	RM'000	
Cost												
At 1 January		67,104	8,101	1,804	322,019	49,560	59,154	854,032	861,372	82,778	44,169	2,350,093
Additions		-	-	-	2,705	-	9,930	77,333	112,835	36,334	2,220	241,357
Disposals/write-offs		(3,472)	-	-	(7,816)	(1,653)	(6,703)	(69,819)	(87,735)	(8,687)	(858)	(186,743)
Reclassified from intangible assets	18	-	-	-	-	-	-	-	710	-	-	710
Reclassified to non-current assets held for sale		(1,273)	(3,028)	-	(1,307)	(12,497)	-	-	-	-	-	(18,105)
Exchange fluctuation		3,381	-	-	11,211	191	2,642	11,712	11,111	2,051	35	42,334
At 31 December		65,740	5,073	1,804	326,812	35,601	65,023	873,258	898,293	112,476	45,566	2,429,646

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2014	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>											
At 1 January	8,758	3,107	1,004	111,002	24,012	31,068	607,835	630,024	28,729	38,222	1,483,761
Charge for the financial year	-	201	-	3,957	760	3,900	84,781	77,177	11,404	2,185	184,365
Disposals/write-off	(207)	-	-	(6,705)	(887)	(5,001)	(56,449)	(41,084)	(5,359)	(412)	(116,104)
Reclassified to non-current assets held for sale	-	(1,230)	-	(430)	(3,495)	-	-	-	-	-	(5,155)
Exchange fluctuation	560	-	-	5,863	83	1,619	9,264	9,542	1,115	8	28,054
At 31 December	9,111	2,078	1,004	113,687	20,473	31,586	645,431	675,659	35,889	40,003	1,574,921
<b>Net book value at 31 December 2014</b>	56,629	2,995	800	213,125	15,128	33,437	227,827	222,634	76,587	5,563	854,725

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM25,902,762 for the Group.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2013	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
As 1 January		68,179	8,532	1,804	327,280	47,957	57,815	903,034	808,453	78,447	44,557	2,346,058
Additions		-	-	-	-	-	3,509	68,224	81,879	16,268	726	170,606
Disposals/write-offs		(807)	-	-	(4,368)	-	(2,181)	(119,558)	(30,533)	(12,131)	(1,481)	(171,059)
Reclassified from/(to) intangible assets	18	-	-	-	-	-	53	(22)	-	-	-	31
Reclassified to non-current assets held for sale		(211)	(431)	-	(702)	-	-	-	-	-	-	(1,344)
Exchange fluctuation		(57)	-	-	(191)	1,603	(42)	2,354	1,573	194	367	5,801
At 31 December		67,104	8,101	1,804	322,019	49,560	59,154	854,032	861,372	82,778	44,169	2,350,093

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2013	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment under lease	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>											
At 1 January	8,767	2,939	1,004	111,119	22,756	28,300	637,996	575,884	27,703	35,638	1,452,106
Charge for the financial year	-	267	-	4,177	929	3,830	87,076	83,611	10,943	3,956	194,789
Disposals/write-off	-	-	-	(3,999)	-	(956)	(118,775)	(30,153)	(9,890)	(1,538)	(165,311)
Reclassified to non-current assets held for sale	-	(99)	-	(129)	-	-	-	-	-	-	(228)
Exchange fluctuation	(9)	-	-	(166)	327	(106)	1,538	682	(27)	166	2,405
At 31 December	8,758	3,107	1,004	111,002	24,012	31,068	607,835	630,024	28,729	38,222	1,483,761
<b>Net book value at 31 December 2013</b>	<b>58,346</b>	<b>4,994</b>	<b>800</b>	<b>211,017</b>	<b>25,548</b>	<b>28,086</b>	<b>246,197</b>	<b>231,348</b>	<b>54,049</b>	<b>5,947</b>	<b>866,332</b>

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM66,559,681 for the Group.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office and plant equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>											
At 1 January	14,272	8,101	1,804	50,555	47,804	18,328	669,812	701,927	46,274	4,885	1,563,762
Additions	-	-	-	2,705	-	-	64,351	105,640	34,669	913	208,278
Disposals/write-off	-	-	-	-	-	-	(40,821)	(79,904)	(5,449)	(858)	(127,032)
Reclassified to non-current assets held for sale	(1,273)	(3,028)	-	(1,307)	(12,497)	-	-	-	-	-	(18,105)
Exchange fluctuation	-	-	-	-	74	-	1,207	1,372	60	35	2,748
At 31 December	12,999	5,073	1,804	51,953	35,381	18,328	694,549	729,035	75,554	4,975	1,629,651
<b>Accumulated depreciation</b>											
At 1 January	-	3,107	1,004	21,600	23,070	8,361	515,128	466,648	15,101	2,503	1,056,522
Charge for the financial year	-	201	-	1,374	730	458	63,876	62,863	4,668	382	134,552
Disposals/write off	-	-	-	-	-	-	(22,701)	(33,456)	(3,697)	(412)	(60,266)
Reclassified to non-current assets held for sale	-	(1,230)	-	(430)	(3,495)	-	-	-	-	-	(5,155)
Exchange fluctuation	-	-	-	-	17	-	1,099	739	33	8	1,896
At 31 December	-	2,078	1,004	22,544	20,322	8,819	557,402	496,794	16,105	2,481	1,127,549
Net book value at 31 December 2014	12,999	2,995	800	29,409	15,059	9,509	137,147	232,241	59,449	2,494	502,102

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM23,130,538 for the Bank.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2013 Cost	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office and plant equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
At 1 January	14,483	8,532	1,804	52,156	46,318	18,328	728,229	656,443	46,492	4,529	1,577,314
Additions	-	-	-	-	-	-	57,944	73,600	9,848	8	141,400
Disposals/write-off	-	-	-	(899)	-	-	(118,236)	(29,413)	(10,176)	(19)	(158,743)
Reclassified to non-current assets held for sale	(211)	(431)	-	(702)	-	-	-	-	-	-	(1,344)
Exchange fluctuation	-	-	-	-	1,486	-	1,875	1,297	110	367	5,135
At 31 December	14,272	8,101	1,804	50,555	47,804	18,328	669,812	701,927	46,274	4,885	1,563,762
<b>Accumulated depreciation</b>											
At 1 January	-	2,939	1,004	21,069	21,918	7,903	562,019	431,816	19,324	2,057	1,070,049
Charge for the financial year	-	267	-	1,434	887	458	69,179	62,930	4,350	292	139,797
Disposals/write off	-	-	-	(774)	-	-	(117,569)	(29,062)	(8,627)	(12)	(156,044)
Reclassified to non-current assets held for sale	-	(99)	-	(129)	-	-	-	-	-	-	(228)
Exchange fluctuation	-	-	-	-	265	-	1,499	964	54	166	2,948
At 30 December 2013	-	3,107	1,004	21,600	23,070	8,361	515,128	466,648	15,101	2,503	1,056,522
<b>Net book value at 31 December 2013</b>	14,272	4,994	800	28,955	24,734	9,967	154,684	235,279	31,173	2,382	507,240

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM64,783,977 for the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****21 Investment properties**

	<b>Buildings on long term leasehold land RM'000</b>	<b>Total RM'000</b>
<b>The Group 2014</b>		
At 1 January/31 December	<b>4,000</b>	<b>4,000</b>

	<b>Note</b>	<b>Freehold land RM'000</b>	<b>Buildings on freehold land RM'000</b>	<b>Buildings on short term leasehold land RM'000</b>	<b>Buildings on long term leasehold land RM'000</b>	<b>Total RM'000</b>
<b>The Group 2013</b>						
At 1 January		27	6,423	6	10,995	17,451
Reclassified to non-current assets held for sale	53	(27)	(6,375)	(4)	(7,556)	(13,962)
Disposals		-	(510)	-	-	(510)
Fair value adjustments		-	462	(2)	561	1,021
At 31 December		-	-	-	4,000	4,000

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 21 Investment properties (Continued)

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The following amounts have been reflected in the statement of income:

	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Rental income	<b>81</b>	197
Operating expenses arising from investment properties that generated the rental income	<b>(14)</b>	(104)
	<b><u>(14)</u></b>	<u>(104)</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****22 Deposits from customers**

## (a) By type of deposit

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Demand deposits	<b>53,904,127</b>	50,785,507	<b>45,491,420</b>	42,008,751
Saving deposits	<b>23,096,321</b>	21,215,173	<b>15,515,443</b>	14,660,351
Fixed deposits	<b>93,653,728</b>	86,918,072	<b>72,939,968</b>	59,716,950
Negotiable instruments of deposit	<b>3,507,324</b>	6,434,760	<b>979,361</b>	529,467
Others	<b>61,105,654</b>	54,894,178	<b>39,394,375</b>	39,199,512
	<b>235,267,154</b>	220,247,690	<b>174,320,567</b>	156,115,031

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Due within six months	<b>76,233,940</b>	76,680,516	<b>59,386,376</b>	49,568,805
Six months to less than one year	<b>17,173,300</b>	14,416,673	<b>12,822,521</b>	9,279,737
One year to less than three years	<b>2,719,683</b>	1,749,805	<b>676,738</b>	921,019
Three years to less than five years	<b>402,914</b>	203,474	<b>402,479</b>	174,492
Five years and more	<b>631,215</b>	302,364	<b>631,215</b>	302,364
	<b>97,161,052</b>	93,352,832	<b>73,919,329</b>	60,246,417

## (b) By type of customer

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Government and statutory bodies	<b>9,587,328</b>	9,634,958	<b>5,826,576</b>	4,775,912
Business enterprises	<b>99,468,496</b>	87,597,022	<b>76,420,167</b>	57,113,656
Individuals	<b>78,603,149</b>	74,352,611	<b>60,088,610</b>	59,370,640
Others	<b>47,608,181</b>	48,663,099	<b>31,985,214</b>	34,854,823
	<b>235,267,154</b>	220,247,690	<b>174,320,567</b>	156,115,031

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****23 Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Licensed banks	27,451,929	16,528,562	28,733,819	27,221,840
Licensed finance companies	796,797	223,121	63,257	26,044
Licensed investment banks	776,499	785,337	575,378	785,107
Bank Negara Malaysia	491,349	795,996	461,965	795,996
Other financial institutions	1,900,748	1,666,817	1,703,884	1,588,721
	<b>31,417,322</b>	<b>19,999,833</b>	<b>31,538,303</b>	<b>30,417,708</b>

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

	The Group		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Due within six months	28,525,411	17,581,373	28,657,143	26,860,150
Six months to less than one year	1,970,780	1,399,598	1,960,357	2,514,835
One year to less than three years	392,596	34,574	392,268	58,435
Three years to less than five years	306,247	357,080	306,247	357,080
Five years and more	222,288	627,208	222,288	627,208
	<b>31,417,322</b>	<b>19,999,833</b>	<b>31,538,303</b>	<b>30,417,708</b>

The Group and the Bank have undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM128,697,000 and RM100,000,000 respectively (31 December 2013: RM126,971,000 and RM100,000,000 respectively) using interest rate swaps.

	The Group		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Negotiable instruments of deposit	128,697	126,971	100,000	100,000
Fair value changes arising from fair value hedges	(1,624)	(3,267)	(2,183)	(3,517)
	<b>127,073</b>	<b>123,704</b>	<b>97,817</b>	<b>96,483</b>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 for the Group and the Bank were RM466,000 and RM1,240,000 respectively (31 December 2013: fair value loss of RM2,384,000 and RM2,554,000 respectively).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****24 Financial liabilities designated at fair value**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
Deposits from customers - structured investments	<b>2,876,227</b>	2,132,170	<b>2,726,392</b>	1,985,954
Bills payable	<b>402,839</b>	-	-	-
Debentures	<b>411,635</b>	-	-	-
	<b><u>3,690,701</u></b>	<u>2,132,170</u>	<b><u>2,726,392</u></b>	<u>1,985,954</u>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 December 2014 were RM403,475,000 (2013: RM272,507,000) and RM394,924,000 (2013: RM264,043,000) respectively lower than the contractual amount at maturity for the structured investments, RM3,610,000 higher than the contractual amount at maturity for the bills payable and RM78,436,000 higher than the contractual amount at maturity for the debentures. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies****(a) Derivative financial instruments**

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at 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			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>At 31 December 2014</b>						
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	19,274,828	353,364	(362,586)	15,812,299	301,706	(356,894)
Currency swaps	139,638,887	1,297,629	(1,280,285)	83,896,785	1,029,484	(1,025,419)
Currency spots	5,832,872	2,832	(9,310)	5,643,204	2,757	(9,254)
Currency options	4,808,447	47,694	(42,246)	4,118,056	35,900	(35,717)
Cross currency interest rate swaps	42,259,125	1,448,815	(1,528,147)	28,093,113	1,329,679	(1,289,951)
	211,814,159	3,150,334	(3,222,574)	137,563,457	2,699,526	(2,717,235)
Interest rate derivatives						
Interest rate swaps	332,464,741	2,082,528	(1,718,398)	263,420,855	1,495,525	(1,257,086)
Interest rate futures	1,640,898	2,097	(180)	1,640,898	2,097	(180)
Interest rate options	456,064	1,222	(7,665)	466,693	1,593	(7,665)
	334,561,703	2,085,847	(1,726,243)	265,528,446	1,499,215	(1,264,931)
Equity related derivatives						
Equity swaps	1,070,726	105,165	(28,543)	1,070,726	105,165	(28,543)
Equity options	7,107,834	233,718	(955,334)	6,761,459	223,594	(945,208)
Equity futures	1,367,538	8,795	(14,647)	1,367,538	8,795	(14,647)
	9,546,098	347,678	(998,524)	9,199,723	337,554	(988,398)
Commodity related derivatives						
Commodity swaps	2,557,153	1,020,245	(1,014,696)	2,557,153	1,020,245	(1,014,696)
Commodity futures	10,656	34	(219)	10,656	34	(219)
Commodity options	491,457	111,059	(22,838)	491,457	111,059	(22,838)
	3,059,266	1,131,338	(1,037,753)	3,059,266	1,131,338	(1,037,753)
Credit related contract						
Credit default swaps	6,434,795	70,893	(91,365)	6,375,855	70,594	(91,067)
<u>Hedging derivatives</u>						
Currency swaps	5,054,260	36,426	(141,369)	5,054,261	36,426	(141,369)
Cross currency interest rate swaps	3,483,815	19,806	(79,533)	3,048,869	19,806	(70,145)
Interest rate swaps	21,394,899	89,049	(261,438)	28,250,295	204,750	(290,911)
Total derivatives assets/(liabilities)	595,348,995	6,931,371	(7,558,799)	458,080,172	5,999,209	(6,601,809)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)**

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
At 31 December 2013	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	15,291,560	237,683	(233,952)	11,874,090	160,023	(224,670)
Currency swaps	69,824,394	830,037	(942,585)	44,417,974	415,526	(436,606)
Currency spots	7,059,753	6,139	(12,534)	6,679,790	6,066	(12,346)
Currency options	3,835,770	97,749	(88,096)	2,981,136	38,670	(37,526)
Cross currency interest rate swaps	30,498,152	877,411	(825,810)	24,457,090	743,835	(644,238)
	126,509,629	2,049,019	(2,102,977)	90,410,080	1,364,120	(1,355,386)
Interest rate derivatives						
Interest rate swaps	264,110,081	2,013,304	(1,536,573)	226,701,469	1,787,738	(1,338,152)
Interest rate futures	4,652,882	12,418	(199)	4,652,882	12,418	(199)
Interest rate options	751,272	1,701	(7,776)	751,272	1,701	(7,776)
	269,514,235	2,027,423	(1,544,548)	232,105,623	1,801,857	(1,346,127)
Equity related derivatives						
Equity swaps	811,641	17,152	(172,289)	578,232	16,031	(171,167)
Equity options	7,279,656	103,029	(1,400,585)	6,871,742	90,639	(1,388,194)
Index futures	43,473	-	(755)	43,473	-	(755)
	8,134,770	120,181	(1,573,629)	7,493,447	106,670	(1,560,116)
Commodity related derivatives						
Commodity swaps	1,961,518	106,882	(105,682)	1,977,648	107,255	(105,989)
Commodity options	238,781	158,512	(48,376)	222,731	158,116	(48,088)
	2,200,299	265,394	(154,058)	2,200,379	265,371	(154,077)
Credit related contract						
Credit default swaps	9,101,269	55,142	(114,688)	8,985,309	54,556	(114,102)
<u>Hedging derivatives</u>						
Currency swaps	3,404,360	14,589	(42,302)	3,404,360	14,589	(42,302)
Cross currency interest rate swaps	2,224,201	5,004	(43,841)	2,224,201	5,004	(44,490)
Interest rate swaps	19,148,610	182,595	(218,670)	25,974,204	297,023	(263,037)
Total derivatives assets/(liabilities)	440,237,373	4,719,347	(5,794,713)	372,797,603	3,909,190	(4,879,637)



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)****Fair value hedge**

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
(Loss)/gain on hedging instruments	<b>(40,393)</b>	102,185	<b>(23,633)</b>	(75,542)
Gain/(loss) on the hedged items attributable to the hedged risk	<b>36,626</b>	(139,269)	<b>20,430</b>	38,575

**Net investment hedge**

Currency swaps and non-derivative financial liabilities are used to hedge the Group's and the Bank's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the currency swaps and non-derivative financial liabilities are transferred to equity to offset against any gains or losses on translation of the net investment in foreign operations. The fair value changes of the hedging instruments attributable to the risk not designated as hedged in the hedging relationship was recognised in the statement of income during the year for the Group and the Bank of RM42,526,711 respectively (2013: Group and Bank of RM27,550,552).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies (continued)****(a) Derivative financial instruments (continued)****Cash flow hedge**

Cash flow hedges are used by the Group and the Bank to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group and the Bank hedge cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2012, the Group and the Bank have ceased cash flow hedge accounting with cumulative gain of RM 84,204 (2013: RM 134,657) remaining in equity as at 31 December 2014.

The Group and the Bank also hedge financial investment available-for-sale, senior bond issued and interbranch lending against foreign exchange and interest rate risks by using cross currency interest rate swaps. The notional amount of the outstanding cross currency interest rate swaps as at 31 December 2014 was RM2,314,332,810 (2013: RM1,436,275,900). Gains and losses of cross currency interest rate swaps recognised in the hedging reserve will be reclassified from equity to statement of income when the hedged cash flows affect profit or loss. Total loss of RM116,689 (2013: gain of RM1,855,500) was recognised in the statement of income for the financial year ended 31 December 2014 due to hedge ineffectiveness from cash flow hedges.

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

As at 31 December 2014	The Group and the Bank				
	Up to 1	> 1-3	> 3-6	> 6-12	> 1-5
	month	months	months	months	years
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash inflows (assets)	1,152	8,202	6,819	75,067	2,255,427
Cash outflows (liabilities)	-	(813)	(1,037)	(1,886)	(353,931)
Net cash inflows	<u>1,152</u>	<u>7,389</u>	<u>5,782</u>	<u>73,181</u>	<u>1,901,496</u>

As at 31 December 2013	The Group and the Bank				
	Up to 1	> 1-3	> 3-6	> 6-12	> 1-5
	month	months	months	months	years
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash inflows (assets)	657	5,768	3,272	10,249	1,373,029
Cash outflows (liabilities)	(841)	(1,156)	(2,211)	(10,102)	(1,160,707)
Net cash (outflows)/inflows	<u>(184)</u>	<u>4,612</u>	<u>1,061</u>	<u>147</u>	<u>212,322</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies (continued)****(b) Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

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

The notional/principal amount of the commitments and contingencies constitute the following:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>Principal RM'000</b>	<b>Principal RM'000</b>	<b>Principal RM'000</b>	<b>Principal RM'000</b>
<u>Credit-related</u>				
Direct credit substitutes	<b>3,030,141</b>	2,373,416	<b>2,882,929</b>	2,113,500
Transaction-related contingent items	<b>4,641,921</b>	4,575,789	<b>3,388,757</b>	3,164,293
Short-term self-liquidating trade-related contingencies	<b>6,013,684</b>	3,399,036	<b>5,487,561</b>	3,056,631
Obligations under underwriting agreement	<b>140,000</b>	163,500	<b>140,000</b>	163,500
Irevocable commitments to extend credit :				
- maturity not exceeding one year	<b>47,176,313</b>	51,019,323	<b>41,875,477</b>	44,815,383
- maturity exceeding one year	<b>23,742,050</b>	8,402,224	<b>21,369,075</b>	7,510,654
Miscellaneous commitments and contingencies	<b>3,431,821</b>	2,412,227	<b>2,657,972</b>	1,496,974
Total credit-related commitments and contingencies	<b>88,175,930</b>	72,345,515	<b>77,801,771</b>	62,320,935

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****25 Derivative financial instruments, commitments and contingencies (continued)****(b) Commitments and contingencies (Continued)**

	The Group		The Bank	
	31 December 2014 Principal RM'000	31 December 2013 Principal RM'000	31 December 2014 Principal RM'000	31 December 2013 Principal RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- up to one year	179,194,315	98,193,210	115,440,257	68,529,507
- more than one year to 5 years	33,042,178	26,767,584	24,366,195	22,236,861
- more than 5 years	8,115,741	7,177,396	5,860,135	5,272,273
	<b>220,352,234</b>	132,138,190	<b>145,666,587</b>	96,038,641
Interest rate related contracts :				
- up to one year	121,560,683	74,804,970	94,452,030	62,874,516
- more than one year to 5 years	193,990,442	187,947,567	162,844,011	158,962,173
- more than 5 years	40,405,477	25,910,308	36,482,700	36,243,138
	<b>355,956,602</b>	288,662,845	<b>293,778,741</b>	258,079,827
Equity related contracts:				
- up to one year	5,660,695	2,793,343	5,557,684	2,793,343
- more than one year to 5 years	2,974,164	3,732,191	2,829,877	3,482,969
- more than 5 years	911,239	1,609,236	812,162	1,217,135
	<b>9,546,098</b>	8,134,770	<b>9,199,723</b>	7,493,447
Credit related contracts :				
- up to one year	1,513,699	3,423,416	1,513,699	3,423,416
- more than one year to 5 years	3,788,047	4,189,915	3,788,047	4,189,915
- more than 5 years	1,133,049	1,487,938	1,074,109	1,371,978
	<b>6,434,795</b>	9,101,269	<b>6,375,855</b>	8,985,309
Commodity related contracts:				
- up to one year	2,525,185	1,924,754	2,525,184	1,924,834
- more than one year to 5 years	534,081	275,545	534,082	275,545
	<b>3,059,266</b>	2,200,299	<b>3,059,266</b>	2,200,379
Total treasury-related commitments and contingencies				
	<b>595,348,995</b>	440,237,373	<b>458,080,172</b>	372,797,603
	<b>683,524,925</b>	512,582,888	<b>535,881,943</b>	435,118,538

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities**

	Note	The Group		The Bank	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Due to brokers and clients		56,856	40,757	56,856	40,757
Accrued employee benefits	(a)	22,361	19,847	18,697	17,688
Post employment benefit obligations	(b)	159,446	135,791	26,952	26,031
Sundry creditors		989,616	938,086	972,197	890,844
Expenditure payable		1,221,971	1,195,144	963,560	1,000,333
Allowance for commitments and contingencies	(c)	6,182	13,824	2,704	2,492
Provision for legal claims		71,135	81,970	54,533	63,536
Credit card expenditure payable		108,618	91,183	108,618	91,183
Call deposit borrowing		1,042,645	926,272	898,765	787,817
Others		465,754	535,790	334,342	257,260
		<b>4,144,584</b>	<b>3,978,664</b>	<b>3,437,224</b>	<b>3,177,941</b>

**(a) Accrued employee benefits**

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

**(b) Post employment benefit obligations**

		The Group		The Bank	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Defined contribution plan – EPF	(i)	26,952	26,033	26,952	26,033
Defined benefit plans	(ii)	132,494	109,758	-	(2)
		<b>159,446</b>	<b>135,791</b>	<b>26,952</b>	<b>26,031</b>

**(i) Defined contribution plan**

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities (Continued)****(b) Post employment benefit obligations (continued)****(ii) Defined benefit plans**

CIMB Bank and CIMB Thai Bank operate final salary defined benefit plans for employees. For CIMB Bank, the assets are held in separate trustee - administered funds. CIMB Bank through the Trustee of the Scheme has on 13th January 2011 written to the Inland Revenue Board to notify on the Bank's intention to wind up the scheme. Inland Revenue Board has on September 2014 confirmed that the scheme and the tax file have been closed.

The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2014.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
Present value of funded obligations	-	370	-	370
Fair value of plan assets	-	(372)	-	(372)
Status of funded plan	-	(2)	-	(2)
Present value of unfunded obligations	<b>132,494</b>	109,760	-	-
Liability	<b>132,494</b>	109,758	-	(2)

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities (Continued)****(b) Post employment benefit obligations (continued)****(ii) Defined benefit plans (continued)**

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
Service cost:				
Current service costs	<b>9,701</b>	6,948	-	-
Overprovision in prior year	-	(10,742)	-	-
Net interest expense	<b>4,745</b>	3,339	-	(4)
Components of defined benefits costs recognised in statements of income	<b>14,446</b>	(455)	-	(4)
Remeasurement:				
- Actuarial losses/(gains):				
- from changes in demographic assumptions	-	5,752	-	-
- from changes in financial assumptions	<b>8,047</b>	(5,113)	-	-
- Experience adjustments	<b>(722)</b>	1,885	-	-
Components of defined benefits costs recognised in statements of comprehensive income	<b>7,325</b>	2,524	-	-
	<b>21,771</b>	2,069	-	(4)

The actual return on plan assets of the Group and the Bank were RMNil (2013: RM3,061).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans (continued)**

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

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	110,130	112,676	370	910
Current services costs	9,701	6,948	-	-
Overprovision in prior year	-	(10,742)	-	-
Interest costs	4,745	3,343	-	-
	<b>124,576</b>	<b>112,225</b>	<b>370</b>	<b>910</b>
Remeasurement:				
- Actuarial losses/(gains):				
- from changes in demographic assumptions	-	5,752	-	-
- from changes in financial assumptions	8,047	(5,113)	-	-
- Experience adjustments	(722)	1,885	-	-
	<b>7,325</b>	<b>2,524</b>	<b>-</b>	<b>-</b>
Exchange fluctuation	8,223	(141)	-	-
Benefits paid	(7,630)	(4,478)	(370)	(540)
At 31 December	<b>132,494</b>	<b>110,130</b>	<b>-</b>	<b>370</b>

The movements in the fair value of plan assets for the financial year are as follows:

	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	372	908	372	908
Interest income	-	4	-	4
Others	(2)	-	(2)	-
	<b>370</b>	<b>912</b>	<b>370</b>	<b>912</b>
Contributions:				
Benefits paid	(370)	(540)	(370)	(540)
At 31 December	<b>-</b>	<b>372</b>	<b>-</b>	<b>372</b>

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



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans (continued)**

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

	<b>The Group</b>	
	<b>31 December 2014</b>	31 December 2013
	%	%
Discount rates	<b>3.25</b>	4.00
Future salary increases	<b>5.00</b>	5.00
Rate of price inflation - other fixed allowance	<b>2.50</b>	2.50

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

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rates	0.5%	Decreased by 4.34%	Increased by 4.65%
Future salary increases	1.0%	Increased by 10.28%	Decreased by 9.11%

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

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

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post employment benefits plan for the financial year ended 31 December 2015 to the Group is RM3,280,000 (2014: RM2,731,000).

The weighted average duration of the defined benefit obligation of the Group is 10 years.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****26 Other liabilities (Continued)****(c) Allowances for commitments and contingencies**

Movement in the allowances for commitments and contingencies are as follows:

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	13,824	15,188	2,492	3,826
Allowance (written back)/made during the financial year	(8,943)	(1,334)	212	(1,334)
Exchange fluctuation	1,301	(30)	-	-
At 31 December	<b>6,182</b>	<b>13,824</b>	<b>2,704</b>	<b>2,492</b>

**27 Bonds and debentures**

	Note	The Group		The Bank	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
HKD462 million notes	(a)	211,405	198,266	211,405	198,266
USD350 million notes	(b)	1,225,402	1,141,492	1,225,402	1,141,492
Structured debentures	(c)	33,234	514,082	-	-
Short term debentures	(d)	1,559,370	2,116,464	-	-
HKD171 million notes	(e)	74,944	72,495	74,944	72,495
HKD430 million notes	(f)	191,921	182,157	191,921	182,157
USD45 million notes	(g)	157,603	147,711	157,603	147,711
HKD350 million notes	(h)	155,499	147,993	155,499	147,993
SGD20 million notes	(i)	52,231	51,121	52,231	51,121
USD20 million notes	(j)	70,099	65,704	70,099	65,704
RM500 million bonds	(k)	500,121	500,081	-	-
HKD775 million notes	(l)	349,706	327,820	349,706	327,820
HKD950 million notes	(m)	419,438	401,694	419,438	401,694
HKD300 million notes	(n)	139,755	-	139,755	-
HKD150 million notes	(o)	68,031	-	68,031	-
AUD100 million notes	(p)	301,530	-	301,530	-
HKD1,130 million notes	(q)	504,182	-	504,182	-
		<b>6,014,471</b>	<b>5,867,080</b>	<b>3,921,746</b>	<b>2,736,453</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(a) HKD462 million notes**

On 8 May 2012, the Bank, acting through its Labuan Offshore Branch, issued a HKD462 million 5-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

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

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
HKD462 million notes, at cost	<b>180,462</b>	180,462
Fair value changes arising from fair value hedges	<b>27,479</b>	14,557
Interest payables	<b>3,464</b>	3,247
	<b><u>211,405</u></b>	<u>198,266</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM2,781,058 (2013: fair value gain of RM2,345,539).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(b) USD350 million notes**

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

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

	<b>The Group and The Bank</b>	
	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000
USD350 million notes, at cost	<b>1,103,725</b>	1,103,725
Fair value changes arising from fair value hedges	<b>(6,863)</b>	(11,539)
Foreign exchange translations, interest payables and accretion of discount	<b>128,540</b>	49,306
	<b><u>1,225,402</u></b>	<u>1,141,492</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 were RM1,386,852 (2013: fair value loss of RM5,047,779).

**(c) Structured debentures**

CIMB Thai Bank issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature in 6 months to 1 year from respective issuance dates. The debentures bear interest rates ranges from 0% - 7.0 %, depending on the underlying foreign exchange rates movements.

**(d) Short term debentures**

CIMB Thai Bank issued various unsecured short term debentures with maturity dates of the short term debentures varying from 1 month to 6 months. The debentures carry fixed interest rates of 2.20% to 2.57%, payable at respective maturity dates.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(e) HKD171 million notes**

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

In 2014, the Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD171 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD171 million notes, at cost	66,549
Fair value changes arising from fair value hedges	8,159
Interest payables	236
	<u>74,944</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM9,216,690.

**(f) HKD430 million notes**

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

In 2014, the Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD430 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD430 million notes, at cost	167,344
Fair value changes arising from fair value hedges	24,131
Interest payables	446
	<u>191,921</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM25,531,465.

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(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(g) USD45 million notes**

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

**(h) HKD350 million notes**

On 14 March 2013, the Bank issued HKD350 million 3-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 14 March 2016 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 1.09% per annum payable quarterly in arrears.

In 2014, the Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD350 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD350 million notes, at cost	139,920
Fair value changes arising from fair value hedges	15,499
Interest payables	80
	<u>155,499</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM17,192,400.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(i) SGD20 million notes**

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

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

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
SGD20 million notes, at cost	<b>49,826</b>	49,826
Fair value changes arising from fair value hedges	<b>(843)</b>	(910)
Foreign exchange translations and interest payables	<b>3,248</b>	2,205
	<b><u>52,231</u></b>	<u>51,121</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 were RM779,888 (2013: fair value loss of RM893,430).

**(j) USD20 million notes**

On 8 April 2013, the Bank, acting through its Labuan Offshore Branch, issued USD20 million 3-year senior unsecured notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 8 April 2016. It bears a floating coupon rate of 3 month U.S.\$ LIBOR plus 79 basis points per annum payable quarterly in arrears.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **27 Bonds and debentures (Continued)**

##### **(k) RM500 million bonds**

In 2011, the Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to the Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

The RM500 million funding received by the Bank from MKB is recognised under other assets, being the net amounts receivable from MKB from the waterfall report over the RM500 million funding. At the Group level, due to the consolidation of MKB, the RM500 million funding is eliminated and reclassified under bonds.

1<sup>st</sup> tranche of RM180 million is raised for an effective interest rate of 2.85% per annum, payable on monthly basis with coupon payment due on every 28<sup>th</sup> of the month, and will mature on 28 October 2016.

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

##### **(l) HKD775 million notes**

On 29 August 2013, the Bank issued HKD775 million nominal value 3-year senior unsecured notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The notes will mature on 29 August 2016 (subject to adjustment in accordance with the modified following business convention). It bears a floating coupon rate of 3 month HIBOR plus 56 basis points per annum payable quarterly in arrears.

The Bank has undertaken cash flow hedge on the HKD775 million notes against foreign exchange risk.



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(m) HKD950 million notes**

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

In 2014, the Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD950 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD950 million notes, at cost	395,499
Fair value changes arising from fair value hedges	23,769
Interest payables	170
	<u>419,438</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM32,038,213.

**(n) HKD300 million notes**

On 14 May 2014, the Bank issued HKD300 million 5-year senior unsecured fixed rate 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 arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HK300 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD300 million notes, at cost	126,358
Fair value changes arising from fair value hedges	11,077
Interest payables	2,320
	<u>139,755</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM11,434,413.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

#### 27 Bonds and debentures (Continued)

##### (o) HKD150 million notes

On 21 August 2014, the Bank issued HKD150 million 5-year senior unsecured fixed rate notes under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 21 August 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.47% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD150 million notes using interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD150 million notes, at cost	<b>61,819</b>
Fair value changes arising from fair value hedges	<b>199</b>
Foreign exchange translations and interest payables	<b>6,013</b>
	<b><u>68,031</u></b>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2014 were RM319,611.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

#### 27 Bonds and debentures (Continued)

##### (p) AUD100 million notes

On 25 September 2014, the Bank issued AUD100 million 5-year senior fixed rate notes under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the AUD100 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
AUD100 million notes, at cost	<b>289,403</b>
Fair value changes arising from fair value hedges	<b>8,757</b>
Interest payables and accretion of discount	<b>3,370</b>
	<b><u>301,530</u></b>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM7,565,000.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****27 Bonds and debentures (Continued)****(q) HKD1,130 million notes**

On 20 November 2014, the Bank issued HKD1,130 million 5-year senior fixed rate notes (the “Notes”) under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 12 November 2019 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 2.46% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD500 million notes using interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD500 million notes, at cost	215,262
Fair value changes arising from fair value hedges	(1,384)
Foreign exchange translations and interest payables	10,731
	<u>224,609</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 were RM923,022.

The Bank has also undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD630 million notes using cross currency interest rate swaps.

	<b>The Group and The Bank</b>
	<b>31 December</b>
	<b>2014</b>
	<b>RM'000</b>
HKD630 million notes, at cost	271,833
Fair value changes arising from fair value hedges	6,936
Interest payables	804
	<u>279,573</u>

The fair value gain of cross currency interest rate swaps in this hedge transaction as at 31 December 2014 were RM8,164,554.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****28 Other borrowings**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Term loans	<b>2,730,742</b>	1,968,211	<b>2,730,742</b>	1,968,211
	<b>2,730,742</b>	1,968,211	<b>2,730,742</b>	1,968,211

These loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 31 December 2015 being the earliest to mature and 29 March 2019 being the longest to mature. Interest rates charged are between 0.74% to 1.27% per annum.

**29 Subordinated obligations**

	<b>Note</b>	<b>The Group</b>		<b>The Bank</b>	
		<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Subordinated loans - USD200 million	(a)	-	-	<b>733,522</b>	719,251
Subordinated bonds - RM1.0 billion	(b)	<b>1,015,786</b>	1,015,786	<b>1,015,786</b>	1,015,786
Subordinated bonds - RM1.0 billion	(c)	<b>985,510</b>	980,009	<b>985,510</b>	980,009
Subordinated notes - THB544 million	(d)	<b>57,873</b>	54,392	-	-
Subordinated Sukuk - RM850 million	(e)	<b>851,414</b>	855,393	-	-
Subordinated debts - RM1 billion	(f)	<b>1,005,912</b>	1,010,663	<b>1,005,912</b>	1,010,663
Subordinated debts - RM1 billion	(f)	<b>1,022,606</b>	1,027,377	<b>1,022,606</b>	1,027,377
Subordinated debts - RM1.5 billion	(g)	<b>1,528,256</b>	1,532,881	<b>1,528,256</b>	1,532,881
Subordinated notes - THB3 billion	(h)	<b>326,848</b>	307,191	-	-
Subordinated debts - RM1.5 billion	(i)	<b>1,484,083</b>	1,478,962	<b>1,484,083</b>	1,478,962
Subordinated notes - THB3 billion	(j)	<b>321,079</b>	301,769	-	-
Subordinated debts - RM1.05 billion	(k)	<b>1,057,601</b>	1,063,868	<b>1,057,601</b>	1,063,868
Hybrid THB2.5 billion	(l)	-	6,284	-	-
Subordinated notes - RM 400 million	(m)	<b>411,641</b>	-	-	-
		<b>10,068,609</b>	9,634,575	<b>8,833,276</b>	8,828,797

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

- (a) The USD200 million 6.62% subordinated loans of the Bank were obtained from SBB Capital Corporation (“SCC”) from the net proceeds that SCC raised through the issuance of SCC Preference Shares. The loans bear interest at a rate of 6.62% per annum payable semi-annually in arrears on 2 May and 2 November up to and including 2 November 2015. Thereafter, interest will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November. The subordinated loans will mature on 2 November 2055. The USD200 million subordinated loans qualify as Tier-1 Capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

The Bank has undertaken fair value hedge on the interest rate risk of the USD200 million subordinated loans using interest rate swaps.

	<b>The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated loans, at cost	<b>728,250</b>	728,250
Fair value changes arising from fair value hedges	<b>28,870</b>	60,099
Foreign exchange translations, interest payables and accretion of discount	<b>(23,598)</b>	(69,098)
	<b><u>733,522</u></b>	<u>719,251</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2014 were RM32,924,146 (2013: fair value gain of RM60,765,255).

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **29 Subordinated obligations (Continued)**

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

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

The RM1.0 billion Bonds qualify as Tier I Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

- (c) The RM1.0 billion subordinated bonds (“the Bonds”) is part of the Non-Innovative Tier 1 Stapled Securities Issuance Programme which was approved by the Securities Commission on 17 December 2008. Under the programme, the Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:
- (i) Non-Cumulative Perpetual Capital Securities issued by the Bank; and
  - (ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of the Bank

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

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

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

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

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated bonds, at cost	<b>800,000</b>	800,000
Fair value changes arising from fair value hedges	<b>(15,674)</b>	(21,175)
Interest payables	<b>947</b>	947
	<b><u>785,273</u></b>	<u>779,772</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 was RM18,423,933 (2013: fair value loss of RM23,889,116).



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

- (d) The THB 544 million subordinated notes (“the THB544 million Notes”) represent the promissory notes previously issued by few financial institutions which had been transferred to CIMB Thai Bank after the series of merger.
- (e) The RM850 million unsecured subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme by the Bank’s direct subsidiary, CIMB Islamic which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The first tranche of the Sukuk of RM300 million was issued at par on 25 September 2009 and are due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum, payable semi-annually in arrears.

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

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

	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated sukuk, at cost	<b>250,000</b>	250,000
Fair value changes arising from fair value hedges	<b>644</b>	2,436
Interest payables	<b>2,077</b>	2,077
	<b><u>252,721</u></b>	<u>254,513</u>

The fair value gain of Islamic profit rate swaps in this hedge transaction as at 31 December 2014 was RM808,493 (2013: fair value gain of RM2,881,581).

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

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

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

	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated sukuk, at cost	<b>300,000</b>	300,000
Fair value changes arising from fair value hedges	<b>(4,927)</b>	(6,023)
Interest payables	<b>3,481</b>	3,481
	<b><u>298,554</u></b>	<u>297,458</u>

The fair value loss of Islamic profit rate swaps in this hedge transaction as at 31 December 2014 was RM5,233,159 (2013: fair value loss of RM5,864,579).

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

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

- (f) The Bank has on 23 December 2010 completed the issuance of unsecured RM2.0 billion Subordinated Debt.

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

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

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

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

In 2013, the Bank has terminated fair value hedge accounting with cumulative adjustment to the carrying amount of the hedged item, to be amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity.

Subordinated debts with maturity of 10 years

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated debts, at cost	<b>1,000,000</b>	1,000,000
Unamortised fair value adjustments	<b>4,852</b>	9,603
Interest payables	<b>1,060</b>	1,060
	<b><u>1,005,912</u></b>	<u>1,010,663</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**(f) Subordinated debts with maturity of 15 years

	<b>The Group and The Bank</b>	
	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000
Subordinated debts, at cost	<b>1,000,000</b>	1,000,000
Unamortised fair value adjustments	<b>21,422</b>	26,193
Interest payables	<b>1,184</b>	1,184
	<b><u>1,022,606</u></b>	<u>1,027,377</u>

- (g) The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

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

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

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

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

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)****(g) RM1.35 billion Subordinated debts**

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated debts, at cost	<b>1,350,000</b>	1,350,000
Fair value changes arising from fair value hedges	<b>1,441</b>	8,669
Interest payables	<b>22,411</b>	21,796
	<b><u>1,373,852</u></b>	<u>1,380,465</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2014 were RM2,900,680 (2013: fair value gain of RM12,339,335).

**RM150 million Subordinated debts**

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated debts, at cost	<b>150,000</b>	150,000
Fair value changes arising from fair value hedges	<b>1,584</b>	(327)
Interest payables	<b>2,820</b>	2,743
	<b><u>154,404</u></b>	<u>152,416</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2014 were RM1,995,613 (2013: fair value loss of RM320,673).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****29 Subordinated obligations (Continued)**

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

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

- (i) The Bank has on 30 November 2012 completed the issuance of RM1.5 billion unsecured Subordinated Debt.

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

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

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

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

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

	<b>The Group and The Bank</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Subordinated debts, at cost	<b>1,500,000</b>	1,500,000
Fair value changes arising from fair value hedges	<b>(21,716)</b>	(26,666)
Interest payables	<b>5,799</b>	5,628
	<b><u>1,484,083</u></b>	<u>1,478,962</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2014 were RM15,413,576 (2013: fair value loss of RM19,938,421).

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **29 Subordinated obligations (Continued)**

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

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

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

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

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

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

The RM1.05 billion Subordinated Debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework (Capital Components). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **29 Subordinated obligations (Continued)**

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

There is a call option in the following two cases:

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

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

On 27 March 2014, CIMB Thai Bank has exercised its option to early redeem all cumulative hybrid instruments amounting to THB2.5billion, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 53/2557 about the pre-redemption of cumulative hybrid instruments.

- (m) On 7 July 2014, CIMB Thai Bank issued RM400 million 10-years non callable 5 years Basel 3 compliant Tier 2 subordinated notes ("RM400 million Notes") to their overseas investors. The RM400 million Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

The RM400 million Notes will mature on 5 July 2024. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai Bank has an approval from Bank of Thailand to classify the RM400 million Notes as Tier II capital according to the correspondence For Kor Kor. (02) 453/2557.



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****30 Redeemable preference shares**

(a)

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
<b>Authorised</b>		
<b>Redeemable preference shares of USD0.01 each</b>		
At 1 January/31 December	<u>8</u>	<u>8</u>
	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
<b>Issued and fully paid</b>		
<b>Redeemable preference shares of USD0.01 each</b>		
Non-cumulative guaranteed preference shares	<u>728,250</u>	<u>728,250</u>

The Bank has undertaken fair value hedge on the interest rate risk of the USD200 million non-cumulative guaranteed preference shares using interest rate swaps.

	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Non-cumulative guaranteed preference shares, at cost	<b>728,250</b>	728,250
Fair value changes arising from fair value hedges	<b>28,870</b>	60,099
Foreign exchange translation, interest payables and accretion of discount	<b>(23,598)</b>	(69,098)
	<u><b>733,522</b></u>	<u>719,251</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2014 were RM32,924,146 (2013: RM60,765,255).

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation ("SCC"), a wholly owned subsidiary of the Bank incorporated in Labuan. The main features of the SCC Preference Shares are as follows:

- (i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****30 Redeemable preference shares (Continued)**

- (ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of Bank Negara Malaysia, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.
- (iii) The SCC Preference Shares will not be convertible into ordinary shares.
- (iv) The SCC Preference Shares are guaranteed by the Bank on a subordinated basis. If the SCC Preference shares have not been redeemed in full on or prior to 2 November 2055, the Bank shall cause the substitution of the SCC Preference Shares with Preference Shares issued by the Bank (Substitute Preference Shares) and the SCC Preference Shares shall be mandatorily exchanged for such Substitute Preference Shares having economic terms which are in all material aspects equivalent to those of the SCC Preference Share.

The SCC Preference Shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange Inc on 4 November 2005 and 24 November 2005 respectively and qualify as Tier I Capital for the purpose of the total capital ratio computation, subject to the limit as prescribed in the 'Guidelines on Innovative Tier 1 Capital Instruments' issued by Bank Negara Malaysia on 24 December 2004.

(b)

	<b>The Group and The Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised</b>		
<b>Redeemable preference shares of RM0.01 each (equity)</b>		
At 1 January/31 December	<u>50,000</u>	<u>50,000</u>
	<b>The Group and The Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid</b>		
<b>Redeemable preference shares of RM0.01 each (equity)</b>		
At 1 January/31 December	<u>29,740</u>	<u>29,740</u>

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **30 Redeemable preference shares (Continued)**

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) of nominal value RM0.01 each to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****31 Ordinary share capital**

	<b>The Group and The Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised</b>		
<b>Ordinary shares of RM1.00 each:</b>		
At 1 January/31 December	<b>7,000,000</b>	<b>7,000,000</b>
	<b>4,131,410</b>	<b>3,764,469</b>
<b>Issued and fully paid</b>		
<b>Ordinary shares of RM1.00 each:</b>		
At 1 January	<b>4,131,410</b>	<b>3,764,469</b>
Issue of shares from rights issue	<b>655,613</b>	<b>366,941</b>
At 31 December	<b>4,787,023</b>	<b>4,131,410</b>

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

The rights issue was approved by the shareholder of the Bank on 19 March 2014. The rights issue was completed on 8 April 2014 with issuance of 456 million units of new CIMB Bank ordinary shares of RM1.00 each.

On 24 April 2014, CIMB Group completed its third Dividend Reinvestment Scheme ("DRS") of which approximately RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM454 million into CIMB Bank. The rights issue was done on basis of 1 rights share for every 48.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 11 June 2014. The rights issue was completed on 30 June 2014 with issuance of 95 million units of new CIMB Bank shares.

On 30 October 2014, CIMB Group successfully completed its fourth DRS of which approximately RM591 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM515 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 45.5 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 24 November 2014. The rights issue was completed on 18 December 2014 with issuance of 105 million units of new CIMB Bank shares.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 32 Perpetual preference shares

	<b>The Group and The Bank</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised</b>		
<b>Perpetual preference shares of RM1.00 each:</b>		
At 1 January/31 December	<b>500,000</b>	<b>500,000</b>
	<b>200,000</b>	<b>200,000</b>
<b>Issued and fully paid</b>		
<b>Perpetual preference shares of RM1.00 each:</b>		
At 1 January/31 December	<b>200,000</b>	<b>200,000</b>

The main features of the Perpetual Preference Shares (“PPS”) are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act, 1965 and as approved by Bank Negara Malaysia.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **33 Reserves**

- (a) The statutory reserve is maintained in compliance with BNM guidelines and is not distributable as cash dividends.
- (b) Pursuant to the Finance Act, 2007 which was gazetted on 28 December 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Bank, but is exempted from tax in the hands of the shareholders ("single tier system"). During the previous financial year, the Bank has fully utilised the credit in the Section 108 balance to distribute dividend payments to its shareholders as allowed by the transitional provision under the Finance Act, 2007. As at 31 December 2014, the Bank has sufficient tax exempt account balances of RM1,126,876,645 (2013: RM973,848,000) to pay tax exempt dividends.
- (c) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.
- (e) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****33 Reserves (Continued)**

- (f) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (g) Hedging reserve mainly arise from net investment hedge activities undertaken by the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. Included in hedging reserve are cash flow hedge undertaken by the Group and the Bank to hedge held-to-maturity debt securities against foreign exchange risk using currency swaps, which were subsequently terminated by the Bank with cumulative gain of RM84,204 (2013: RM134,657) remaining in equity. The Group and the Bank have also entered into cash flow hedges on financial investment available-for-sale, senior bond issued and interbranch lending.
- (h) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2010.
- (i) Share-based payment reserve arose from Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.
- (j) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.
- (k) Share premium

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Relating to				
- Ordinary shares				
At 1 January	<b>6,402,610</b>	5,033,633	<b>6,402,610</b>	5,033,633
Issued during the financial year	<b>2,496,335</b>	1,368,977	<b>2,496,335</b>	1,368,977
At 31 December	<b>8,898,945</b>	6,402,610	<b>8,898,945</b>	6,402,610

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****34 Interest income**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income	7,980,123	6,979,421	6,658,327	5,794,167
- unwinding income <sup>^</sup>	46,539	53,436	47,410	54,539
Money at call and deposits with financial institutions	367,482	479,966	493,138	748,196
Reverse repurchase agreements	124,022	283,304	112,266	262,040
Financial assets held for trading	436,190	431,334	415,690	413,465
Financial investments available-for- sale	903,558	909,645	831,697	848,351
Financial investments held-to-maturity	560,371	295,140	486,855	228,635
Others	939	5,328	939	5,328
	<b>10,419,224</b>	<b>9,437,574</b>	<b>9,046,322</b>	<b>8,354,721</b>
Net accretion of discount less amortisation of premium	10,973	30,863	24,251	33,236
	<b>10,430,197</b>	<b>9,468,437</b>	<b>9,070,573</b>	<b>8,387,957</b>

<sup>^</sup> Unwinding income is interest income earned on impaired financial assets**35 Interest expense**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	259,413	127,488	312,448	204,014
Deposits from customers	3,367,995	3,260,424	2,920,282	2,837,923
Repurchase agreements	64,104	189,951	51,028	164,802
Financial liabilities designated at fair value	106,235	40,368	86,772	40,368
Negotiable certificates of deposits	118,187	127,430	109,734	121,973
Redeemable preference shares	46,294	41,714	-	-
Bonds and debentures	121,041	97,069	59,682	31,839
Subordinated obligations	388,226	355,717	402,523	364,399
Other borrowings	47,028	53,900	45,386	39,339
	<b>4,518,523</b>	<b>4,294,061</b>	<b>3,987,855</b>	<b>3,804,657</b>



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****36 Net non-interest income**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Net fee and commission income</b>				
Commissions	311,754	216,196	268,550	183,187
Fee on loans and advances	482,686	415,262	480,003	413,654
Service charges and fees	491,128	445,370	421,661	384,993
Guarantee fees	75,394	67,043	63,660	52,394
Other fee income	233,425	220,176	174,453	160,561
Fee and commission income	1,594,387	1,364,047	1,408,327	1,194,789
Fee and commission expense	(381,426)	(308,752)	(347,370)	(287,463)
Net fee and commission income	1,212,961	1,055,295	1,060,957	907,326
<b>Gross dividend income from:</b>				
<b>In Malaysia</b>				
Subsidiaries	-	-	182,086	95,012
Financial assets held for trading	58,135	30,416	58,135	30,416
Financial investments available-for-sale	9,990	8,728	9,840	8,576
	68,125	39,144	250,061	134,004
<b>Outside Malaysia</b>				
Financial investments available-for-sale	6,534	17,072	-	-
Associate	-	-	20,037	-
	6,534	17,072	20,037	-
<b>Net loss arising from financial assets held for trading</b>				
- realised	(130,136)	(198,741)	(142,644)	(204,038)
- unrealised	(129,296)	(197,046)	(130,120)	(199,892)
	(259,432)	(395,787)	(272,764)	(403,930)
<b>Net gain/(loss) arising from hedging activities</b>	16,146	(39,369)	16,088	(35,111)
<b>Net gain/(loss) arising from derivative financial instruments</b>				
- realised	837,121	844,013	807,916	799,983
- unrealised	207,781	(240,435)	97,940	(156,267)
	1,044,902	603,578	905,856	643,716
<b>Net (loss)/gain arising from financial liabilities designated at fair value</b>				
- realised	(60,487)	(36,089)	(51,829)	(36,089)
- unrealised	(34,478)	256,899	47,932	256,899
	(94,965)	220,810	(3,897)	220,810

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****36 Net non-interest income (Continued)**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net gain from sale of financial investments available-for-sale</b>	<b>91,222</b>	231,131	<b>54,719</b>	187,731
<b>Net gain from redemption of financial investments held-to-maturity</b>	<b>2,640</b>	126,917	<b>2,640</b>	126,866
<b>Other non-interest income</b>				
Foreign exchange (loss)/gain	<b>(120,974)</b>	302,489	<b>(126,777)</b>	189,434
Rental income	<b>13,222</b>	11,849	<b>9,987</b>	8,824
Gain on disposal of property, plant and equipment/assets held for sale	<b>226</b>	12,588	<b>1,063</b>	12,521
Loss on disposal of foreclosed properties	<b>(64,081)</b>	(41,458)	-	-
Gain on disposal of leased assets	<b>42</b>	38	-	-
Gain on revaluation of investment properties	-	1,021	-	-
Share of gain from recovery of impaired loans	-	113,190	-	-
Others	<b>80,917</b>	87,872	<b>54,958</b>	49,876
	<b>(90,648)</b>	487,589	<b>(60,769)</b>	260,655
	<b>1,997,485</b>	2,346,380	<b>1,972,928</b>	2,042,067

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****37 Overheads**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	2,115,241	2,063,772	1,672,665	1,648,961
- Pension cost (defined contribution plan)	193,350	192,648	173,624	174,058
- Pension cost (defined benefit plan)	14,446	(455)	-	-
- Mutual Separation Scheme	-	208,612	-	200,160
- Overtime	15,974	15,624	10,291	10,172
- Staff incentives and other staff payments	166,656	146,494	156,197	136,147
- Medical expenses	81,772	72,682	76,714	67,075
- Others	84,948	75,500	61,373	52,556
	<b>2,672,387</b>	<b>2,774,877</b>	<b>2,150,864</b>	<b>2,289,129</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	184,365	194,789	134,552	139,797
- Amortisation of prepaid lease payments	289	302	-	-
- Rental	228,235	217,668	181,777	172,704
- Repairs and maintenance	268,407	238,176	241,806	216,781
- Outsourced services	146,173	155,110	212,647	236,307
- Security expenses	107,097	103,411	111,273	107,369
- Utility expenses	54,541	45,456	44,504	35,260
- Others	66,251	51,338	52,321	38,450
	<b>1,055,358</b>	<b>1,006,250</b>	<b>978,880</b>	<b>946,668</b>
<b>Marketing expenses</b>				
- Sales commission	5,196	3,677	934	89
- Advertisement	163,079	157,582	141,321	138,171
- Others	29,079	31,436	14,689	20,175
	<b>197,354</b>	<b>192,695</b>	<b>156,944</b>	<b>158,435</b>
<b>Administration and general expenses</b>				
- Communication	47,951	53,641	41,158	46,920
- Consultancy and professional fees	52,520	72,060	45,792	57,616
- Legal expenses	19,729	8,624	14,117	5,249
- Stationery	36,675	41,893	27,669	33,731
- Amortisation of intangible assets	195,477	174,895	173,357	156,474
- Postages	43,144	41,760	31,631	30,352
- Administrative travelling and vehicle expenses	37,393	34,525	26,164	24,470
- Incidental expenses on banking operations	40,493	34,982	22,650	19,587
- Insurance	130,287	109,954	33,868	26,856
- Others	119,489	110,474	33,870	37,589
	<b>723,158</b>	<b>682,808</b>	<b>450,276</b>	<b>438,844</b>
<b>Shared service cost</b>	<b>236,044</b>	<b>219,861</b>	<b>(125,509)</b>	<b>(153,658)</b>
	<b>4,884,301</b>	<b>4,876,491</b>	<b>3,611,455</b>	<b>3,679,418</b>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****37 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Directors' remuneration (excluding benefits-in-kind) (Note 41)	<b>6,773</b>	9,822	<b>6,373</b>	9,455
Hire of equipment	<b>2,247</b>	3,445	<b>1,755</b>	2,852
Lease rental	<b>1,375</b>	2,010	<b>1,371</b>	1,998
Auditors' remuneration:				
PwC Malaysia (audit)				
- statutory audit	<b>3,085</b>	2,678	<b>2,650</b>	2,228
- limited review	<b>843</b>	718	<b>766</b>	656
- other audit related	<b>830</b>	330	<b>671</b>	210
PwC Malaysia (non audit)	<b>198</b>	723	<b>98</b>	566
Other member firms of PwC International Limited (audit)				
- statutory audit	<b>1,348</b>	1,148	<b>832</b>	742
- limited review	<b>732</b>	595	<b>108</b>	-
- other audit related	<b>248</b>	220	<b>61</b>	21
Other member firms of PwC International Limited (non audit)	<b>1,827</b>	305	<b>1,827</b>	241
Property, plant and equipment written-off	<b>6,802</b>	2,668	<b>6,802</b>	2,662

PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****38 Allowances for impairment losses on loans, advances and financing**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Allowance for bad and doubtful debts on loans and financing				
Individual impairment allowance				
- Net allowance made during the financial year	<b>310,299</b>	104,894	<b>253,223</b>	113,315
Portfolio impairment allowance				
- Net allowance made during the financial year	<b>639,287</b>	652,951	<b>338,241</b>	330,086
Impaired loans and advances				
- recovered	<b>(268,835)</b>	(309,045)	<b>(174,773)</b>	(222,077)
- written off	<b>21,207</b>	22,068	<b>14,203</b>	10,547
	<b><u>701,958</u></b>	<u>470,868</u>	<b><u>430,894</u></b>	<u>231,871</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****39 Allowances for other impairment losses made/(written-back)**

		The Group		The Bank	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial investments available-for-sale					
- net allowance made during the financial year		<b>28,930</b>	27,780	<b>28,910</b>	23,367
Financial investments held-to-maturity					
- net allowance written back during the financial year		-	(1,422)	-	-
Subsidiaries					
- written-back during the financial year	(a)	-	-	-	(14,517)
		<b>28,930</b>	26,358	<b>28,910</b>	8,850

- (a) The write-back of allowance for impairment losses on the Bank's certain subsidiaries was due to the recoverable amounts being higher than the cost of investment of these subsidiaries.

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 40 Significant related party transactions and balances

(a) The related parties of, and their relationship with the Bank, are as follows:

<b>Related parties</b>	<b>Relationship</b>
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 14	Subsidiaries
SBB Berhad	Subsidiary of ultimate holding company
Commerce Asset Realty Sdn. Bhd.	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
CIMB Investment Bank Berhad	Subsidiary of holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Joint venture of the Bank as disclosed in Note 15	Joint venture
Associates of the Bank as disclosed in Note 16	Associates
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)****(b) Related party transactions**

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on normal commercial rates.

	← The Group and the Bank →	The Group	← The Bank →			
	Holding & Ultimate Holding Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	Key management personnel RM'000	Subsidiaries RM'000	Key management personnel RM'000
<b>2014</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	17,904	270	-	127,907	-
Interest on loans, advances and financing	31,790	4,077	-	82	2,810	272
Interest on securities	12	-	-	-	68	-
Dividends	-	-	20,037	-	182,086	-
Others	-	7,052	48,776	8	7,825	8
<b>Expenditure</b>						
Interest on deposits from customers and repurchase agreement	53,930	25,885	427	1,365	6,380	1,017
Interest on deposits and placements of banks and other financial institutions	-	-	-	-	62,870	-
Rental of premises	284	350	-	-	384	-
Shared service cost	-	156,009	-	-	(283,499)	-
Dividends	1,608,982	-	-	-	-	-
Others	31	51,938	-	-	147,990	-
<b>2013</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	18,647	81	-	268,701	-
Interest on loans, advances and financing	30,545	7,985	-	181	4,153	84
Interest on securities	1,462	-	-	-	29	-
Dividends	-	-	-	-	95,012	-
Others	74	24,839	51,073	-	26,817	-
<b>Expenditure</b>						
Interest on deposits from customers and repurchase agreement	23,245	19,775	321	811	6,659	520
Interest on deposits and placements of banks and other financial institutions	-	-	-	-	80,803	-
Rental of premises	490	376	-	-	398	-
Shared service cost	-	147,555	-	-	(294,921)	-
Dividends	1,598,984	-	-	-	-	-
Others	251	69,102	-	-	114,257	-



**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)**

## (c) Related party balances

	← The Group and the Bank →	The Group	← The Bank →		The Group	← The Bank →	
	Holding & Ultimate Holding Company	Other related companies	Associate and joint venture		Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
<b>2014</b>							
<b>Amounts due from</b>							
Current accounts, deposits and placements with banks and other financial institutions	-	1,011,263	20,979		-	3,040,764	-
Loans, advances and financing	1,002,933	193,127	-		27,655	64,000	26,385
Derivative financial instruments	5,305	-	-		-	239,266	-
Investments securities	1,772	-	-		-	4,611	-
Others	-	2,822	1,189,074		-	1,126	-
<b>Amounts due to</b>							
Deposits from customers and repurchase agreement	1,890,739	1,150,429	7,732		80,719	272,769	38,510
Deposits and placements of banks and other financial institutions	-	-	-		-	1,559,027	-
Derivative financial instruments	478	12,709	-		-	225,403	-
Others	-	99,227	362,378		-	41	-
<b>Commitment and contingencies</b>							
Foreign exchange related contracts	320,688	388,765	-		-	3,094,063	-
Equity related contracts	-	133,697	-		-	-	-
Interest rate related contracts	-	-	-		-	15,597,365	-
Credit related contracts	454,545	-	-		-	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	← The Group and the Bank →	The Group	← The Bank →
	Holding & Ultimate Holding Company RM'000	Other related companies RM'000	Associate and joint venture RM'000
			Key management personnel RM'000
			Subsidiaries RM'000
			Key management personnel RM'000
<b>2013</b>			
<b>Amounts due from</b>			
Current accounts, deposits and placements with banks and other financial institutions	-	955,072	9,831
Loans, advances and financing	961,045	181,626	-
Derivative financial instruments	10,291	-	-
Investments securities	1,917	1,329	-
Others	-	4,711	1,059,473
			-
			303
			-
<b>Amounts due to</b>			
Deposits from customers and repurchase agreement	105,425	1,055,138	5,450
Deposits and placements of banks and other financial institutions	-	-	-
Derivative financial instruments	3,940	-	-
Others	10,266	27,473	86,563
			-
			11,213,372
			170,400
			1,214
			-
<b>Commitment and contingencies</b>			
Foreign exchange related contracts	310,620	290,321	-
Equity related contracts	-	133,876	-
Interest rate related contracts	-	-	-
Credit related contracts	704,555	-	-
			563,645
			-
			15,527,231
			-
			-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)**

(d) Key management personnel

Key management compensation

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and other employee benefits	<b>61,573</b>	104,669	<b>66,894</b>	106,680
Shares of the ultimate holding company (units)	<b>4,883,191</b>	4,274,075	<b>4,642,864</b>	4,616,243

Included in the above is the Executive Directors' compensation which is disclosed in Note 41. The share options and shares are granted on the same terms and condition as those offered to other employees of the Group and the Bank.

Loans to Directors of the Bank amounting to RM3,347,170 (2013: RM3,705,480). Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowances were required in 2014 and 2013 for loans, advances and financing made to the key management personnel.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Equity Ownership Plan (“EOP”)**

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM56,335,000 (2013: RM43,675,000) and RM54,450,000 (2013: RM42,405,000) respectively.

The weighted average fair value of shares awarded under EOP was RM7.14 per ordinary share (2013: RM7.73 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
<b>Shares</b>				
At 1 January	15,456	8,473	14,737	7,994
Awarded	12,292	11,141	11,556	10,675
Released	(8,555)	(4,158)	(8,114)	(3,932)
At 31 December	<u>19,193</u>	<u>15,456</u>	<u>18,179</u>	<u>14,737</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****40 Significant related party transactions and balances (Continued)**

## (f) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<b>12,137,531</b>	9,788,021	<b>11,480,469</b>	9,233,372
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>3.7%</b>	3.3%	<b>4.1%</b>	3.7%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

## (g) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 29.3% of the issued capital of the ultimate holding company (2013: 30.0%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 – "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

Apart from the individually significant transactions as disclosed in Note 8(a) to the Financial Statements, the Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business on commercial rates and consistently applied in accordance with the Group's and the Bank's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****41 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Dato' Zainal Abidin bin Putih  
 Dato' Sri Mohamed Nazir bin Abdul Razak  
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir  
 Puan Rosnah Dato' Kamarul Zaman  
 Mr. Venkatachalam Krishnakumar  
 Ms. Grace Yeoh Cheng Geok  
 Encik Ahmad Zulqarnain Che On (appointed on 22 September 2014)  
 Dato' Sri Amrin bin Awaluddin (appointed on 11 November 2014)  
 Mr. Joseph Dominic Silva (resigned on 22 September 2014)

Executive Directors

Mr. Renzo Christopher Viegas  
 Dato' Sulaiman bin Mohd Tahir (resigned on 30 May 2014)

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	3,161	3,108	3,161	3,108
- Bonus	2,080	5,147	2,080	5,147
- Benefits-in-kind	63	38	63	38
Non-Executive Directors				
- Fees	435	364	355	304
- Other remuneration	1,097	1,203	777	896
- Benefits-in-kind	63	63	37	37
	<b>6,899</b>	<b>9,923</b>	<b>6,473</b>	<b>9,530</b>

The Directors' bonus for the financial year 2014 will be paid in tranches, spread over financial year 2015, while for financial year 2013, it was similarly paid in tranches, spread over financial year 2014. A similar condition is also imposed on the bonus for certain key personnel.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****41 Directors' remuneration (Continued)**

The functions and responsibilities of the CEO are carried out on a Group basis.

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Number of directors</b>	Number of directors	<b>Number of directors</b>	Number of directors
Executive Directors				
RM500,001 – RM550,000	<b>1</b>	-	<b>1</b>	-
RM2,500,001 – RM3,000,000	-	1	-	1
RM4,500,001 – RM5,000,000	<b>1</b>	-	<b>1</b>	-
RM5,000,001 – RM5,500,000	-	1	-	1
	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Number of directors</b>	Number of directors	<b>Number of directors</b>	Number of directors
Non-Executive Directors				
RM50,000 and below	<b>3</b>	3	<b>3</b>	3
RM50,001 – RM100,000	<b>2</b>	-	<b>2</b>	-
RM100,001 – RM150,000	<b>1</b>	1	<b>1</b>	1
RM150,001 – RM200,000	-	2	<b>1</b>	2
RM200,001 – RM250,000	<b>1</b>	-	<b>1</b>	-
RM250,001 – RM300,000	-	-	-	1
RM350,001 – RM400,000	-	-	<b>1</b>	-
RM400,001 – RM450,000	<b>1</b>	1	-	1
RM500,001 – RM550,000	<b>1</b>	-	-	-
RM600,001 – RM650,000	-	1	-	-
	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****42 Taxation**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	694,313	736,856	531,352	589,565
- Foreign tax	72,381	36,470	59,204	30,079
Deferred taxation (Note 9)	(2,643)	(113,799)	(9,459)	(14,896)
Over accrual in prior years	(25,388)	(16,931)	(25,561)	(17,683)
	<b>738,663</b>	<b>642,596</b>	<b>555,536</b>	<b>587,065</b>
<b>Reconciliation between tax expense and the Malaysian tax rate</b>				
Profit before taxation	3,713,955	3,655,146	3,033,172	2,729,015
Tax calculated at a rate of 25% (2013: 25%)	928,489	913,787	758,293	682,254
- different tax rates in Labuan and other countries	(164,220)	(178,784)	(148,714)	(91,167)
- expenses not deductible for tax purposes	58,681	68,725	53,991	53,107
- income not subject to tax	(58,451)	(59,732)	(86,089)	(39,446)
- utilisation of previously unrecognised tax losses	(4,064)	(84,469)	-	-
- controlled asset transfer	3,616	-	3,616	-
- over accrual in prior years	(25,388)	(16,931)	(25,561)	(17,683)
Tax expense	<b>738,663</b>	<b>642,596</b>	<b>555,536</b>	<b>587,065</b>



## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **43 Earnings per share**

##### **(a) Basic earnings per share**

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM2,964,546,000 (2013: RM2,993,126,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,477,636,000 (2013: RM2,141,950,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 4,520,123,000 (2013: 3,800,170,000) is used for the computation.

##### **(b) Diluted earnings per share**

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****44 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

**The Group and the Bank**

	2014			2013		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per redeemable preference shares - single tier	28.82	28.82	857,000	21.52	21.52	639,993
<u>Interim dividend - in respect of previous year</u>						
Per redeemable preference shares - single tier	25.29	25.29	752,007	-	-	-
Per ordinary shares - single tier	-	-	-	25.48	25.48	959,000
	<u>54.11</u>	<u>54.11</u>	<u>1,609,007</u>	<u>47.00</u>	<u>47.00</u>	<u>1,598,993</u>

The Directors have proposed a single tier second interim dividend of approximately 25.32 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM753 million in respect of the financial year ended 31 December 2014. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 29 January 2015.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2014.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****45 Lease commitments**

The Group and the Bank have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, is as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Within one year	<b>152,985</b>	120,726	<b>129,380</b>	117,640
One year to less than five years	<b>291,584</b>	299,043	<b>275,945</b>	266,788
Five years and more	<b>171,825</b>	209,583	<b>170,131</b>	198,732

**46 Capital commitments**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Capital expenditure:				
- authorised and contracted for	<b>506,229</b>	272,218	<b>505,154</b>	271,382
- authorised but not contracted for	<b>380,693</b>	241,587	<b>379,299</b>	237,543
	<b>886,922</b>	513,805	<b>884,453</b>	508,925

Analysed as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014</b>	31 December 2013	<b>31 December 2014</b>	31 December 2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Property, plant and equipment	<b>819,908</b>	469,629	<b>817,990</b>	465,142
Computer software	<b>67,014</b>	44,176	<b>66,463</b>	43,783
	<b>886,922</b>	513,805	<b>884,453</b>	508,925

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **47 Capital adequacy**

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group EXCO who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

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

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

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

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

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

#### *Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2014. The Group and the Bank issue various capital instruments pursuant to the respective regulatory guidelines that qualify as capital pursuant to the Risk Weighted Capital Adequacy Framework (Basel II) (RWCAF) and Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****47 Capital adequacy (Continued)****31 December 2014 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
Common equity tier I ratio	10.114%	11.193%
Tier I ratio	11.272%	12.642%
Total capital ratio	<u>14.509%</u>	<u>14.663%</u>

CIMB Group Holdings Berhad ("CIMB Group") recently completed its fourth Dividend Reinvestment Scheme ("DRS") of which RM591 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested the cash dividend surplus of RM515 million into CIMB Bank via rights issue which was completed on 18 December 2014.

CIMB Group proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2014. Pursuant to the completion of DRS, CIMB Group intends to reinvest the excess cash dividend surplus into the Bank which would increase the capital adequacy ratios of the Group and the Bank above those stated ratios.

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	166,270,354	125,820,234
Market risk	16,080,788	13,831,101
Large exposure risk requirements	502,139	502,139
Operational risk	<u>15,851,297</u>	<u>11,971,135</u>
Total risk-weighted assets	<u>198,704,578</u>	<u>152,124,609</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****47 Capital adequacy (Continued)****31 December 2014 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
<b>Common Equity Tier I capital</b>		
Ordinary shares	4,787,023	4,787,023
Other reserves	23,197,847	19,193,658
Qualifying non-controlling interests	257,010	-
Less: Proposed dividends	<u>(753,000)</u>	<u>(753,000)</u>
Common Equity Tier I capital before regulatory adjustments	27,488,880	23,227,681
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,965,324)	(3,555,075)
Intangible assets	(949,186)	(844,072)
Deferred tax assets	(314,145)	(182,140)
Shortfall of eligible provisions to expected losses	(280,596)	(125,800)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(144,137)	(765,837)
Others	<u>(738,239)</u>	<u>(728,079)</u>
Common Equity Tier I capital after regulatory adjustments	<u>20,097,253</u>	<u>17,026,678</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	160,000	160,000
Non-innovative Tier I Capital	800,000	800,000
Innovative Tier I Capital	1,289,440	1,289,440
Qualifying capital instruments held by third parties	51,075	-
Additional Tier I capital before regulatory adjustments	<u>2,300,515</u>	<u>2,249,440</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(349)</u>	<u>(44,349)</u>
Additional Tier I capital after regulatory adjustments	<u>2,300,166</u>	<u>2,205,091</u>
<b>Total Tier I capital</b>	<u>22,397,419</u>	<u>19,231,769</u>
<b>Tier II capital</b>		
Subordinated notes	6,050,000	6,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	378,488	-
Portfolio impairment allowance and regulatory reserves ^	<u>552,993</u>	<u>240,204</u>
Tier II capital before regulatory adjustments	7,011,221	6,319,944
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(577,946)</u>	<u>(3,245,289)</u>
<b>Total Tier II capital</b>	<u>6,433,275</u>	<u>3,074,655</u>
<b>Total capital</b>	<u>28,830,694</u>	<u>22,306,424</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****47 Capital adequacy (Continued)****31 December 2014 - Basel III (Continued)**

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>
Common equity tier I ratio	<b>11.448%</b>	<b>9.913%</b>	N/A
Tier I ratio	<b>12.345%</b>	<b>9.913%</b>	N/A
Total capital ratio	<b>15.493%</b>	<b>14.977%</b>	<b>15.377%</b>

**31 December 2013 - Basel III**

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

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

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

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****47 Capital adequacy (Continued)****31 December 2013 - Basel III (Continued)**

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

	<b>The Group RM'000</b>		<b>The Bank* RM'000</b>
<b>Common Equity Tier I capital</b>			
Ordinary shares	4,131,410		4,131,410
Other reserves	18,954,705		15,810,362
Qualifying non-controlling interests	243,991		-
Less: Proposed dividends	<u>(752,000)</u>	#	<u>(752,000)</u>
Common Equity Tier I capital before regulatory adjustments	22,578,106		19,189,772
<u>Less: Regulatory adjustments</u>			
Goodwill	(4,890,179)		(3,555,075)
Intangible assets	(874,518)		(852,787)
Deferred tax assets	(263,926)		(212,431)
Shortfall of eligible provisions to expected losses	(282,726)		(151,434)
Others	<u>(1,811,720)</u>		<u>(1,584,536)</u>
Common Equity Tier I capital after regulatory adjustments	<u>14,455,037</u>		<u>12,833,509</u>
<b>Additional Tier I capital</b>			
Perpetual preference shares	180,000		180,000
Non-innovative Tier I Capital	900,000		900,000
Innovative Tier I Capital	1,450,620		1,450,620
Qualifying capital instruments held by third parties	48,180		-
Additional Tier I capital before and after regulatory adjustments	<u>2,578,800</u>		<u>2,530,620</u>
<b>Total Tier I capital</b>	<u>17,033,837</u>		<u>15,364,129</u>
<b>Tier II capital</b>			
Subordinated notes	6,050,000		6,050,000
Redeemable preference shares	29,740		29,740
Qualifying capital instruments held by third parties	30,471		-
Portfolio impairment allowance and regulatory reserves ^	<u>486,766</u>		<u>207,315</u>
Tier II capital before regulatory adjustments	6,596,977		6,287,055
<u>Less: Regulatory adjustments</u>			
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(800,439)		(4,480,601)
<b>Total Tier II capital</b>	<u>5,796,538</u>		<u>1,806,454</u>
<b>Total capital</b>	<u>22,830,375</u>		<u>17,170,583</u>



# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 47 Capital adequacy (Continued)

#### 31 December 2013 - Basel III (Continued)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>
Common equity tier I ratio	9.905%	9.907%	N/A
Tier I ratio	10.201%	9.907%	N/A
Total capital ratio	<u>14.020%</u>	<u>14.082%</u>	<u>20.045%</u>

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

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

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM222,929,510 (2013: RM244,987,271) and RM198,393,258 (2013: RM220,083,547) respectively.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **48 Significant events during the financial year**

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

The rights issue was approved by the shareholder of the Bank on 19 March 2014. The rights issue was completed on 8 April 2014 with issuance of 456 million units of new CIMB Bank ordinary shares of RM1.00 each.

On 24 April 2014, CIMB Group completed its third Dividend Reinvestment Scheme ("DRS") of which approximately RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM454 million into CIMB Bank. The rights issue was done on basis of 1 rights share for every 48.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 11 June 2014. The rights issue was completed on 30 June 2014 with issuance of 95 million units of new CIMB Bank shares.

On 30 October 2014, CIMB Group successfully completed its fourth DRS of which approximately RM591 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM515 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 45.5 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 24 November 2014. The rights issue was completed on 18 December 2014 with issuance of 105 million units of new CIMB Bank shares.

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **49 Subsequent events after the financial year**

- (1) Subsequent to financial year, CIMB Thai Bank issued various unsecured structured debentures (designated at fair value) amounting to THB680 million with embedded interest rates derivatives and early redemption option. The debentures will mature in 5 years from respective issuance dates. The debentures bear interest rates ranges from 0% - 3.7 % per annum variable to index of THBFIX 6 months, payable semi annually. CIMB Thai Bank has early redeemed structured debentures amounting to THB2,777 million.
- (2) On 29 January 2015, the Bank has redeemed the USD45 million notes disclosed in Note 27(g).

## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **50 Critical accounting estimates and judgements in applying accounting policies**

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

*(a) Impairment of available-for-sale equity investments*

The Group and the Bank determine that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant and prolonged requires judgement. The Group and the Bank evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

*(b) Impairment losses on loans, advances and financing*

The Group and the Bank make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and time of the cash flows in allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

*(c) Goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Significant Accounting Policies.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 50 Critical accounting estimates and judgements in applying accounting policies (Continued)

#### (c) *Goodwill impairment (continued)*

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various cash-generating units ("CGUs"). The goodwill is then allocated to these various CGUs. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the CGUs, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions.

Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

#### (d) *Fair value of financial instruments*

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 52.4.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **51 Segment reporting**

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

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

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

#### **(i) Business segment reporting**

##### Definition of segments

The Group is reorganised into the following five major operating divisions. The divisions form the basis on which the Group reports its segment information.

##### *Consumer Banking*

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

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

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

##### *Wholesale Banking*

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

Corporate Banking, Treasury and Markets (CBTM) is responsible for corporate lending and deposit taking, transaction banking, treasury and markets activities as well as provides nominee services. 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.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **51 Segment reporting (Continued)**

#### **(i) Business segment reporting (Continued)**

##### *Wholesale Banking (Continued)*

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

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

##### *Investments*

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

##### *Foreign Banking Operations*

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

##### *Support and others*

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

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 51 Segment reporting (Continued)

#### (i) Business segment reporting (continued)

31 December 2014 Group	Consumer Banking		Wholesale Banking		Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services	Treasury and Corporate Banking, Markets	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external	574,078	3,075,251	953,483	28,148	371,001	917,688	(7,975)	5,911,674
- inter-segment	265,625	(677,064)	458,336	(17,839)	10,086	-	(39,144)	-
	839,703	2,398,187	1,411,819	10,309	381,087	917,688	(47,119)	5,911,674
Income from Islamic banking operations	218,708	591,953	394,810	461	92,377	-	-	1,298,309
Net non-interest income	195,743	903,682	596,959	18,931	60,099	190,043	32,028	1,997,485
	1,254,154	3,893,822	2,403,588	29,701	533,563	1,107,731	(15,091)	9,207,468
Overheads	(658,553)	(2,257,276)	(951,864)	(24,912)	(141,214)	(780,275)	(70,207)	(4,884,301)
of which:								
Depreciation of property, plant and equipment	(26,354)	(92,562)	(22,344)	(305)	(85)	(42,715)	-	(184,365)
Amortisation of prepaid lease payments	-	-	-	-	-	(289)	-	(289)
Amortisation of intangible assets	(19,169)	(105,906)	(19,063)	(20)	(29,915)	(21,404)	-	(195,477)
Profit/(loss) before allowances	595,601	1,636,546	1,451,724	4,789	392,349	327,456	(85,298)	4,323,167
Allowances for impairment losses on loans, advances and financing written-back/(made)	79,464	(316,432)	(241,222)	58	-	(223,826)	-	(701,958)
Allowances for losses on other receivables made	-	-	-	-	-	-	(980)	(980)
Allowances for commitments and contingencies written-back	1,829	-	(2,041)	-	-	9,155	-	8,943
Allowances for other impairment losses (made)/written-back	(40)	-	109	-	(28,999)	-	-	(28,930)
Segment results	676,854	1,320,114	1,208,570	4,847	363,350	112,785	(86,278)	3,600,242
Share of results of joint venture	-	2,881	-	-	-	-	-	2,881
Share of results of associates	-	-	-	-	(3,666)	114,498	-	110,832
Taxation	-	-	-	-	-	-	-	(738,663)
Net profit after taxation								2,975,292

31 December 2014 Group	Consumer Banking		Wholesale Banking		Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services	Treasury and Corporate Banking, Markets	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	27,116,163	104,417,999	147,874,005	535,413	17,729,475	32,286,310	-	329,959,365
Unallocated assets								7,690,214
<b>Total assets</b>								<b>337,649,579</b>
Segment liabilities	39,234,888	76,504,455	152,142,814	5,254	10,046,714	27,662,632	-	305,596,757
Unallocated liabilities								3,486,515
<b>Total liabilities</b>								<b>309,083,272</b>
<b>Other segment items</b>								
Capital expenditure	95,487	335,605	35,597	93	374	45,156	-	512,312
Investment in joint venture	-	161,188	-	-	-	-	-	161,188
Investment in associate	-	-	-	-	65,110	720,687	-	785,797



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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 51 Segment reporting (Continued)

#### (i) Business segment reporting (continued)

31 December 2013 Group	Consumer Banking		Wholesale Banking			Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services	Treasury and Markets	Corporate Banking,	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income									
- external	383,845	2,423,374	1,204,091	19,258	366,027	779,632	(1,851)	5,174,376	
- inter-segment	338,595	(249,660)	45,985	(13,175)	(95,403)	-	(26,342)	-	
	722,440	2,173,714	1,250,076	6,083	270,624	779,632	(28,193)	5,174,376	
Income from Islamic banking operations	182,333	588,122	505,549	336	106,512	-	-	1,382,852	
Net non-interest income	181,293	856,004	803,323	31,329	90,496	350,192	33,743	2,346,380	
	1,086,066	3,617,840	2,558,948	37,748	467,632	1,129,824	5,550	8,903,608	
Overheads	(619,509)	(2,230,626)	(859,633)	(35,040)	(365,663)	(678,343)	(87,677)	(4,876,491)	
of which:									
Depreciation of property, plant and equipment	(30,363)	(101,784)	(14,874)	(95)	(880)	(46,793)	-	(194,789)	
Amortisation of prepaid lease payments	-	-	-	-	-	(302)	-	(302)	
Amortisation of intangible assets	(12,291)	(77,434)	(14,936)	(2)	(45,934)	(24,298)	-	(174,895)	
Profit/(loss) before allowances	466,557	1,387,214	1,699,315	2,708	101,969	451,481	(82,127)	4,027,117	
Allowances for impairment losses on loans, advances and financing written-back/(made)	12,959	(186,413)	(111,710)	(125)	-	(185,579)	-	(470,868)	
Allowances for losses on other receivables written-back	-	-	-	-	-	-	(1,046)	(1,046)	
Allowances for commitments and contingencies written-back/(made)	-	-	1,334	-	-	-	-	1,334	
Allowances for other impairment losses written-back/(made)	1,406	-	4,373	(3)	(31,232)	(921)	19	(26,358)	
Segment results	480,922	1,200,801	1,593,312	2,580	70,737	264,981	(83,154)	3,530,179	
Share of results of joint venture	-	4,750	-	-	-	-	-	4,750	
Share of results of associates	-	-	-	-	24,273	95,944	-	120,217	
Taxation	-	-	-	-	-	-	-	(642,596)	
Net profit after taxation								3,012,550	

31 December 2013 Group	Consumer Banking		Wholesale Banking			Investments	Foreign Banking Operations	Support and Others	Total
	Commercial Banking	Retail Financial Services	Treasury and Markets	Corporate Banking,	Investment Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Segment assets	22,539,973	92,886,265	140,732,711	463,114	11,269,316	30,467,336	-	298,358,715	
Unallocated assets								5,069,130	
<b>Total assets</b>								<b>303,427,845</b>	
Segment liabilities	33,453,102	73,978,621	132,724,773	3	10,183,585	26,109,988	-	276,450,072	
Unallocated liabilities								3,326,980	
<b>Total liabilities</b>								<b>279,777,052</b>	
<b>Other segment items</b>									
Capital expenditure	96,733	354,005	35,357	-	243	29,108	-	515,446	
Investment in joint venture	-	158,307	-	-	-	-	-	158,307	
Investment in associate	-	-	-	-	93,501	599,842	-	693,343	

#### Basis of pricing for inter-segment transfers:

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****51 Segment reporting (Continued)****(ii) Geographic segment reporting**

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong and Shanghai. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia and Thailand, no other individual country contributed more than 10% of the net interest income and of total assets.

	31 December 2014				
	Net interest income	Total non-current assets	Total assets	Total liabilities	Capital expenditure
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>					
Malaysia	4,495,415	12,269,089	260,705,829	236,082,548	454,513
Overseas operations	1,416,259	2,617,779	76,943,750	73,000,724	57,799
	<b>5,911,674</b>	<b>14,886,868</b>	<b>337,649,579</b>	<b>309,083,272</b>	<b>512,312</b>

	31 December 2013				
	Net interest income	Total non-current assets	Total assets	Total liabilities	Capital expenditure
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>					
Malaysia	4,040,446	12,419,953	238,859,004	218,410,851	473,257
Overseas operations	1,133,930	1,795,761	64,568,841	61,366,201	42,189
	<b>5,174,376</b>	<b>14,215,714</b>	<b>303,427,845</b>	<b>279,777,052</b>	<b>515,446</b>

# CIMB Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 52 Financial Risk Management

#### (a) Financial risk management objectives and policies

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

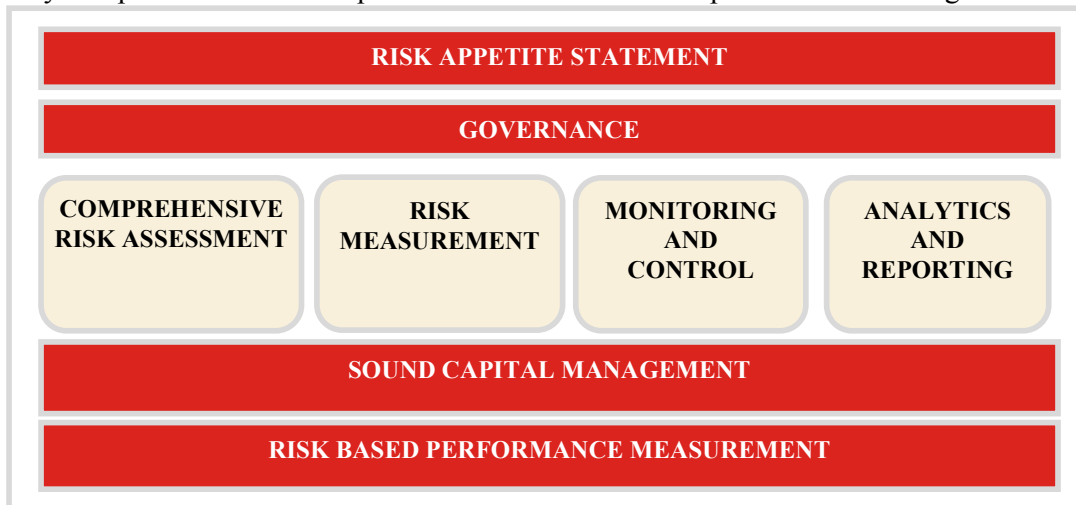
The objectives of the Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholders' value through proper allocation of capital and facilitate development of new businesses.

#### (b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs an EWRM framework as a standardised approach to manage its risk and opportunity effectively. The EWRM framework provides the Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

The design of the EWRM framework involves a complementary ‘top-down strategic’ and ‘bottom-up tactical’ risk management approach with formal policies and procedures addressing all areas of significant risks for the Group.

##### **a) Risk Appetite Statement**

Risk appetite defines the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. In Group, the risk appetite is linked to strategy development and business and capital management plans. It takes into account not only growth, revenue and commercial aspirations, but also the capital and liquidity positions and risk management capabilities and strengths, including risk systems, processes and people. Going forward, risk appetite statements will be formulated for key business units as well as incorporate stress testing.

The Group has a dedicated team that facilitates the risk appetite setting process including reviewing, monitoring and reporting. Board Risk Committee (BRC) and Group Risk Committee (GRC) receive monthly reports on compliance with the risk appetite.

##### **b) Governance**

A strong risk governance structure is what binds the EWRM framework together. The Board of Directors is ultimately responsible for the Group’s risk management activities, and provides strategic direction through the Risk Appetite Statement and relevant risk management frameworks for the Group.

The implementation and administration of the EWRM framework are effected through the three lines of defence model with oversight by the risk governance structure which consists of various risk committees, as described below. Group Risk Division (GRD) is principally tasked to assist the various risk committees and undertakes the performance of independent risk management, monitoring and reporting functions of the EWRM. The implementation of the EWRM is also subjected to the independent assurance and assessment by Group Internal Audit Division.

##### **c) Comprehensive Risk Assessment**

Comprehensive Risk Assessment provides the process for the identification of the Group’s material risks, from the perspectives of impact on the Group’s financial standing and reputation. Apart from the annual comprehensive risk assessment exercise, the Group’s material risks are identified on an on-going basis as well as part of the consideration for any strategic projects, including new product development.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

##### **d) Risk Measurement**

Consistent and common methodologies of Risk Measurement allow for the Group to aggregate and compare risks across business units, geographies and risk types. Further, it provides a tool for the Board and Senior Management to assess the sufficiency of its liquidity surplus and reserves, and health of its capital position under various economic and financial situations.

##### **e) Monitoring and Control**

Various risk management tools are employed to Monitor and Control the risk taking activities within the Group. These include limit monitoring, hedging strategies and clearly documented control processes. These controls are regularly monitored and reviewed in the face of changing business needs, market conditions and regulatory changes.

##### **f) Analytics and Reporting**

Timely reporting and meaningful analysis of risk positions are critical to enable the Board and Senior Management to exercise control over material exposures and make informed business decisions.

##### **g) Sound Capital Management**

The Group's capital resources are continuously assessed and managed to undertake its day-to-day business operations and risk-taking activities, including considerations for its business expansion and growth. Each year internal capital targets will be set and capital will be allocated to each business units based on the respective business plans, budgeted profit and targeted Risk Adjusted Return on Capital (RAROC).

##### **h) Risk Based Performance Measurement**

Business units' economic profitability will be measured having considered both its risks and capital consumption. The adoption of a risk-based performance measurement allows for performance and profitability of different business units to be compared on a common yardstick.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

#### **(c) Risk Governance**

In the year under review, the Board approved a revision to the Group's risk governance structure, with the establishment of several risk committees, thereby allowing for more thorough Group-wide deliberation at a specialised risk level.

At the apex of the governance structure are the respective Boards, which decides on the entity's Risk Appetite corresponding to its business strategies. In accordance to the Group's risk management structure, the BRC reports directly into each Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the Risk Appetite Statement. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of the GRC.

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within the Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units.

The responsibility of the supervision of the risk management functions is delegated to the GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRC is further supported by specialised risk committees, namely Group Credit Policy & Portfolio Risk Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Basel Steering Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

The revised structure of the Group's Risk Committees and an overview of the respective committee's roles and responsibilities are as follows:

# CIMB Bank Berhad

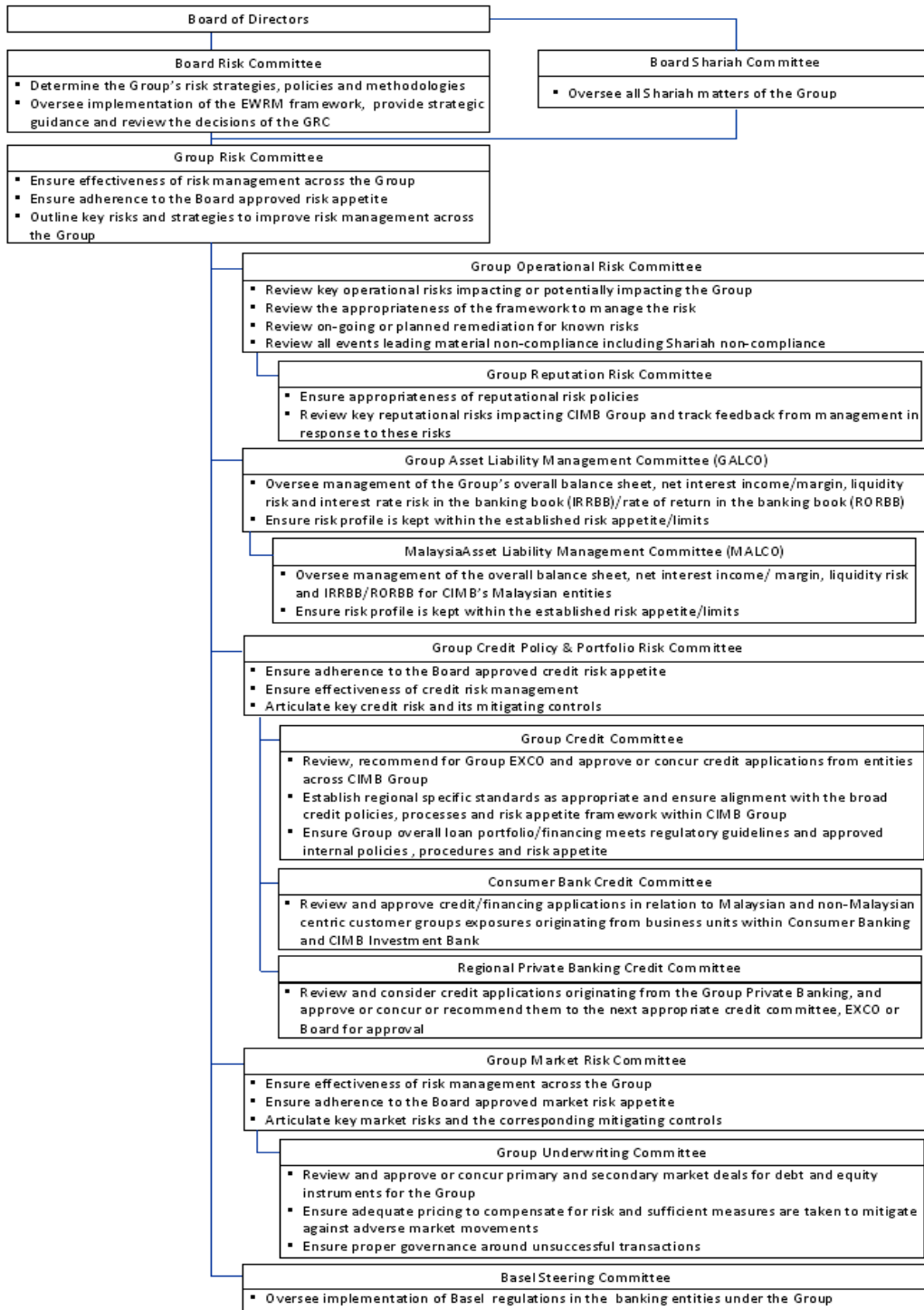
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## Notes to the Financial Statements

### for the financial year ended 31 December 2014 (Continued)

#### 52 Financial Risk Management (Continued)

##### (c) Risk Governance (continued)



# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

Similar risk committees are set-up in each of the Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in the Group.

#### ***Three-Lines of Defence***

The Group's risk management approach is based on the three-lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reports to management to ensure that the Group is conducting business and operating within the approved appetite and in compliance to regulations. The third line of defence is Group Internal Audit Division which provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

#### ***The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)***

Within the second line of defence is GRD, a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures.



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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

##### ***The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)***

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence. GRD is headed by the Group Chief Risk Officer who is appointed by the Board to spearhead risk management functions and implementation of the Enterprise-Wide Risk Management. The CRO:

- a) Actively engages the Board and senior management on risk management issues and initiatives.
- b) Maintains an oversight on risk management functions across all entities within the Group. In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk Centres of Excellence in order to facilitate the implementation of the Group's EWRM framework. The Risk Centres of Excellence consisting of Risk Analytics & Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management Centres of Excellence are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

#### a) Risk Analytics & Infrastructure Centre of Excellence

Risk Analytics & Infrastructure Centre of Excellence focuses on credit capital quantification and analytics including the implementation of group-wide Basel II framework; corporate credit portfolio analytics and reporting; and credit concentration measurement and monitoring.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

##### *The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)*

#### b) Market Risk Centre of Excellence

In propagating and ensuring compliance to the market risk framework, the Market Risk Centre of Excellence reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market valuation. It also coordinates capital market product deployments.

#### c) Operational Risk Centre of Excellence

The Operational Risk Centre of Excellence provides the methodology and process for the identification, assessment, reporting, mitigation and control of operational risks by the respective risk owners across the Group. It provides challenge and oversight over the execution of this framework by the first line of defence.

#### d) Asset Liability Management Centre of Excellence

It is primarily responsible for the independent monitoring and assessment of the Group's asset and liability management process governing liquidity risk and interest/benchmark rate risk as well as recommending policies and methodologies to manage the said risks.

#### e) Credit Risk Centre of Excellence

The Credit Risk Centre of Excellence is dedicated to the assessment, measurement, management and monitoring of credit risk of the Group. It ensures a homogenous and consistent approach to:

- Credit Risk Policies and Procedures;
- Credit Risk Models;
- Credit Risk Methodologies; and
- Portfolio Analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of credit risk of the Group.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **(c) Risk Governance (continued)**

##### *The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD) (continued)*

#### f) Shariah Risk Centre of Excellence

The Shariah Risk Management Centre of Excellence (SRM CoE) formulates Shariah Risk Management Framework (SRMF) and provides guidance and training on the SNC Risk Management (SRM) to enable the first line of defence to identify, assess, monitor and control SNC risk in their Islamic business operations and activities.

In addition to the above Risk Centres of Excellence, Regional Risk was established with the objective of overseeing the risk management functions of the regional offices as well as the Group's unit trust and securities businesses. Regional Risk also houses the validation team.

The regional offices and the respective teams in risk management units within the unit trust business and securities businesses identify, analyse, monitor, review and report the relevant material risk exposures of each individual country and/or businesses.

The Regional Risk Validation Team is independent from the risk taking units and model development team. The function of this unit is to perform validation, as guided by regulatory guidelines and industry best practices on Basel related risk models and components comprising credit risk, traded risk, non traded risk and other Basel related risk models. The unit provides recommendations to the modelling team and the business users and reports to Regional Risk. The findings and recommendations will be reported to GRC and BRC.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at relevant Risk Centres of Excellence. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to respective Risk Centres of Excellence.

# **CIMB Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **Strategies and Processes for Various Risk Management**

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

#### **52.1 Credit risk**

Credit risk, is defined as the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

It arises primarily from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support customer's obligation to third parties, e.g. guarantees or kafalah contracts. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

#### **Credit Risk Management**

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the Risk-based Delegated Authority Framework. This Framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.1 Credit risk (Continued)**

##### **Credit Risk Management (continued)**

The Framework encompass the introduction of Joint Delegated Authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals. Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. Credit applications are independently evaluated by the Credit Risk Centre of Excellence team prior to submission to the relevant committees for approval.

The GRC with the support of The Group Credit Policy & Portfolio Risk Committee (GCPRC), Group Credit Committee, Consumer Bank Credit Committee, Regional Private Banking Credit Committee and GRD is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Approaches or mitigating controls adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual include adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by GRD.

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.1 Credit risk (Continued)**

##### **Credit Risk Management (continued)**

Credit reviews and rating are conducted on the credit exposures at least on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GCPRC, GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

##### **Credit Risk Mitigation**

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

##### *i) Collaterals/Securities*

All extension of secured credit facilities as deemed prudent, should be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. Group Credit Committee (GCC) is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.1 Credit risk (Continued)**

##### **Credit Risk Mitigation (Continued)**

##### ii) *Collateral Valuation and Management*

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

##### iii) *Netting*

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

##### iv) *Portfolio diversification for better clarity*

The Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any counterparty, sectors and country.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.1 Credit risk (Continued)**

##### **Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)**

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

##### **i) Credit Risk Mitigation**

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC.

##### **ii) Treatment of Rating Downgrade**

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2014, the additional collateral to be posted was RM 13,989,200 while there was none as at 31 December 2013.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
Financial guarantees	<b>4,665,361</b>	2,919,475	<b>4,326,636</b>	2,503,380
Credit related commitments and contingencies	<b>76,764,348</b>	59,732,973	<b>69,618,973</b>	52,827,550
	<b>81,429,709</b>	62,652,448	<b>73,945,609</b>	55,330,930

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 76.8% (2013: 73.8%) and 80.1% (2013: 74.9%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 60.1% (2013: 80.4%) and 58.4% (2013: 74.8%) respectively. The financial effect of collateral held for the remaining financial assets are insignificant.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Offsetting financial assets and financial liabilities****(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>												
<u>Financial assets</u>												
Derivatives	6,931,371	-	6,931,371	(3,408,672)	(755,654)	2,767,045	5,999,209	-	5,999,209	(2,807,590)	(695,268)	2,496,351
Reverse repurchase agreements	4,512,949	-	4,512,949	(1,207,558)	(3,136,338)	169,053	4,406,653	-	4,406,653	(1,207,558)	(3,030,042)	169,053
Share margin financing	801,329	-	801,329	-	(772,697)	28,632	791,876	-	791,876	-	(763,976)	27,900
<b>Total</b>	<b>12,245,649</b>	<b>-</b>	<b>12,245,649</b>	<b>(4,616,230)</b>	<b>(4,664,689)</b>	<b>2,964,730</b>	<b>11,197,738</b>	<b>-</b>	<b>11,197,738</b>	<b>(4,015,148)</b>	<b>(4,489,286)</b>	<b>2,693,304</b>
<b>31 December 2013</b>												
<u>Financial assets</u>												
Derivatives	4,719,347	-	4,719,347	(2,768,885)	(659,335)	1,291,127	3,909,190	-	3,909,190	(2,275,465)	(573,819)	1,059,906
Reverse repurchase agreements	7,993,092	-	7,993,092	(1,526,380)	(6,402,684)	64,028	5,321,399	-	5,321,399	(1,010,453)	(4,258,570)	52,376
Share margin financing	720,691	-	720,691	-	(686,667)	34,024	704,250	-	704,250	-	(670,493)	33,757
<b>Total</b>	<b>13,433,130</b>	<b>-</b>	<b>13,433,130</b>	<b>(4,295,265)</b>	<b>(7,748,686)</b>	<b>1,389,179</b>	<b>9,934,839</b>	<b>-</b>	<b>9,934,839</b>	<b>(3,285,918)</b>	<b>(5,502,882)</b>	<b>1,146,039</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1.2 Offsetting financial assets and financial liabilities (Continued)****(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014												
<b>Financial liabilities</b>												
Derivatives	7,558,799	-	7,558,799	(3,281,173)	(997,210)	3,280,416	6,601,809	-	6,601,809	(2,705,605)	(858,198)	3,038,006
Repurchase agreements	5,735,839	-	5,735,839	(4,960,352)	(35,727)	739,760	5,735,839	-	5,735,839	(4,960,352)	(35,727)	739,760
<b>Total</b>	<b>13,294,638</b>	<b>-</b>	<b>13,294,638</b>	<b>(8,241,525)</b>	<b>(1,032,937)</b>	<b>4,020,176</b>	<b>12,337,648</b>	<b>-</b>	<b>12,337,648</b>	<b>(7,665,957)</b>	<b>(893,925)</b>	<b>3,777,666</b>
31 December 2013												
<b>Financial liabilities</b>												
Derivatives	5,794,713	-	5,794,713	(2,609,205)	(645,859)	2,539,649	4,879,637	-	4,879,637	(2,131,752)	(398,229)	2,349,656
Repurchase agreements	5,922,788	-	5,922,788	(5,891,608)	(799)	30,381	2,276,152	-	2,276,152	(2,250,143)	-	26,009
<b>Total</b>	<b>11,717,501</b>	<b>-</b>	<b>11,717,501</b>	<b>(8,500,813)</b>	<b>(646,658)</b>	<b>2,570,030</b>	<b>7,155,789</b>	<b>-</b>	<b>7,155,789</b>	<b>(4,381,895)</b>	<b>(398,229)</b>	<b>2,375,665</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure**

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

**(a) Geographical sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2014 and 31 December 2013 are as follows:

	The Group 31 December 2014									
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	12,614,926	32,901	30,310	2,675,686	2,128,385	1,296,043	2,244,509	77,581	1,642,991	22,743,332
Reverse repurchase agreements	2,559,193	8,249	107,364	70,967	-	1,621,326	115,964	-	29,886	4,512,949
Deposits and placements with banks and other financial institutions	2,207,852	420,751	57,958	510,708	-	223,394	82,159	33,346	308,714	3,844,882
Financial assets held for trading										
- Money market instruments	7,656,934	114,005	-	4,754,653	213,079	-	-	-	-	12,738,671
- Quoted securities	-	-	721,037	-	-	-	-	-	-	721,037
- Unquoted securities	2,538,048	115,385	376,662	617,940	208,148	-	850,356	276,269	1,002,605	5,985,413
Financial investments available-for-sale										
- Money market instruments	3,843,045	204,592	-	-	-	54,302	18,033	-	56,815	4,176,787
- Quoted securities	-	-	2,506,633	-	-	-	-	-	-	2,506,633
- Unquoted securities	14,165,421	434,441	396,338	1,790,297	30,589	158,669	1,068,200	372,007	890,909	19,306,871
Financial investments held-to-maturity										
- Money market instruments	4,664,324	-	-	487,878	275,964	-	-	-	-	5,428,166
- Quoted securities	-	-	2,585,289	-	-	-	-	-	13,008	2,598,297
- Unquoted securities	7,611,699	-	934	795,785	-	-	26,504	-	253,486	8,688,408
Derivative financial instruments										
- Trading derivatives	3,189,771	183,576	1,052,430	826,427	258,526	588,478	73,175	-	613,707	6,786,090
- Hedging derivatives	79,207	-	1,379	4,944	1,468	34,700	12,380	-	11,203	145,281
Loans, advances and financing										
- Overdrafts	4,098,835	112	800,904	96,114	53	768	294	2	199,555	5,196,637
- Term loans/financing	126,920,156	2,803,740	16,476,408	16,019,927	158,208	568,513	653,193	629,153	3,810,994	168,040,292
- Bills receivable	1,227,448	24,586	3,375,088	768,281	-	-	-	5,130,115	82,774	10,608,292
- Trust receipts	236,950	40,628	624,656	256,488	-	-	-	-	53,506	1,212,228
- Claim on customers under acceptance credit	2,919,345	-	130	-	-	-	-	-	-	2,919,475
- Credit card receivables	4,751,889	-	5,449	1,218,682	-	-	-	-	-	5,976,020
- Revolving credit	8,950,638	333,808	101,099	2,674,057	-	204,946	18,016	-	918,096	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	-	-	801,115
Other assets	2,576,686	26,742	522,676	623,199	-	719,877	28,445	6	533,485	5,031,116
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,226,063	671	565	1,621	1	77	258	1	4,741	1,233,998
Financial guarantees	2,337,822	46,500	18,054	2,019,375	-	11,978	-	-	231,632	4,665,361
Credit related commitments and contingencies	61,943,495	1,048,464	1,480,849	7,322,612	270	87,901	524,655	3,467,391	888,711	76,764,348
<b>Total credit exposures</b>	<b>279,149,715</b>	<b>5,839,151</b>	<b>31,242,212</b>	<b>43,535,641</b>	<b>3,274,691</b>	<b>5,570,972</b>	<b>5,716,141</b>	<b>9,985,871</b>	<b>11,546,818</b>	<b>395,861,212</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2014 and 31 December 2013 are as follows (Continued):

	The Group									
	31 December 2013									
	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	16,610,239	23,689	42,256	823,122	846,353	1,692,446	270,722	10,395	1,964,032	22,283,254
Reverse repurchase agreements	4,706,136	7,669	2,671,693	315,413	-	179,964	62,411	986	48,820	7,993,092
Deposits and placements with banks and other financial institutions	1,605,828	482,014	54,652	274,746	-	110,383	-	-	1,138,913	3,666,536
Financial assets held for trading										
- Money market instruments	6,889,128	35,353	-	4,140,692	21,473	-	-	-	-	11,086,646
- Quoted securities	-	-	1,029,154	-	-	-	-	-	-	1,029,154
- Unquoted securities	5,363,332	167,053	399,513	641,548	16,952	35,749	524,527	40,085	927,993	8,116,752
Financial investments available-for-sale										
- Money market instruments	3,737,735	195,893	-	-	-	27,052	-	-	58,142	4,018,822
- Quoted securities	-	-	2,618,858	-	-	-	-	-	-	2,618,858
- Unquoted securities	13,544,713	360,735	391,105	1,578,093	59,712	229,247	1,114,137	137,027	853,061	18,267,830
Financial investments held-to-maturity										
- Money market instruments	1,838,618	-	-	496,060	263,486	-	-	-	-	2,598,164
- Quoted securities	-	-	1,628,612	-	-	-	-	-	8,078	1,636,690
- Unquoted securities	4,473,242	-	881	839,165	6,235	-	25,978	-	248,451	5,593,952
Derivative financial instruments										
- Trading derivatives	2,009,575	34,819	854,526	301,818	220,291	553,117	20,454	41,918	480,641	4,517,159
- Hedging derivatives	135,737	-	-	5,301	2,789	43,414	12,952	-	1,995	202,188
Loans, advances and financing										
- Overdrafts	4,031,914	4,052	748,634	83,700	52	951	298	-	154,384	5,023,985
- Term loans/financing	117,918,644	1,611,109	12,362,194	15,206,167	168,036	991,577	635,906	29,839	1,996,483	150,919,955
- Bills receivable	547,578	330	2,803,808	479,504	-	24,340	28,830	5,229,990	4,232	9,118,612
- Trust receipts	272,285	80,092	1,229,884	272,608	-	-	-	-	14,796	1,869,665
- Claim on customers under acceptance credit	3,187,179	-	279	-	-	-	-	-	170	3,187,628
- Credit card receivables	4,245,765	-	-	988,117	-	-	-	-	-	5,233,882
- Revolving credit	7,002,496	103,161	87,273	1,519,147	-	253,223	-	-	396,389	9,361,689
- Share margin financing	715,199	-	-	-	-	-	-	-	-	715,199
Other assets	1,963,134	17,581	574,397	105,217	1	103,544	31,788	-	85,435	2,881,097
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,077,911	1,188	105	12,646	-	-	329	-	669	1,092,848
Financial guarantees	1,839,595	-	135,478	50,492	-	65,959	-	648,683	179,268	2,919,475
Credit related commitments and contingencies	52,684,763	630,452	1,200,345	3,874,894	-	14,899	231,146	-	1,096,474	59,732,973
<b>Total credit exposures</b>	<b>256,429,599</b>	<b>3,755,190</b>	<b>28,833,647</b>	<b>32,008,450</b>	<b>1,605,380</b>	<b>4,325,865</b>	<b>2,959,478</b>	<b>6,138,923</b>	<b>9,658,426</b>	<b>345,714,958</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2014 and 31 December 2013 as follows: (Continued)

	The Bank 31 December 2014								
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	9,545,208	31,114	2,669,841	2,010,924	1,290,481	2,238,813	76,226	1,355,917	19,218,524
Reverse repurchase agreements	2,559,193	8,249	70,967	-	1,621,326	115,964	-	30,954	4,406,653
Deposits and placements with banks and other financial institutions	4,050,849	420,751	346,410	-	168,758	82,159	33,346	280,742	5,383,015
Financial assets held for trading									
- Money market instruments	4,401,106	114,005	4,754,653	213,079	-	-	-	-	9,482,843
- Unquoted securities	2,331,870	115,385	617,940	208,148	-	850,356	276,269	1,309,234	5,709,202
Financial investments available-for-sale									
- Money market instruments	3,428,680	204,592	-	-	54,302	18,033	-	56,815	3,762,422
- Unquoted securities	12,635,920	434,441	1,725,362	30,589	158,669	1,068,200	372,007	1,268,592	17,693,780
Financial investments held-to-maturity									
- Money market instruments	4,643,695	-	487,878	275,964	-	-	-	-	5,407,537
- Unquoted securities	7,012,804	-	795,785	-	-	26,504	-	253,486	8,088,579
Derivative financial instruments									
- Trading derivatives	3,184,364	183,576	822,715	256,664	537,570	70,652	-	682,686	5,738,227
- Hedging derivatives	196,287	-	4,944	1,468	34,700	12,380	-	11,203	260,982
Loans, advances and financing									
- Overdrafts	3,546,055	112	96,114	53	768	294	2	8,564	3,651,962
- Term loans/financing	93,770,189	2,803,740	16,019,927	32,945	568,513	653,193	629,153	4,984,133	119,461,793
- Bills receivable	1,224,515	24,586	768,281	-	-	-	5,130,115	82,774	7,230,271
- Trust receipts	218,693	40,628	256,488	-	-	-	-	43,543	559,352
- Claim on customers under acceptance credit	2,531,507	-	-	-	-	-	-	-	2,531,507
- Credit card receivables	4,643,319	-	1,218,682	-	-	-	-	-	5,862,001
- Revolving credit	6,636,878	333,808	2,674,057	-	204,946	18,016	-	918,096	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	-	791,876
Other assets	2,594,077	26,742	623,199	-	719,877	28,445	6	503,486	4,495,832
Amount due from subsidiaries	4,820	-	-	-	265	-	1	1,178	6,264
Amount due from related companies	1,223,005	651	1,621	1	77	258	1	4,900	1,230,514
Financial guarantees	2,216,657	46,500	2,019,375	-	11,978	-	-	32,126	4,326,636
Credit related commitments and contingencies	56,036,468	1,048,464	7,318,476	-	87,901	524,655	3,467,391	1,135,618	69,618,973
<b>Total credit exposures</b>	<b>229,428,035</b>	<b>5,837,344</b>	<b>43,292,715</b>	<b>3,029,835</b>	<b>5,460,131</b>	<b>5,707,922</b>	<b>9,984,517</b>	<b>12,964,047</b>	<b>315,704,546</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2014 and 31 December 2013 are as follows: (Continued)

	The Bank 31 December 2013								
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	11,181,240	23,605	820,898	677,572	1,588,828	269,501	10,200	1,807,064	16,378,908
Reverse repurchase agreements	4,706,136	7,669	315,413	-	179,964	62,411	986	48,820	5,321,399
Deposits and placements with banks and other financial institutions	5,993,313	482,014	274,746	-	110,383	-	-	1,089,758	7,950,214
Financial assets held for trading									
- Money market instruments	3,928,771	35,353	4,140,692	21,473	-	-	-	-	8,126,289
- Unquoted securities	5,156,480	167,053	641,548	16,952	35,749	524,527	40,085	1,327,506	7,909,900
Financial investments available-for-sale									
- Money market instruments	3,299,660	195,893	-	-	27,052	-	-	58,142	3,580,747
- Unquoted securities	12,701,580	360,735	1,578,093	59,712	229,247	1,114,137	137,027	1,233,737	17,414,268
Financial investments held-to-maturity									
- Money market instruments	1,838,618	-	496,060	263,486	-	-	-	-	2,598,164
- Unquoted securities	3,872,534	-	839,165	6,235	-	25,978	-	248,451	4,992,363
Derivative financial instruments									
- Trading derivatives	1,961,471	34,819	301,746	219,379	515,023	20,170	41,918	498,048	3,592,574
- Hedging derivatives	250,165	-	5,301	2,789	43,414	12,952	-	1,995	316,616
Loans, advances and financing									
- Overdrafts	3,567,422	4,052	83,700	52	951	298	-	26,462	3,682,937
- Term loans/financing	85,665,333	1,611,109	15,206,167	37,812	991,578	635,906	29,839	2,243,824	106,421,568
- Bills receivable	544,697	330	479,504	-	24,340	28,830	5,229,990	4,232	6,311,923
- Trust receipts	248,389	40,681	272,608	-	-	-	-	-	561,678
- Claim on customers under acceptance credit	2,828,192	-	-	-	-	-	-	-	2,828,192
- Credit card receivables	4,145,248	-	988,117	-	-	-	-	-	5,133,365
- Revolving credit	4,930,442	89,715	1,519,147	-	253,223	-	-	402,114	7,194,641
- Share margin financing	699,006	-	-	-	-	-	-	-	699,006
Other assets	1,833,880	17,581	105,217	1	102,692	31,788	-	19,162	2,110,321
Amount due from subsidiaries	137,145	-	-	-	15	6	-	838	138,004
Amount due from related companies	1,076,806	1,069	12,646	-	-	329	-	694	1,091,544
Financial guarantees	1,669,998	-	50,492	-	64,572	-	648,683	69,635	2,503,380
Credit related commitments and contingencies	47,184,826	617,672	3,871,007	-	14,899	231,146	-	908,000	52,827,550
<b>Total credit exposures</b>	<b>209,421,352</b>	<b>3,689,350</b>	<b>32,002,267</b>	<b>1,305,463</b>	<b>4,181,930</b>	<b>2,957,979</b>	<b>6,138,728</b>	<b>9,988,482</b>	<b>269,685,551</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2014 and 31 December 2013 based on the industry sectors of the counterparty are as follows:

	The Group 31 December 2014										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets <sup>*</sup> RM'000	Total credit exposures RM'000
							Trading derivatives RM'000	Hedging derivatives RM'000			
Primary agriculture	-	-	-	38,660	269,104	-	23,538	-	4,218,750	-	4,550,052
Mining and quarrying	-	5,194	-	356,454	239,773	-	928	-	5,143,851	-	5,746,200
Manufacturing	-	1,423	-	231,058	807,629	397,318	116,121	-	10,374,517	-	11,928,066
Electricity, gas and water supply	-	202	-	404,162	2,598,483	710,348	135,215	-	2,436,270	2,521	6,287,201
Construction	-	-	-	238,130	1,654,024	493,525	70,885	-	5,702,282	-	8,158,846
Transport, storage and communications	-	-	-	258,466	1,751,096	1,450,550	783,704	-	8,218,127	3,274	12,465,217
Education, health and others	-	-	-	8,308	21,757	-	122	-	3,573,412	-	3,603,599
Wholesale and retail trade, and restaurants and hotels	-	6,116	-	83,739	136,112	-	372	-	10,157,137	-	10,383,476
Finance, insurance/takaful, real estate and business activities	15,586,308	2,943,236	3,844,882	7,197,972	9,207,449	5,778,371	4,893,051	145,281	29,812,061	5,691,833	85,100,444
<i>Others</i>											
Government and government agencies	7,157,024	1,221,712	-	9,828,202	6,832,791	7,107,065	146,402	-	8,869,086	377,487	41,539,769
Household	-	-	-	-	-	-	282	-	110,554,935	-	110,555,217
Others	-	335,066	-	799,970	2,472,073	777,694	615,470	-	8,894,291	218,852	14,113,416
	22,743,332	4,512,949	3,844,882	19,445,121	25,990,291	16,714,871	6,786,090	145,281	207,954,719	6,293,967	314,431,503



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2014 and 31 December 2013 based on the industry sectors of the counterparty are as follows:  
(Continued)

	The Group 31 December 2013										
	Cash and short term funds RM '000	Reverse repurchase agreements RM '000	Deposits and placements with banks and other financial institutions RM '000	Financial assets held for trading (i) RM '000	Financial investments available-for-sale (i) RM '000	Financial investments held-to-maturity (i) RM '000	Derivative financial instruments		Loans, advances and financing (ii) RM '000	Other financial assets <sup>*</sup> RM '000	Total credit exposures RM '000
						Trading derivatives RM '000	Hedging derivatives RM '000				
Primary agriculture	-	-	-	79,086	156,915	-	3,466	-	3,430,856	81	3,670,404
Mining and quarrying	-	-	-	190,315	109,577	-	10,855	-	2,518,941	-	2,829,688
Manufacturing	-	7,406	-	339,525	665,430	434,213	75,148	-	9,490,531	-	11,012,253
Electricity, gas and water supply	-	2,923	-	910,439	1,890,906	388,456	14,370	1,100	1,858,632	4,248	5,071,074
Construction	-	-	-	455,361	1,259,718	403,022	15,428	-	4,977,074	-	7,110,603
Transport, storage and communications	-	-	-	353,439	2,219,738	859,785	105,571	-	7,209,634	3,283	10,751,450
Education, health and others	-	-	-	12,543	19,680	-	-	-	3,968,329	-	4,000,552
Wholesale and retail trade, and restaurants and hotels	-	-	-	12,134	60,383	-	-	-	11,574,769	-	11,647,286
Finance, insurance/takaful, real estate and business activities	10,450,564	3,280,505	3,666,536	11,419,842	8,790,468	3,758,030	3,617,943	201,088	27,676,464	3,293,119	76,154,559
<u>Others</u>											
Government and government agencies	11,832,690	4,048,660	-	5,546,842	6,722,901	3,271,361	76,073	-	11,870,102	445,084	43,813,713
Household	-	440,296	-	-	-	-	4,418	-	97,516,465	-	97,961,179
Others	-	213,302	-	913,026	3,009,794	713,939	593,887	-	3,338,818	256,983	9,039,749
	22,283,254	7,993,092	3,666,536	20,232,552	24,905,510	9,828,806	4,517,159	202,188	185,430,615	4,002,798	283,062,510

\* Other financial assets include amount due from ultimate holding company, amount due from related companies and other financial assets

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Group 31 December 2014									
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Primary agriculture	-	-	38,660	-	-	269,104	-	-	-	
Mining and quarrying	-	-	356,454	-	-	239,773	-	-	-	596,227
Manufacturing	-	26,954	204,104	44,925	13,947	748,757	-	6,513	390,805	1,436,005
Electricity, gas and water supply	51,957	29,023	323,182	11,090	-	2,587,393	-	23,811	686,537	3,712,993
Construction	-	2,201	235,929	-	3,372	1,650,652	-	-	493,525	2,385,679
Transport, storage and communications	-	20,566	237,898	-	241,465	1,509,632	-	307,437	1,143,114	3,460,112
Education, health and others	-	8,308	-	-	21,757	-	-	-	-	30,065
Wholesale and retail trade, and restaurants and hotels	-	26,992	56,747	-	79,511	56,601	-	-	-	219,851
Finance, insurance/takaful, real estate and business activities	3,095,461	475,659	3,626,854	178,040	1,998,548	7,030,858	199,962	1,968,284	3,610,126	22,183,792
<i>Others</i>										
Government and government agencies	9,562,877	131,334	133,991	3,942,732	148,033	2,742,027	5,228,204	292,252	1,586,608	23,768,058
Others	28,376	-	771,594	-	-	2,472,074	-	-	777,693	4,049,737
	<b>12,738,671</b>	<b>721,037</b>	<b>5,985,413</b>	<b>4,176,787</b>	<b>2,506,633</b>	<b>19,306,871</b>	<b>5,428,166</b>	<b>2,598,297</b>	<b>8,688,408</b>	<b>62,150,283</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows: (Continued)

	<b>The Group 31 December 2013</b>									
	<b>Financial assets held for trading</b>			<b>Financial investments available-for-sale</b>			<b>Financial investments held-to-maturity</b>			<b>Total credit exposures RM'000</b>
	<b>Money market instruments RM'000</b>	<b>Quoted securities RM'000</b>	<b>Unquoted securities RM'000</b>	<b>Money market instruments RM'000</b>	<b>Quoted securities RM'000</b>	<b>Unquoted securities RM'000</b>	<b>Money market instruments RM'000</b>	<b>Quoted securities RM'000</b>	<b>Unquoted securities RM'000</b>	
Primary agriculture	-	-	79,086	-	-	156,915	-	-	-	
Mining and quarrying	-	-	190,315	-	-	109,577	-	-	-	299,892
Manufacturing	89,640	5,558	244,327	-	37,872	627,558	-	6,165	428,048	1,439,168
Electricity, gas and water supply	58,889	33,502	818,049	9,542	-	1,881,362	-	29,556	358,901	3,189,801
Construction	-	3,202	452,159	-	3,048	1,256,670	-	-	403,022	2,118,101
Transport, storage and communications	-	101,251	252,188	-	513,403	1,706,334	-	193,449	666,337	3,432,962
Education, health and others	-	12,543	-	-	19,680	-	-	-	-	32,223
Wholesale and retail trade, and restaurants and hotels	-	12,134	-	-	60,383	-	-	-	-	72,517
Finance, insurance/takaful, real estate and business activities	6,045,807	551,300	4,822,733	304,930	1,194,957	7,290,584	161,983	1,179,358	2,416,688	23,968,340
<i>Others</i>										
Government and government agencies	4,882,970	309,664	354,208	3,704,350	789,515	2,229,037	2,436,181	228,162	607,017	15,541,104
Others	9,340	-	903,687	-	-	3,009,793	-	-	713,939	4,636,759
	<b>11,086,646</b>	<b>1,029,154</b>	<b>8,116,752</b>	<b>4,018,822</b>	<b>2,618,858</b>	<b>18,267,830</b>	<b>2,598,164</b>	<b>1,636,690</b>	<b>5,593,952</b>	<b>54,966,868</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Group 31 December 2014								
	Claim on customers under						Share margin financing		Total credit exposures
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Trust acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	252,030	3,138,126	101,858	37,845	170,241	110	518,540	-	4,218,750
Mining and quarrying	52,735	4,369,353	92,701	3,540	10,635	275	614,612	-	5,143,851
Manufacturing	617,908	4,379,683	2,320,036	509,417	1,259,928	1,145	1,286,400	-	10,374,517
Electricity, gas and water supply	9,370	2,216,209	6,629	1,208	678	63	202,113	-	2,436,270
Construction	535,738	3,953,917	92,907	35,238	135,227	1,020	948,235	-	5,702,282
Transport, storage and communications	153,072	6,310,846	695,268	408	10,056	591	1,047,886	-	8,218,127
Education, health and others	131,411	3,158,102	27,159	1,751	1,844	2,030	251,115	-	3,573,412
restaurants and hotels	1,063,298	5,885,223	1,104,783	339,826	1,307,394	3,155	452,756	702	10,157,137
Finance, insurance/takaful, real estate and business activities	524,731	20,755,433	2,998,527	10,493	23,472	27,164	5,472,241	-	29,812,061
<i>Others</i>									
Government and government agencies	-	8,869,086	-	-	-	-	-	-	8,869,086
Household	1,700,397	101,221,134	2,382	-	-	5,940,420	890,189	800,413	110,554,935
Others	155,947	3,783,180	3,166,042	272,502	-	47	1,516,573	-	8,894,291
	<b>5,196,637</b>	<b>168,040,292</b>	<b>10,608,292</b>	<b>1,212,228</b>	<b>2,919,475</b>	<b>5,976,020</b>	<b>13,200,660</b>	<b>801,115</b>	<b>207,954,719</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows: (Continued)

	The Group 31 December 2013								Share margin financing RM'000	Total credit exposures RM'000
	Overdrafts RM'000	Term loans/ financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claim on customers under acceptance credit RM'000	Credit card receivables RM'000	Revolving credit RM'000			
Primary agriculture	229,769	2,718,827	25,609	20,819	174,229	35	261,568	-	3,430,856	
Mining and quarrying	40,123	2,328,070	2,012	-	4,995	149	143,592	-	2,518,941	
Manufacturing	630,240	4,042,446	1,921,767	869,950	1,378,355	983	646,790	-	9,490,531	
Electricity, gas and water supply	10,236	1,640,047	-	21,848	1,143	78	185,280	-	1,858,632	
Construction	532,511	2,835,446	62,190	58,723	155,083	924	1,332,197	-	4,977,074	
Transport, storage and communications	163,904	6,061,348	68,058	30,253	19,755	765	865,551	-	7,209,634	
Education, health and others	120,692	3,667,811	34,770	1,355	3,372	2,301	138,028	-	3,968,329	
restaurants and hotels	1,045,808	6,355,159	1,103,442	820,087	1,426,049	2,659	821,565	-	11,574,769	
Finance, insurance/takaful, real estate and business activities	532,037	16,986,303	5,895,959	38,044	24,142	21,842	4,178,137	-	27,676,464	
<u>Others</u>										
Government and government agencies	-	11,870,102	-	-	-	-	-	-	11,870,102	
Household	1,641,064	89,603,519	3,085	-	-	5,204,100	363,449	701,248	97,516,465	
Others	77,601	2,810,877	1,720	8,586	505	46	425,532	13,951	3,338,818	
	5,023,985	150,919,955	9,118,612	1,869,665	3,187,628	5,233,882	9,361,689	715,199	185,430,615	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2014 and 31 December 2013 based on the industry sectors of the counterparty are as follows:

	The Bank 31 December 2014										
	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial assets held for trading (i)	Financial investments available-for- sale (i)	Financial investments held-to- maturity (i)	Derivative financial instruments		Loans, advances and financing (ii)	Other financial assets *	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Trading derivatives RM'000	Hedging derivatives RM'000	RM'000	RM'000	RM'000
Primary agriculture	-	-	-	19,302	197,869	-	23,349	-	3,185,229	-	3,425,749
Mining and quarrying	-	5,194	-	356,454	219,588	-	865	-	4,957,775	-	5,539,876
Manufacturing	-	1,423	-	204,104	747,825	390,804	106,986	-	5,666,383	-	7,117,525
Electricity, gas and water supply	-	202	-	365,001	2,489,119	676,127	126,065	-	2,025,604	2,168	5,684,286
Construction	-	-	-	220,791	1,330,007	493,525	70,885	-	3,955,809	-	6,071,017
Transport, storage and communications	-	-	-	151,169	1,276,174	624,080	759,313	-	6,770,249	3,273	9,584,258
Education, health and others	-	-	-	-	-	-	-	-	2,723,786	-	2,723,786
Wholesale and retail trade, and restaurants and hotels	-	6,116	-	56,747	56,601	-	-	-	6,081,438	-	6,200,902
Finance, insurance/takaful, real estate and business activities	16,073,119	2,836,940	5,383,015	5,584,887	6,685,957	3,770,130	3,976,141	260,982	23,479,762	5,528,865	73,579,798
<i>Others</i>											
Government and government agencies	3,145,405	1,221,712	-	7,433,620	6,029,151	6,763,756	78,314	-	2,021,168	-	26,693,126
Household	-	-	-	-	-	-	231	-	81,553,534	-	81,553,765
Others	-	335,066	-	799,970	2,423,911	777,694	596,078	-	8,453,826	198,304	13,584,849
	19,218,524	4,406,653	5,383,015	15,192,045	21,456,202	13,496,116	5,738,227	260,982	150,874,563	5,732,610	241,758,937

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2014 and 31 December 2013 based on the industry sectors of the counterparty are as follows:  
(Continued)

	The Bank 31 December 2013						Derivative financial instruments		Loans, advances and financing (ii) RM'000	Other financial assets <sup>+</sup> RM'000	Total credit exposures RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading (i) RM'000	Financial investments available-for- sale (i) RM'000	Financial investments held-to- maturity (i) RM'000	Trading derivatives RM'000	Hedging derivatives RM'000			
Primary agriculture	-	-	-	59,748	156,915	-	3,008	-	2,529,028	81	2,748,780
Mining and quarrying	-	-	-	190,315	109,577	-	10,855	-	2,323,316	-	2,634,063
Manufacturing	-	7,406	-	333,967	627,558	428,048	57,385	-	5,072,223	-	6,526,587
Electricity, gas and water supply	-	2,923	-	876,937	1,822,271	358,901	7,788	1,100	1,312,389	4,248	4,386,557
Construction	-	-	-	442,308	1,098,246	403,022	15,402	-	3,508,651	-	5,467,629
Transport, storage and communications	-	-	-	123,840	1,670,824	157,570	70,570	-	5,837,712	3,283	7,863,799
Education, health and others	-	-	-	-	-	-	-	-	1,472,459	-	1,472,459
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	-	-	7,934,084	-	7,934,084
Finance, insurance/takaful, real estate and business activities	9,578,079	608,812	7,950,214	10,080,675	7,195,481	2,485,848	2,845,939	315,516	22,570,056	3,050,982	66,681,602
<i>Others</i>											
Government and government agencies	6,800,829	4,048,660	-	3,025,190	5,355,387	3,043,199	28,196	-	5,059,671	83,018	27,444,150
Household	-	440,296	-	-	-	-	-	-	72,244,555	-	72,684,851
Others	-	213,302	-	903,209	2,958,756	713,939	553,431	-	2,969,166	198,257	8,510,060
	16,378,908	5,321,399	7,950,214	16,036,189	20,995,015	7,590,527	3,592,574	316,616	132,833,310	3,339,869	214,354,621

\* Other financial assets include amount due from subsidiaries, amount due from related companies and other financial assets

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Bank						
	31 December 2014						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Primary agriculture	-	19,302	-	197,869	-	-	217,171
Mining and quarrying	-	356,454	-	219,588	-	-	576,042
Manufacturing	-	204,104	44,925	702,899	-	390,805	1,342,733
Electricity, gas and water supply	51,957	313,044	11,090	2,478,029	-	676,127	3,530,247
Construction	-	220,791	-	1,330,007	-	493,525	2,044,323
Transport, storage and communications	-	151,169	-	1,276,174	-	624,080	2,051,423
Wholesale and retail trade, and restaurants and hotels	-	56,747	-	56,601	-	-	113,348
Finance, insurance/takaful, real estate and business activities	2,102,881	3,482,006	169,536	6,516,422	199,961	3,570,168	16,040,974
<i>Others</i>							
Government and government agencies	7,299,630	133,991	3,536,871	2,492,280	5,207,576	1,556,179	20,226,527
Others	28,375	771,594	-	2,423,911	-	777,695	4,001,575
	<b>9,482,843</b>	<b>5,709,202</b>	<b>3,762,422</b>	<b>17,693,780</b>	<b>5,407,537</b>	<b>8,088,579</b>	<b>50,144,363</b>



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows: (Continued)

	<b>The Bank</b>						
	<b>31 December 2013</b>						
	<b>Financial assets held for trading</b>		<b>Financial investments available-for-sale</b>		<b>Financial investments held-to-maturity</b>		<b>Total credit exposures</b>
	<b>Money market instruments</b>	<b>Unquoted securities</b>	<b>Money market instruments</b>	<b>Unquoted securities</b>	<b>Money market instruments</b>	<b>Unquoted securities</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture	-	59,748	-	156,915	-	-	216,663
Mining and quarrying	-	190,315	-	109,577	-	-	299,892
Manufacturing	89,640	244,327	-	627,558	-	428,048	1,389,573
Electricity, gas and water	58,889	818,049	9,542	1,812,728	-	358,901	3,058,109
Construction	-	442,308	-	1,098,246	-	403,022	1,943,576
Transport, storage and communications	-	123,840	-	1,670,824	-	157,570	1,952,234
Finance, insurance/takaful, real estate and business activities	5,297,439	4,783,235	279,439	6,916,042	161,983	2,323,866	19,762,004
<i>Others</i>							
Government and government agencies	2,670,982	354,208	3,291,766	2,063,620	2,436,181	607,019	11,423,776
Others	9,339	893,870	-	2,958,758	-	713,937	4,575,904
	<b>8,126,289</b>	<b>7,909,900</b>	<b>3,580,747</b>	<b>17,414,268</b>	<b>2,598,164</b>	<b>4,992,363</b>	<b>44,621,731</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	<b>The Bank 31 December 2014</b>								
	<b>Claim on customers under</b>								
	<b>Overdrafts</b>	<b>Term loans/ financing</b>	<b>Bills receivable</b>	<b>Trust receipts</b>	<b>acceptance credit</b>	<b>Credit card receivables</b>	<b>Revolving credit</b>	<b>Share margin financing</b>	<b>Total credit exposures</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	131,069	2,382,350	50,508	37,845	164,603	109	418,745	-	3,185,229
Mining and quarrying	36,471	4,206,218	86,155	3,540	10,505	275	614,611	-	4,957,775
Manufacturing	320,344	2,410,498	450,756	118,428	1,133,300	1,144	1,231,913	-	5,666,383
Electricity, gas and water supply	3,541	1,812,128	6,629	452	678	64	202,112	-	2,025,604
Construction	415,696	2,912,124	61,924	30,134	109,915	1,020	424,996	-	3,955,809
Transport, storage and communications	112,494	5,100,138	538,721	407	9,488	592	1,008,409	-	6,770,249
Education, health and others	75,182	2,467,441	-	313	1,817	2,031	177,002	-	2,723,786
Wholesale and retail trade, and restaurants and hotels	637,007	3,799,489	85,418	93,767	1,081,730	3,155	380,170	702	6,081,438
Finance, insurance/takaful, real estate and business activities	315,383	16,306,428	2,784,118	5,021	19,471	27,163	4,022,178	-	23,479,762
<i>Others</i>									
Government and government agencies	-	2,021,168	-	-	-	-	-	-	2,021,168
Household	1,478,099	72,668,767	-	-	-	5,826,401	789,093	791,174	81,553,534
Others	126,676	3,375,044	3,166,042	269,445	-	47	1,516,572	-	8,453,826
	<b>3,651,962</b>	<b>119,461,793</b>	<b>7,230,271</b>	<b>559,352</b>	<b>2,531,507</b>	<b>5,862,001</b>	<b>10,785,801</b>	<b>791,876</b>	<b>150,874,563</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows: (Continued)

	<b>The Bank 31 December 2013</b>									
	<b>Claim on customers under</b>									
	<b>Overdrafts</b>	<b>Term loans/ financing</b>	<b>Bills receivable</b>	<b>Trust receipts</b>	<b>acceptance credit</b>	<b>Credit card receivables</b>	<b>Revolving credit</b>	<b>Share margin financing</b>	<b>Total credit exposures</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	126,928	2,007,493	2,643	20,819	169,252	35	201,858	-	2,529,028	
Mining and quarrying	24,056	2,150,636	-	-	4,883	149	143,592	-	2,323,316	
Manufacturing	359,118	2,294,394	402,411	179,625	1,256,298	983	579,394	-	5,072,223	
Electricity, gas and water supply	5,662	1,118,326	-	1,900	1,143	78	185,280	-	1,312,389	
Construction	435,419	2,210,363	20,379	49,164	124,929	924	667,473	-	3,508,651	
Transport, storage and communications	130,536	4,810,929	82	28,218	19,431	765	847,751	-	5,837,712	
Education, health and others	76,979	1,281,651	13,574	499	3,336	2,301	94,119	-	1,472,459	
Wholesale and retail trade, and restaurants and hotels	681,466	4,756,405	257,843	254,222	1,226,972	2,659	754,517	-	7,934,084	
Finance, insurance/takaful, real estate and business activities	336,723	13,544,585	5,613,274	18,940	21,469	21,842	3,013,223	-	22,570,056	
<u>Others</u>										
Government and government agencies	-	5,059,671	-	-	-	-	-	-	5,059,671	
Household	1,449,634	64,724,382	-	-	-	5,103,583	281,902	685,054	72,244,555	
Others	56,416	2,462,733	1,717	8,291	479	46	425,532	13,952	2,969,166	
	<b>3,682,937</b>	<b>106,421,568</b>	<b>6,311,923</b>	<b>561,678</b>	<b>2,828,192</b>	<b>5,133,365</b>	<b>7,194,641</b>	<b>699,006</b>	<b>132,833,310</b>	

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group			
	31 December 2014		31 December 2013	
	Financial guarantees	Credit related commitments and contingencies	Financial guarantees	Credit related commitments and contingencies
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	15,028	789,454	10,695	842,473
Mining and quarrying	142,077	1,443,257	70,028	593,894
Manufacturing	385,683	5,870,786	289,695	5,161,199
Electricity, gas and water supply	60,684	621,567	79,536	682,612
Construction	531,387	5,435,280	343,366	5,678,849
Transport, storage and communications	123,578	860,037	87,375	972,112
Education, health and others	45,703	2,741,477	39,120	2,725,057
restaurants and hotels	359,613	6,479,785	252,782	6,081,230
Finance, insurance/takaful, real estate and business activities	1,411,342	9,569,345	1,313,597	10,920,006
<i>Others</i>				
Household	57,899	35,329,658	5,279	23,976,682
Others	1,532,367	7,623,702	428,002	2,098,859
	<b>4,665,361</b>	<b>76,764,348</b>	<b>2,919,475</b>	<b>59,732,973</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows: (Continued)

	The Bank			
	31 December 2014		31 December 2013	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	14,923	646,463	10,595	714,941
Mining and quarrying	141,377	1,432,732	70,028	589,603
Manufacturing	356,881	4,778,570	245,921	4,132,201
Electricity, gas and water supply	27,461	457,973	71,083	488,176
Construction	466,438	3,889,628	226,374	2,744,354
Transport, storage and communications	120,632	718,726	84,260	816,045
Education, health and others	42,532	2,589,927	36,486	2,493,042
Wholesale and retail trade, and restaurants and hotels	174,514	5,785,581	113,197	5,446,449
Finance, insurance/takaful, real estate and business activities	1,398,990	8,673,479	1,212,247	9,892,935
<i>Others</i>				
Household	57,899	33,232,310	5,281	23,418,611
Others	1,524,989	7,413,584	427,908	2,091,193
	<b>4,326,636</b>	<b>69,618,973</b>	<b>2,503,380</b>	<b>52,827,550</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets**

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

**(a) Loan, advances and financing**

Loans, advances and financing are summarised as follows:

	<b>The Group 31 December 2014</b>			
	<b>Neither past due nor impaired (i)</b>	<b>Past due but not impaired (ii)</b>	<b>Impaired (iii)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	4,741,827	414,906	317,047	5,473,780
Term loans/financing	157,274,184	10,307,245	3,537,216	171,118,645
Bills receivable	10,601,904	22,705	75,202	10,699,811
Trust receipts	1,202,438	4,195	114,866	1,321,499
Claim on customers under acceptance credit	2,883,710	3,661	183,038	3,070,409
Credit card receivables	5,669,158	322,804	97,401	6,089,363
Revolving credit	13,193,500	8,759	42,789	13,245,048
Share margin financing	788,040	9,044	4,245	801,329
<b>Total</b>	<b>196,354,761</b>	<b>11,093,319</b>	<b>4,371,804</b>	<b>211,819,884</b>
Less: Impairment allowances				<b>(3,865,165) *</b>
<b>Total net amount</b>				<b>207,954,719</b>

	<b>The Group 31 December 2013</b>			
	<b>Neither past due nor impaired (i)</b>	<b>Past due but not impaired (ii)</b>	<b>Impaired (iii)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	4,717,143	451,087	329,927	5,498,157
Term loans/financing	136,812,297	13,434,394	3,314,959	153,561,650
Bills receivable	9,063,964	14,395	120,131	9,198,490
Trust receipts	1,841,488	33,349	111,882	1,986,719
Claim on customers under acceptance credit	3,143,479	3,194	250,434	3,397,107
Credit card receivables	4,951,262	313,356	79,513	5,344,131
Revolving credit	9,351,626	9,091	63,735	9,424,452
Share margin financing	711,716	4,613	4,362	720,691
<b>Total</b>	<b>170,592,975</b>	<b>14,263,479</b>	<b>4,274,943</b>	<b>189,131,397</b>
Less: Impairment allowances				<b>(3,700,782) *</b>
<b>Total net amount</b>				<b>185,430,615</b>

\* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)**

Loans, advances and financing are summarised as follows: (Continued)

	The Bank 31 December 2014			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	3,278,564	361,986	251,593	3,892,143
Term loans/financing	112,618,444	6,658,102	2,418,460	121,695,006
Bills receivable	7,215,932	16,502	21,012	7,253,446
Trust receipts	551,967	2,850	67,343	622,160
Claim on customers under acceptance credit	2,502,840	-	175,165	2,678,005
Credit card receivables	5,561,943	315,496	94,486	5,971,925
Revolving credit	10,776,528	-	38,430	10,814,958
Share margin financing	778,810	9,044	4,022	791,876
<b>Total</b>	<b>143,285,028</b>	<b>7,363,980</b>	<b>3,070,511</b>	<b>153,719,519</b>
Less: Impairment allowances				(2,844,956) *
<b>Total net amount</b>				<b>150,874,563</b>

	The Bank 31 December 2013			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	3,480,630	372,402	269,177	4,122,209
Term loans/financing	96,152,561	9,614,356	2,527,681	108,294,598
Bills receivable	6,262,551	-	65,078	6,327,629
Trust receipts	553,963	3,894	94,315	652,172
Claim on customers under acceptance credit	2,789,410	-	235,165	3,024,575
Credit card receivables	4,851,899	310,554	77,229	5,239,682
Revolving credit	7,179,723	1,514	58,514	7,239,751
Share margin financing	695,497	4,613	4,140	704,250
<b>Total</b>	<b>121,966,234</b>	<b>10,307,333</b>	<b>3,331,299</b>	<b>135,604,866</b>
Less: Impairment allowances				(2,771,556) *
<b>Total net amount</b>				<b>132,833,310</b>

\* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired”**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank.

	The Group							
	31 December 2014				31 December 2013			
	Good	Satisfactory	No rating	Total	Good	Satisfactory	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,828,163	146,297	2,767,367	4,741,827	1,868,435	162,460	2,686,248	4,717,143
Term loans/financing	40,943,794	1,714,733	114,615,657	157,274,184	43,695,250	2,101,139	91,015,908	136,812,297
Bills receivable	8,517,606	142,249	1,942,049	10,601,904	8,507,471	48,499	507,994	9,063,964
Trust receipts	1,016,762	64,651	121,025	1,202,438	1,612,156	74,579	154,753	1,841,488
Claim on customers under acceptance credit	1,677,762	44,201	1,161,747	2,883,710	2,023,462	45,213	1,074,804	3,143,479
Credit card receivables	-	-	5,669,158	5,669,158	-	-	4,951,262	4,951,262
Revolving credit	7,501,226	123,725	5,568,549	13,193,500	7,304,113	13,893	2,033,620	9,351,626
Share margin financing	-	-	788,040	788,040	-	-	711,716	711,716
<b>Total</b>	<b>61,485,313</b>	<b>2,235,856</b>	<b>132,633,592</b>	<b>196,354,761</b>	<b>65,010,887</b>	<b>2,445,783</b>	<b>103,136,305</b>	<b>170,592,975</b>



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank (Continued).

	The Bank							
	31 December 2014				31 December 2013			
	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000
Overdrafts	1,001,503	81,693	2,195,368	3,278,564	1,129,902	98,125	2,252,603	3,480,630
Term loans/financing	26,309,673	599,956	85,708,815	112,618,444	31,782,218	475,011	63,895,332	96,152,561
Bills receivable	5,408,809	9,192	1,797,931	7,215,932	6,057,098	-	205,453	6,262,551
Trust receipts	466,760	5,271	79,936	551,967	447,965	9,092	96,906	553,963
Claim on customers under acceptance credit	1,357,203	22,520	1,123,117	2,502,840	1,678,614	38,982	1,071,814	2,789,410
Credit card receivables	-	-	5,561,943	5,561,943	-	-	4,851,899	4,851,899
Revolving credit	5,111,794	121,711	5,543,023	10,776,528	5,195,809	13,893	1,970,021	7,179,723
Share margin financing	-	-	778,810	778,810	-	-	695,497	695,497
<b>Total</b>	<b>39,655,742</b>	<b>840,343</b>	<b>102,788,943</b>	<b>143,285,028</b>	<b>46,291,606</b>	<b>635,103</b>	<b>75,039,525</b>	<b>121,966,234</b>

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## Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)

### 52 Financial Risk Management (Continued)

#### 52.1 Credit risk (Continued)

##### 52.1.4 Credit quality of financial assets (Continued)

###### (a) Loan, advances and financing (Continued)

###### (i) Loans, advances and financing that are “neither past due nor impaired” (Continued)

Credit quality descriptions can be summarised as follows:

**Good** – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

**Satisfactory** – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

**No rating** - Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

###### (ii) Loans, advances and financing that are “past due but not impaired”

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below:

	The Group					
	31 December 2014			31 December 2013		
	Up to 1 month RM'000	> 1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	> 1 to 3 months RM'000	Total RM'000
Overdrafts	386,505	28,401	414,906	388,453	62,634	451,087
Term loans/financing	8,980,186	1,327,059	10,307,245	9,574,966	3,859,428	13,434,394
Bills receivable	20,441	2,264	22,705	14,292	103	14,395
Trust receipts	3,463	732	4,195	29,267	4,082	33,349
Claim on customers under acceptance credit	1,288	2,373	3,661	3,194	-	3,194
Credit card receivables	285,904	36,900	322,804	287,536	25,820	313,356
Revolving credit	590	8,169	8,759	5,240	3,851	9,091
Share margin financing	9,044	-	9,044	4,613	-	4,613
<b>Total</b>	<b>9,687,421</b>	<b>1,405,898</b>	<b>11,093,319</b>	<b>10,307,561</b>	<b>3,955,918</b>	<b>14,263,479</b>

	The Bank					
	31 December 2014			31 December 2013		
	Up to 1 month RM'000	> 1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	> 1 to 3 months RM'000	Total RM'000
Overdrafts	338,663	23,323	361,986	321,943	50,459	372,402
Term loans/financing	5,943,949	714,153	6,658,102	7,000,704	2,613,652	9,614,356
Bills receivable	16,222	280	16,502	-	-	-
Trust receipts	2,690	160	2,850	3,894	-	3,894
Claim on customers under acceptance credit	-	-	-	-	-	-
Credit card receivables	279,734	35,762	315,496	285,777	24,777	310,554
Revolving credit	-	-	-	1,514	-	1,514
Share margin financing	9,044	-	9,044	4,613	-	4,613
<b>Total</b>	<b>6,590,302</b>	<b>773,678</b>	<b>7,363,980</b>	<b>7,618,445</b>	<b>2,688,888</b>	<b>10,307,333</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(iii) Impaired loans, advances and financing**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Total gross impaired loans	<b>4,371,804</b>	4,274,943	<b>3,070,511</b>	3,331,299
Less: Impairment allowances	<b>(2,392,216)</b>	(2,595,709)	<b>(1,788,472)</b>	(2,127,044)
<b>Total net impaired loans</b>	<b><u>1,979,588</u></b>	<u>1,679,234</u>	<b><u>1,282,039</u></b>	<u>1,204,255</u>

Refer to Note 7(vii) and 7(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

	The Group					
	31 December 2014			31 December 2013		
	Neither past due nor impaired		Total	Neither past due nor impaired		Total
	(i)	Impaired		(i)	Impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading						
- Money market instruments	12,738,671	-	12,738,671	11,086,646	-	11,086,646
- Quoted securities	721,037	-	721,037	1,029,154	-	1,029,154
- Unquoted securities	5,985,413	-	5,985,413	8,116,752	-	8,116,752
Financial investments available-for-sale						
- Money market instruments	4,176,787	-	4,176,787	4,018,822	-	4,018,822
- Quoted securities	2,506,633	-	2,506,633	2,618,858	-	2,618,858
- Unquoted securities	19,306,871	75,357	19,382,228	18,267,830	77,543	18,345,373
Financial investments held-to-maturity						
- Money market instruments	5,428,166	-	5,428,166	2,598,164	-	2,598,164
- Quoted securities	2,598,297	-	2,598,297	1,636,690	-	1,636,690
- Unquoted securities	8,687,473	28,461	8,715,934	5,593,071	28,400	5,621,471
<b>Total</b>	<b>62,149,348</b>	<b>103,818</b>	<b>62,253,166</b>	<b>54,965,987</b>	<b>105,943</b>	<b>55,071,930</b>
Less: Impairment allowance			(102,883) *			(105,062) *
<b>Total net amount</b>			<b>62,150,283</b>			<b>54,966,868</b>

\* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows: (Continued)

	The Bank					
	31 December 2014			31 December 2013		
	Neither past due nor impaired	Impaired	Total	Neither past due nor impaired	Impaired	Total
	(i) RM'000	RM'000	RM'000	(i) RM'000	RM'000	RM'000
Financial assets held for trading						
- Money market instruments	9,482,843	-	9,482,843	8,126,289	-	8,126,289
- Unquoted securities	5,709,202	-	5,709,202	7,909,900	-	7,909,900
Financial investments available-for-sale						
- Money market instruments	3,762,422	-	3,762,422	3,580,747	-	3,580,747
- Unquoted securities	17,693,780	75,357	17,769,137	17,414,268	77,543	17,491,811
Financial investments held-to-maturity						
- Money market instruments	5,407,537	-	5,407,537	2,598,164	-	2,598,164
- Unquoted securities	8,088,579	-	8,088,579	4,992,363	-	4,992,363
<b>Total</b>	<b>50,144,363</b>	<b>75,357</b>	<b>50,219,720</b>	<b>44,621,731</b>	<b>77,543</b>	<b>44,699,274</b>
Less: Impairment allowance			(75,357) *			(77,543) *
<b>Total net amount</b>			<b>50,144,363</b>			<b>44,621,731</b>

\* Impairment allowance represents allowance made against financial assets that have been impaired.

There were no financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “past due but not impaired” as at 31 December 2014 and 31 December 2013 for the Group and the Bank.

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired”**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies:

	31 December 2014				The Group		31 December 2013			
	Sovereign RM'000	Investment grade	Non investment grade	No rating RM'000	Total RM'000	Sovereign RM'000	Investment grade	Non investment grade	No rating RM'000	Total RM'000
		(AAA to BBB-) RM'000	(BB+ and below) RM'000				(AAA to BBB-) RM'000	(BB+ and below) RM'000		
Financial assets held for trading										
- Money market instruments	9,709,897	3,028,774	-	-	12,738,671	8,440,148	2,646,498	-	-	11,086,646
- Quoted securities	539,365	181,672	-	-	721,037	906,725	122,429	-	-	1,029,154
- Unquoted securities	115,958	4,285,157	135,773	1,448,525	5,985,413	389,814	4,796,722	396,057	2,534,159	8,116,752
Financial investments available-for-sale										
- Money market instruments	3,824,670	352,117	-	-	4,176,787	3,693,893	324,929	-	-	4,018,822
- Quoted securities	2,303,188	203,445	-	-	2,506,633	2,363,788	255,070	-	-	2,618,858
- Unquoted securities	3,543,895	13,328,968	493,598	1,940,410	19,306,871	3,702,247	12,537,505	422,778	1,605,300	18,267,830
Financial investments held-to-maturity										
- Money market instruments	5,228,204	199,962	-	-	5,428,166	2,380,479	217,685	-	-	2,598,164
- Quoted securities	2,568,268	30,029	-	-	2,598,297	1,575,719	60,971	-	-	1,636,690
- Unquoted securities	2,495,740	3,146,946	154,155	2,890,632	8,687,473	645,719	2,449,495	-	2,497,857	5,593,071
<b>Total</b>	<b>30,329,185</b>	<b>24,757,070</b>	<b>783,526</b>	<b>6,279,567</b>	<b>62,149,348</b>	<b>24,098,532</b>	<b>23,411,304</b>	<b>818,835</b>	<b>6,637,316</b>	<b>54,965,987</b>

The securities with no ratings mainly consist of private debt securities.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired” (Continued)**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies: (Continued)

	31 December 2014				The Bank		31 December 2013			
	Sovereign RM'000	Investment grade	Non investment grade	No rating RM'000	Total RM'000	Sovereign RM'000	Investment grade	Non investment grade	No rating RM'000	Total RM'000
		(AAA to BBB-) RM'000	(BB+ and below) RM'000				(AAA to BBB-) RM'000	(BB+ and below) RM'000		
Financial assets held for trading										
- Money market instruments	7,446,650	2,036,193	-	-	9,482,843	6,228,159	1,898,130	-	-	8,126,289
- Unquoted securities	115,958	4,008,946	135,773	1,448,525	5,709,202	389,814	4,589,870	396,057	2,534,159	7,909,900
Financial investments available-for-sale										
- Money market instruments	3,418,810	343,612	-	-	3,762,422	3,281,309	299,438	-	-	3,580,747
- Unquoted securities	3,055,740	12,204,607	493,598	1,939,835	17,693,780	3,351,084	12,035,681	422,778	1,604,725	17,414,268
Financial investments held-to-maturity										
- Money market instruments	5,207,575	199,962	-	-	5,407,537	2,380,479	217,685	-	-	2,598,164
- Unquoted securities	2,465,314	3,087,314	154,155	2,381,796	8,088,579	892,825	2,450,963	-	1,648,575	4,992,363
<b>Total</b>	<b>21,710,047</b>	<b>21,880,634</b>	<b>783,526</b>	<b>5,770,156</b>	<b>50,144,363</b>	<b>16,523,670</b>	<b>21,491,767</b>	<b>818,835</b>	<b>5,787,459</b>	<b>44,621,731</b>

The securities with no ratings mainly consist of private debt securities.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below:

	The Group									
	31 December 2014					31 December 2013				
	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	7,411,423	14,685,342	1,510	645,057	22,743,332	11,967,862	10,089,202	654	225,536	22,283,254
Reverse repurchase agreements	1,184,821	2,723,329	-	604,799	4,512,949	6,007,880	743,096	882	1,241,234	7,993,092
Deposits and placements with banks and other financial institutions	276,892	3,445,799	-	122,191	3,844,882	206,722	3,406,872	3,277	49,665	3,666,536
Other assets	513,729	2,479,547	-	2,037,840	5,031,116	441,609	1,711,771	-	727,717	2,881,097
Derivative financial instruments	424,668	4,621,034	1,277,632	608,037	6,931,371	127,888	3,636,906	372,311	582,242	4,719,347
Amount due from ultimate holding company	-	28,853	-	-	28,853	-	28,853	-	-	28,853
Amount due from related companies	-	18,430	-	1,215,568	1,233,998	-	1,644	-	1,091,204	1,092,848
<b>Total</b>	<b>9,811,533</b>	<b>28,002,334</b>	<b>1,279,142</b>	<b>5,233,492</b>	<b>44,326,501</b>	<b>18,751,961</b>	<b>19,618,344</b>	<b>377,124</b>	<b>3,917,598</b>	<b>42,665,027</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.4 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets (Continued)**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below: (Continued)

	31 December 2014				The Bank		31 December 2013			
	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000	Sovereign RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	3,145,456	15,448,601	670	623,797	19,218,524	6,800,829	9,308,765	654	268,660	16,378,908
Reverse repurchase agreements	1,184,821	2,617,033	-	604,799	4,406,653	3,336,187	743,096	882	1,241,234	5,321,399
Deposits and placements with banks and other financial institutions	-	5,260,824	-	122,191	5,383,015	-	7,920,211	-	30,003	7,950,214
Other assets	125,574	2,274,116	-	2,096,142	4,495,832	83,018	1,445,632	-	581,671	2,110,321
Derivative financial instruments	419,171	3,926,505	1,247,649	405,884	5,999,209	11,317	2,990,247	370,179	537,447	3,909,190
Amount due from subsidiaries	-	3,004	-	3,260	6,264	-	135,810	-	2,194	138,004
Amount due from related companies	-	16,926	-	1,213,588	1,230,514	-	1,017	-	1,090,527	1,091,544
<b>Total</b>	<b>4,875,022</b>	<b>29,547,009</b>	<b>1,248,319</b>	<b>5,069,661</b>	<b>40,740,011</b>	<b>10,231,351</b>	<b>22,544,778</b>	<b>371,715</b>	<b>3,751,736</b>	<b>36,899,580</b>

There were no financial assets that are "past due but not impaired" or "impaired" as at 31 December 2014 and 31 December 2013 for the Group and the Bank.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.1 Credit risk (Continued)**

##### **52.1.5 Repossessed collateral**

The Group obtained assets by taking possession of collateral held as security as follows:

	<b>The Group</b>	
	<b>Carrying amount</b>	
	<b>31 December</b>	31 December
	<b>2014</b>	2013
<b>Nature of assets</b>	<b>RM'000</b>	RM'000
Industrial and residential properties and development land	<b>154,541</b>	136,348

Reposessed collaterals are sold as soon as practicable. The Group does not utilise the reposessed collaterals for its business use.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.2 Market risk**

Market risk is defined as any fluctuation in the market value of a trading or investment exposure arising from changes to market risk factors such as interest rates/benchmark rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market risk is inherent in the business activities of an institution that trades and invests in securities, derivatives and other structured financial products. Market risk may arise from the trading book and investment activities in the banking book. For the trading book, it can arise from customer-related businesses or from the Group's proprietary positions. As for investment activities in the banking book, the Group holds the investment portfolio to meet liquidity and statutory reserves requirement and for investment purposes.

#### **Market Risk Management (MRM)**

Market risk is evaluated by considering the risk/reward relationship and market exposures across a variety of dimensions such as volatility, concentration/diversification and maturity. The GRC with the support of Group Market Risk Committee and Group Underwriting Committee ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board. GRC, GMRC and GUC, supported by the Market Risk Centre of Excellence in GRD is responsible to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework.

The Group employs the VaR framework to measure market risk where VaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute VaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period..

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/benchmark rate risk, foreign exchange risk and commodity risk. Each business unit is allocated VaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders and Group Treasury's Market Risk Analytics Team. The head of each business unit is accountable for all market risk under his/her purview. Any excess in limit will be escalated to management in accordance to the Group's exception management procedures.

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **52 Financial Risk Management (Continued)**

##### **52.2 Market risk (Continued)**

###### **Market Risk Management (MRM) (Continued)**

In addition to daily monitoring of VaR usage, on a monthly basis, all market exposures and VaR of the Group will be summarised and submitted to Group Market Risk Committee, GRC and BRC for its perusal. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2014 is shown in table 52.2.1.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest/profit. Hence, the resulting market VaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the VaR computed would understate the risk of the portfolio and vice versa.

In order to ensure historical simulation gives an adequate estimation of market VaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day VaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day VaR.

The Group also complements VaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute VaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet plausible stress scenarios. Stress test results are presented to the Group Market Risk Committee and GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, the Market Risk Centre of Excellence undertakes the monitoring and oversight process at Group Treasury trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.2 Market risk (Continued)**

The Market Risk Centre of Excellence also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

Treasury products approval processes will be led by the Market Risk Centre of Excellence to ensure operational readiness before launching. All new products are assessed by components and in totality to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are documented and validated by the quantitative analysts to assess its applicability to market conditions. The process includes verification of rate sources, parameters, assumptions in modelling approach and its implementation. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions.

#### *Capital Treatment for Market Risk*

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	<b>The Group</b>		<b>The Bank *</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
Foreign exchange risk	<b>2,181</b>	2,314	<b>1,664</b>	1,493
Interest rate risk	<b>15,970</b>	14,708	<b>14,289</b>	13,465
Equity risk	<b>1,404</b>	486	<b>1,404</b>	486
Commodity risk	<b>2</b>	6	<b>2</b>	6
<b>Total</b>	<b>19,557</b>	17,514	<b>17,359</b>	15,450
<b>Total shareholder's fund</b>	<b>27,984,872</b>	23,086,115	<b>23,861,001</b>	19,791,740
<b>Percentage over shareholder's funds</b>	<b>0.07%</b>	0.08%	<b>0.07%</b>	0.08%

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Group 31 December 2014							Non-interest sensitive RM '000	Trading book RM '000	Total RM '000
	Non-trading book		Non-trading book							
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000				
<b>Financial assets</b>										
Cash and short-term funds	20,381,632	-	-	-	-	-	5,074,423	-	25,456,055	
Reverse repurchase agreements	2,677,753	1,566,974	-	244,755	-	-	23,467	-	4,512,949	
Deposits and placements with banks and other financial institutions	1,894,471	1,626,881	102,826	17	-	-	220,687	-	3,844,882	
Financial assets held for trading	-	-	-	-	-	-	-	22,718,087	22,718,087	
Financial investments available-for-sale	(i) 81,605	128,237	125,173	468,191	10,666,807	14,273,385	1,789,937	-	27,533,335	
Financial investments held-to-maturity	(i) 179,028	914,810	107,637	531,973	6,900,142	7,915,567	165,714	-	16,714,871	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	6,786,090	6,786,090	
- Hedging derivatives	10,028	8,021	18,550	35,139	17,772	55,771	-	-	145,281	
Loans, advances and financing	(i) 156,046,993	12,560,256	4,983,340	4,078,721	15,547,676	14,737,733	-	-	207,954,719	
Other assets	-	-	84,266	-	907,792	-	4,039,058	-	5,031,116	
Amount due from ultimate holding company	-	-	-	-	-	-	28,853	-	28,853	
Amount due from related companies	-	-	-	-	-	-	1,233,998	-	1,233,998	
<b>Total financial assets</b>	<b>181,271,510</b>	<b>16,805,179</b>	<b>5,421,792</b>	<b>5,358,796</b>	<b>34,040,189</b>	<b>36,982,456</b>	<b>12,576,137</b>	<b>29,504,177</b>	<b>321,960,236</b>	



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Group 31 December 2014							Trading book RM '000	Total RM '000
	Non-trading book						Non-interest sensitive RM '000		
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000			
<b>Financial liabilities</b>									
Deposits from customers	131,987,703	34,732,925	18,668,211	19,421,245	4,685,902	1,521,497	24,249,671	-	235,267,154
Deposits and placements of banks and other financial institutions	12,275,433	9,019,491	7,092,018	1,991,461	698,834	222,288	117,797	-	31,417,322
Repurchase agreements	504,356	2,523,504	1,784,097	121,426	792,288	-	10,168	-	5,735,839
Financial liabilities designated at fair value	218,736	226,176	282,135	-	2,200,084	1,068,861	16,138	(321,429)	3,690,701
Derivative financial instruments	-	-	-	-	-	-	-	-	-
- Trading derivatives	-	-	-	-	-	-	-	7,076,459	7,076,459
- Hedging derivatives	9,803	37,205	91,997	16,052	140,409	186,874	-	-	482,340
Bills and acceptances payable	1,237,180	173,936	43,692	73	62,868	-	39,160	-	1,556,909
Amount due to related companies	-	-	-	-	-	-	40,783	-	40,783
Other liabilities	-	-	-	-	-	-	3,718,645	-	3,718,645
Other borrowings	-	-	-	349,650	2,377,620	-	3,472	-	2,730,742
Subordinated obligations	-	-	-	1,004,851	3,886,411	5,024,162	153,185	-	10,068,609
Bonds and debentures	537,888	79,183	1,128,220	-	4,253,784	-	15,396	-	6,014,471
Redeemable preference shares	-	-	-	725,935	-	-	7,587	-	733,522
<b>Total financial liabilities</b>	<b>146,771,099</b>	<b>46,792,420</b>	<b>29,090,370</b>	<b>23,630,693</b>	<b>19,098,200</b>	<b>8,023,682</b>	<b>28,372,002</b>	<b>6,755,030</b>	<b>308,533,496</b>
<b>Net interest sensitivity gap</b>	<b>34,500,411</b>	<b>(29,987,241)</b>	<b>(23,668,578)</b>	<b>(18,271,897)</b>	<b>14,941,989</b>	<b>28,958,774</b>		<b>22,749,147</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	4,665,361	-	4,665,361
Credit related commitments and contingencies	-	-	-	-	-	-	76,764,348	-	76,764,348
Treasury related commitments and contingencies (hedging)	1,005,406	754,028	3,233,671	1,795,820	11,760,397	11,383,652	-	-	29,932,974
<b>Net interest sensitivity gap</b>	<b>1,005,406</b>	<b>754,028</b>	<b>3,233,671</b>	<b>1,795,820</b>	<b>11,760,397</b>	<b>11,383,652</b>	<b>81,429,709</b>	<b>-</b>	<b>111,362,683</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

Note	The Group 31 December 2013							Trading book RM'000	Total RM'000
	←	Non-trading book					→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
<b>Financial assets</b>									
Cash and short-term funds	21,310,776	-	-	-	-	-	3,630,390	-	24,941,166
Reverse repurchase agreements	5,116,815	2,856,853	-	-	-	-	19,424	-	7,993,092
Deposits and placements with banks and other financial institutions	1,296,036	2,179,028	34,345	-	-	-	157,127	-	3,666,536
Financial assets held for trading	-	-	-	-	-	-	-	21,837,868	21,837,868
Financial investments available-for-sale (i)	14,858	353,013	460,800	1,055,867	8,582,063	14,202,709	1,516,186	-	26,185,496
Financial investments held-to-maturity (i)	49,947	16,985	34,948	500,259	5,440,787	3,689,236	96,644	-	9,828,806
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	4,517,159	4,517,159
- Hedging derivatives	1,100	14,589	-	-	115,850	70,649	-	-	202,188
Loans, advances and financing (i)	135,314,790	15,517,913	5,477,676	2,887,578	13,876,020	12,356,638	-	-	185,430,615
Other assets	-	-	82,115	-	532,279	-	2,266,703	-	2,881,097
Amount due from ultimate holding company	-	-	-	-	-	-	28,853	-	28,853
Amount due from related companies	-	-	-	-	-	-	1,092,848	-	1,092,848
<b>Total financial assets</b>	<b>163,104,322</b>	<b>20,938,381</b>	<b>6,089,884</b>	<b>4,443,704</b>	<b>28,546,999</b>	<b>30,319,232</b>	<b>8,808,175</b>	<b>26,355,027</b>	<b>288,605,724</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

	The Group 31 December 2013						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial liabilities</b>									
Deposits from customers	131,602,603	26,715,230	16,967,945	15,324,720	2,046,233	1,879,167	25,711,792	-	220,247,690
Deposits and placements of banks and other financial institutions	8,433,289	6,683,559	2,366,919	1,399,596	389,532	627,206	99,732	-	19,999,833
Repurchase agreements	2,888,315	2,201,210	47,659	-	775,418	-	10,186	-	5,922,788
Financial liabilities designated at fair value	-	-	-	-	1,355,543	1,049,134	-	(272,507)	2,132,170
Derivative financial instruments	-	-	-	-	-	-	-	5,489,900	5,489,900
- Trading derivatives	-	-	-	-	-	-	-	-	-
- Hedging derivatives	11,828	20,787	24,999	4,536	130,619	112,044	-	-	304,813
Bills and acceptances payable	1,514,707	736,750	43,211	2,539	74,843	82,412	802,740	-	3,257,202
Amount due to related companies	-	-	-	-	-	-	34,016	-	34,016
Other liabilities	-	-	-	-	-	-	3,444,835	-	3,444,835
Amount due to ultimate holding company	-	-	-	-	-	-	1,450	-	1,450
Other borrowings	-	655,400	98,310	163,850	327,700	720,940	2,011	-	1,968,211
Subordinated obligations	-	-	-	-	3,612,185	5,888,157	134,233	-	9,634,575
Bonds and debentures	1,292,420	474,993	350,197	-	3,719,312	-	30,158	-	5,867,080
Redeemable preference shares	-	-	-	-	712,140	-	7,111	-	719,251
<b>Total financial liabilities</b>	<b>145,743,162</b>	<b>37,487,929</b>	<b>19,899,240</b>	<b>16,895,241</b>	<b>13,143,525</b>	<b>10,359,060</b>	<b>30,278,264</b>	<b>5,217,393</b>	<b>279,023,814</b>
<b>Net interest sensitivity gap</b>	<b>17,361,161</b>	<b>(16,549,548)</b>	<b>(13,809,357)</b>	<b>(12,451,537)</b>	<b>15,403,474</b>	<b>19,960,172</b>		<b>21,137,634</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	2,919,475	-	2,919,475
Credit related commitments and contingencies	-	-	-	-	-	-	59,732,973	-	59,732,973
Treasury related commitments and contingencies (hedging)	586,583	2,429,781	641,874	85,947	14,257,461	6,775,525	-	-	24,777,171
<b>Net interest sensitivity gap</b>	<b>586,583</b>	<b>2,429,781</b>	<b>641,874</b>	<b>85,947</b>	<b>14,257,461</b>	<b>6,775,525</b>	<b>62,652,448</b>	<b>-</b>	<b>84,025,259</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

	The Group 31 December 2014							Total RM'000
	Non-trading book							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
Financial investments available-for-sale								
- Money market instruments	73,076	47,913	54,302	48,624	1,444,427	2,481,459	26,986	4,176,787
- Quoted securities	-	-	-	51,404	2,420,356	17,298	100,797	2,589,855
- Unquoted securities	8,529	80,324	70,871	368,163	6,802,024	11,774,628	1,662,154	20,766,693
Financial investments held-to-maturity								
- Money market instruments	-	-	-	104,134	1,851,719	3,420,336	51,977	5,428,166
- Quoted securities	154,024	318,888	-	79,532	1,994,439	26,571	24,843	2,598,297
- Unquoted securities	25,004	595,922	107,637	348,307	3,053,984	4,468,660	88,894	8,688,408
Loans, advances and financing								
- Overdrafts	5,196,637	-	-	-	-	-	-	5,196,637
- Term loans/financing	129,549,994	6,747,993	1,637,594	1,955,664	14,939,720	13,209,327	-	168,040,292
- Bills receivable	3,598,032	2,930,203	2,062,478	2,017,579	-	-	-	10,608,292
- Trust receipts	590,783	378,406	238,173	3,670	1,196	-	-	1,212,228
- Claim on customers under acceptance credit	1,191,577	1,221,379	503,154	3,365	-	-	-	2,919,475
- Credit card receivables	5,976,020	-	-	-	-	-	-	5,976,020
- Revolving credit	9,142,835	1,282,275	541,941	98,443	606,760	1,528,406	-	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	801,115
<b>Total</b>	<b>156,307,626</b>	<b>13,603,303</b>	<b>5,216,150</b>	<b>5,078,885</b>	<b>33,114,625</b>	<b>36,926,685</b>	<b>1,955,651</b>	<b>252,202,925</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows (Continued):

	The Group 31 December 2013						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book		→				
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	90,134	137,470	184,102	724,261	2,853,385	29,470	4,018,822
- Quoted securities	-	-	3,913	50,043	2,339,285	206,359	91,627	2,691,227
- Unquoted securities	14,858	262,879	319,417	821,722	5,518,517	11,142,965	1,395,089	19,475,447
Financial investments held-to-maturity								
- Money market instruments	-	-	4,986	-	1,278,670	1,288,900	25,608	2,598,164
- Quoted securities	49,947	16,985	29,947	300,259	1,115,848	106,039	17,665	1,636,690
- Unquoted securities	-	-	15	200,000	3,046,269	2,294,297	53,371	5,593,952
Loans, advances and financing								
- Overdrafts	5,023,985	-	-	-	-	-	-	5,023,985
- Term loans/financing	112,812,114	9,936,522	1,399,222	783,904	13,772,560	12,215,633	-	150,919,955
- Bills receivable	2,843,021	2,308,571	2,401,200	1,564,923	897	-	-	9,118,612
- Trust receipts	551,221	868,942	441,783	4,991	2,728	-	-	1,869,665
- Claim on customers under acceptance credit	1,084,649	1,499,548	602,200	1,231	-	-	-	3,187,628
- Credit card receivables	5,233,882	-	-	-	-	-	-	5,233,882
- Revolving credit	7,050,719	904,330	633,271	532,529	99,835	141,005	-	9,361,689
- Share margin financing	715,199	-	-	-	-	-	-	715,199
<b>Total</b>	<b>135,379,595</b>	<b>15,887,911</b>	<b>5,973,424</b>	<b>4,443,704</b>	<b>27,898,870</b>	<b>30,248,583</b>	<b>1,612,830</b>	<b>221,444,917</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Note	The Bank 31 December 2014							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book									
	←	←	←	←	←	←	→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
<b>Financial assets</b>										
Cash and short-term funds		17,197,495	-	-	-	-	-	4,237,604	-	21,435,099
Reverse repurchase agreements		2,571,468	1,566,974	-	244,755	-	-	23,456	-	4,406,653
Deposits and placements with banks and other financial institutions		1,855,762	3,404,255	101,386	874	-	-	20,738	-	5,383,015
Financial assets held for trading		-	-	-	-	-	-	-	18,390,932	18,390,932
Financial investments available-for-sale	(i)	78,075	108,248	125,173	396,827	7,383,169	13,155,703	1,522,637	-	22,769,832
Financial investments held-to-maturity	(i)	25,004	595,045	107,637	452,441	4,864,113	7,321,178	130,698	-	13,496,116
Derivative financial instruments										
- Trading derivatives		-	-	-	-	-	-	-	5,738,227	5,738,227
- Hedging derivatives		10,028	8,021	18,550	35,139	109,637	79,607	-	-	260,982
Loans, advances and financing	(i)	118,279,326	10,636,941	3,588,246	3,135,483	9,494,751	5,739,816	-	-	150,874,563
Other assets		-	-	84,266	-	1,059,897	-	3,351,669	-	4,495,832
Amount due from subsidiaries		-	-	-	-	-	-	6,264	-	6,264
Amount due from related companies		-	-	-	-	-	-	1,230,514	-	1,230,514
<b>Total financial assets</b>		<b>140,017,158</b>	<b>16,319,484</b>	<b>4,025,258</b>	<b>4,265,519</b>	<b>22,911,567</b>	<b>26,296,304</b>	<b>10,523,580</b>	<b>24,129,159</b>	<b>248,488,029</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Bank 31 December 2014							Trading book RM '000	Total RM '000
	Non-trading book						Non-interest sensitive RM '000		
	←						→		
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000			
<b>Financial liabilities</b>									
Deposits from customers	96,164,403	22,764,783	13,498,960	14,780,253	2,280,407	1,352,918	23,478,843	-	174,320,567
Deposits and placements of banks and other financial institutions	11,397,959	10,017,543	7,086,645	2,054,327	698,516	222,288	61,025	-	31,538,303
Repurchase agreements	504,356	2,523,504	1,784,097	121,426	792,288	-	10,168	-	5,735,839
Financial liabilities designated at fair value	-	-	-	-	2,041,700	1,068,860	10,756	(394,924)	2,726,392
Derivative financial instruments	-	-	-	-	-	-	-	6,099,384	6,099,384
- Trading derivatives	-	-	-	-	-	-	-	-	502,425
- Hedging derivatives	9,803	37,205	91,997	16,052	216,407	130,961	-	-	761,214
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	-	3,921,746
Bonds and debentures	157,343	-	-	-	3,753,785	-	10,618	-	126,290
Amount due to subsidiaries	-	-	-	-	-	-	126,290	-	23,250
Amount due to related company	-	-	-	-	-	-	23,250	-	3,296,105
Other liabilities	-	-	-	-	-	-	3,296,105	-	3,472
Other borrowing	-	-	-	349,650	2,377,620	-	3,472	-	1,730,786
Subordinated obligations	-	-	-	1,730,786	3,335,769	3,695,221	71,500	-	8,833,276
<b>Total financial liabilities</b>	<b>108,862,406</b>	<b>35,431,942</b>	<b>22,505,391</b>	<b>19,052,567</b>	<b>15,496,492</b>	<b>6,470,248</b>	<b>27,092,027</b>	<b>5,704,460</b>	<b>240,615,533</b>
<b>Net interest sensitivity gap</b>	<b>31,154,752</b>	<b>(19,112,458)</b>	<b>(18,480,133)</b>	<b>(14,787,048)</b>	<b>7,415,075</b>	<b>19,826,056</b>		<b>18,424,699</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	4,326,636	-	4,326,636
Credit related commitments and contingencies	-	-	-	-	-	-	69,618,973	-	69,618,973
Treasury related commitments and contingencies (hedging)	1,005,406	754,028	3,233,671	1,795,820	21,196,983	8,367,517	-	-	36,353,425
<b>Net interest sensitivity gap</b>	<b>1,005,406</b>	<b>754,028</b>	<b>3,233,671</b>	<b>1,795,820</b>	<b>21,196,983</b>	<b>8,367,517</b>	<b>73,945,609</b>	<b>-</b>	<b>110,299,034</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

Note	The Bank 31 December 2013							Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book									
	← Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	→			
<b>Financial assets</b>										
Cash and short-term funds	15,901,432	-	-	-	-	-	2,565,720	-	18,467,152	
Reverse repurchase agreements	2,446,167	2,856,853	-	-	-	-	18,379	-	5,321,399	
Deposits and placements with banks and other financial institutions	1,452,862	4,261,027	1,668,784	500,000	-	-	67,541	-	7,950,214	
Financial assets held for trading	-	-	-	-	-	-	-	17,575,173	17,575,173	
Financial investments available-for-sale	(i) 14,858	287,922	456,887	962,787	5,821,045	13,251,046	1,271,201	-	22,065,746	
Financial investments held-to-maturity	(i) -	-	4,986	200,000	4,230,732	3,084,667	70,142	-	7,590,527	
Derivative financial instruments										
- Trading derivatives	-	-	-	-	-	-	-	3,592,574	3,592,574	
- Hedging derivatives	1,100	14,589	-	-	123,117	177,810	-	-	316,616	
Loans, advances and financing	(i) 98,327,177	13,584,661	4,300,409	2,350,482	9,467,264	4,803,317	-	-	132,833,310	
Other assets	-	-	82,115	-	544,952	-	1,483,254	-	2,110,321	
Amount due from subsidiaries	-	-	-	-	-	-	138,004	-	138,004	
Amount due from related companies	-	-	-	-	-	-	1,091,544	-	1,091,544	
<b>Total financial assets</b>	<b>118,143,596</b>	<b>21,005,052</b>	<b>6,513,181</b>	<b>4,013,269</b>	<b>20,187,110</b>	<b>21,316,840</b>	<b>6,705,785</b>	<b>21,167,747</b>	<b>219,052,580</b>	



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

	The Bank 31 December 2013						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial liabilities</b>									
Deposits from customers	90,607,553	18,531,764	9,374,579	10,189,786	775,220	1,706,813	24,929,316	-	156,115,031
Deposits and placements of banks and other financial institutions	13,590,723	8,276,410	4,932,873	2,514,835	415,515	627,206	60,146	-	30,417,708
Repurchase agreements	-	1,449,014	47,659	-	775,418	-	4,061	-	2,276,152
Financial liabilities designated at fair value	-	-	-	-	1,200,863	1,049,134	-	(264,043)	1,985,954
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	4,529,808	4,529,808
- Hedging derivatives	11,828	20,787	24,999	4,536	163,950	123,729	-	-	349,829
Bills and acceptances payable	539,931	586,071	41,953	21	-	-	749,862	-	1,917,838
Bonds and debentures	-	-	-	-	2,719,645	-	16,808	-	2,736,453
Amount due to subsidiaries	-	-	-	-	-	-	35,736	-	35,736
Amount due to related company	-	-	-	-	-	-	21,156	-	21,156
Other liabilities	-	-	-	-	-	-	3,005,944	-	3,005,944
Other borrowings	-	655,400	98,310	163,850	327,700	720,940	2,011	-	1,968,211
Subordinated obligations	-	-	-	-	4,074,325	4,684,113	70,359	-	8,828,797
<b>Total financial liabilities</b>	<b>104,750,035</b>	<b>29,519,446</b>	<b>14,520,373</b>	<b>12,873,028</b>	<b>10,452,636</b>	<b>8,911,935</b>	<b>28,895,399</b>	<b>4,265,765</b>	<b>214,188,617</b>
<b>Net interest sensitivity gap</b>	<b>(99,616,670)</b>	<b>(29,519,446)</b>	<b>(14,520,372)</b>	<b>(12,873,028)</b>	<b>(10,452,636)</b>	<b>(8,911,935)</b>		<b>867,600</b>	
<b>Financial guarantees and commitments and</b>									
Financial guarantees	-	-	-	-	-	-	2,503,380	-	2,503,380
Credit related commitments and contingencies	-	-	-	-	-	-	52,827,550	-	52,827,550
Treasury related commitments and contingencies (hedging)	586,583	2,429,781	641,874	85,947	16,692,931	11,165,649	-	-	31,602,765
<b>Net interest sensitivity gap</b>	<b>586,583</b>	<b>2,429,781</b>	<b>641,874</b>	<b>85,947</b>	<b>16,692,931</b>	<b>11,165,649</b>	<b>55,330,930</b>	<b>-</b>	<b>86,933,695</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows:

	The Bank 31 December 2014						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	73,076	47,914	54,302	28,665	1,375,216	2,159,152	24,097	3,762,422
- Quoted securities	-	-	-	-	-	-	99	99
- Unquoted securities	4,999	60,334	70,871	368,162	6,007,953	10,996,551	1,498,441	19,007,311
Financial investments held-to-maturity								
- Money market instruments	-	-	-	104,134	1,838,660	3,412,844	51,899	5,407,537
- Unquoted securities	25,004	595,045	107,637	348,307	3,025,453	3,908,334	78,799	8,088,579
Loans, advances and financing								
- Overdrafts	3,651,962	-	-	-	-	-	-	3,651,962
- Term loans/financing	97,305,581	6,518,998	1,179,960	1,004,395	9,238,815	4,214,044	-	119,461,793
- Bills receivable	1,647,222	1,896,286	1,680,740	2,006,023	-	-	-	7,230,271
- Trust receipts	409,432	88,043	61,877	-	-	-	-	559,352
- Claim on customers under acceptance credit	1,009,947	1,045,609	472,586	3,365	-	-	-	2,531,507
- Credit card receivables	5,862,001	-	-	-	-	-	-	5,862,001
- Revolving credit	7,601,305	1,088,005	193,083	121,700	255,936	1,525,772	-	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	791,876
<b>Total</b>	<b>118,382,405</b>	<b>11,340,234</b>	<b>3,821,056</b>	<b>3,984,751</b>	<b>21,742,033</b>	<b>26,216,697</b>	<b>1,653,335</b>	<b>187,140,511</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates (Continued):

(i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows (Continued):

	The Bank 31 December 2013						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	25,042	137,470	164,036	651,955	2,577,032	25,212	3,580,747
- Quoted securities	-	-	-	-	-	-	27	27
- Unquoted securities	14,858	262,880	319,417	798,751	5,169,090	10,674,014	1,245,962	18,484,972
Financial investments held-to-maturity								
- Money market instruments	-	-	4,986	-	1,278,670	1,288,900	25,608	2,598,164
- Unquoted securities	-	-	-	200,000	2,952,062	1,795,767	44,534	4,992,363
Loans, advances and financing								
- Overdrafts	3,682,937	-	-	-	-	-	-	3,682,937
- Term loans/financing	81,308,213	9,712,214	1,123,893	247,509	9,367,429	4,662,310	-	106,421,568
- Bills receivable	1,052,181	1,600,469	2,115,133	1,544,140	-	-	-	6,311,923
- Trust receipts	158,411	286,667	116,600	-	-	-	-	561,678
- Claim on customers under acceptance credit	941,286	1,340,987	544,688	1,231	-	-	-	2,828,192
- Credit card receivables	5,133,365	-	-	-	-	-	-	5,133,365
- Revolving credit	5,351,778	644,324	400,095	557,602	99,835	141,007	-	7,194,641
- Share margin financing	699,006	-	-	-	-	-	-	699,006
<b>Total</b>	<b>98,342,035</b>	<b>13,872,583</b>	<b>4,762,282</b>	<b>3,513,269</b>	<b>19,519,041</b>	<b>21,139,030</b>	<b>1,341,343</b>	<b>162,489,583</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	<b>The Group</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to profit (after tax)	<b>(90,424)</b>	<b>90,424</b>	<b>(73,180)</b>	<b>73,180</b>
	<b>The Bank</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to profit (after tax)	<b>(10,760)</b>	<b>10,760</b>	<b>(11,467)</b>	<b>11,467</b>

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	<b>The Group</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>+100 basis point RM'000</b>	<b>-100 basis point RM'000</b>	<b>+100 basis point RM'000</b>	<b>-100 basis point RM'000</b>
Impact to revaluation reserve-financial investments available-for-sale	<b>(1,391,521)</b>	<b>1,391,521</b>	(1,349,257)	1,349,257

	<b>The Bank</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>+100 basis point RM'000</b>	<b>-100 basis point RM'000</b>	<b>+100 basis point RM'000</b>	<b>-100 basis point RM'000</b>
Impact to revaluation reserve-financial investments available-for-sale	<b>(1,222,459)</b>	<b>1,222,459</b>	(1,197,131)	1,197,131

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank:

	The Group 31 December 2014												Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000		
<b>Financial assets</b>														
Cash and short-term funds	10,162,767	33,615	433,042	235,767	11,726,249	158,793	605,131	225,385	573,425	354,593	57,259	890,029	15,293,288	25,456,055
Reverse repurchase agreements	1,380,192	-	106,296	950,515	1,995,938	9,997	64,846	-	-	969	4,196	-	3,132,757	4,512,949
Deposits and placements with banks and other financial institutions	2,134,605	-	57,958	295	1,185,830	-	54,636	-	398,826	-	12,176	556	1,710,277	3,844,882
Financial assets held for trading														
- Money market instruments	7,656,935	-	-	4,823,978	243,373	1,263	-	-	-	13,122	-	-	5,081,736	12,738,671
- Quoted securities	837,415	24,851	721,037	45,087	783,695	4,360	-	-	-	306,402	1,138,475	-	3,023,907	3,861,322
- Unquoted securities	1,663,370	-	-	406,535	3,726,900	10,361	-	-	283,369	27,559	-	-	4,454,724	6,118,094
Financial investments available-for-sale														
- Money market instruments	3,770,816	-	-	-	276,821	-	111,117	-	-	-	18,033	-	405,971	4,176,787
- Quoted securities	-	-	2,589,756	99	-	-	-	-	-	-	-	-	2,589,855	2,589,855
- Unquoted securities	14,683,106	35,876	4,075	1,751,273	3,765,188	81,546	-	-	353,029	92,537	-	63	6,083,587	20,766,693
Financial investments held-to-maturity														
- Money market instruments	4,664,324	-	-	482,886	280,956	-	-	-	-	-	-	-	763,842	5,428,166
- Quoted securities	-	-	2,585,289	-	-	-	-	-	-	-	-	13,008	2,598,297	2,598,297
- Unquoted securities	7,478,142	-	934	1,209,332	-	-	-	-	-	-	-	-	1,210,266	8,688,408
Derivative financial instruments														
- Trading derivatives	669,044	3,631	812,999	41,564	4,941,957	23,503	8,638	44,557	3,242	18,721	24,027	194,207	6,117,046	6,786,090
- Hedging derivatives	23,423	-	1,379	35,449	67,696	-	5,176	-	4,853	3,733	3,571	1	121,858	145,281
Loans, advances and financing														
- Overdrafts	4,104,897	-	797,594	91,122	203,024	-	-	-	-	-	-	-	1,091,740	5,196,637
- Term loans financing	122,187,022	-	14,484,785	12,766,067	14,608,094	232,495	2,271,590	143,443	-	1,186,036	160,760	-	45,853,270	168,040,292
- Bills receivable	21,592	-	3,312,906	145,301	3,320,951	-	38,050	5,464	1,949,895	6,597	2,088	1,805,448	10,586,700	10,608,292
- Trust receipts	197,787	-	219,398	27,064	730,900	3,561	5,882	2,217	535	22,819	-	2,065	1,014,441	1,212,228
- Claim on customers under acceptance credit	2,919,345	-	130	-	-	-	-	-	-	-	-	-	130	2,919,475
- Credit card receivables	4,751,889	-	5,449	1,218,682	-	-	-	-	-	-	-	-	1,224,131	5,976,020
- Revolving credit	6,938,192	-	101,099	2,116,814	3,027,947	52,422	807,031	148,122	-	936	8,097	-	6,262,468	13,200,660
- Share margin financing	801,115	-	-	-	-	-	-	-	-	-	-	-	-	801,115
Other assets	1,800,849	-	425,004	526,505	2,069,336	80	2,376	157	-	2,020	-	204,789	3,230,267	5,031,116
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,225,765	158	373	5,702	686	-	1,314	-	-	-	-	-	8,233	1,233,998
	200,101,445	98,131	26,659,503	26,880,037	52,955,541	578,381	3,975,787	569,345	3,567,174	1,729,642	596,609	4,248,641	121,858,791	321,960,236

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

		The Group												
		31 December 2014												
	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	EUR	HKD	Others	Total non-	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	MYR	RM'000
<b>Financial liabilities</b>														
Deposits from customers	161,957,887	49	19,522,773	24,340,643	24,330,089	966,471	1,228,179	236,248	75,992	850,976	264,705	1,493,142	73,309,267	235,267,154
Deposits and placements of banks and other financial institutions	7,680,454	-	818,277	1,782,819	15,425,100	624,061	1,988,503	470,804	1,939,209	238,045	10,036	440,014	23,736,868	31,417,322
Repurchase agreements	2,686,486	-	-	792,288	2,257,065	-	-	-	-	-	-	-	3,049,353	5,735,839
Derivatives financial instruments														
- Trading derivatives	614,898	51,776	666,215	70,649	5,496,386	23,796	3,778	48,271	285	16,142	1,564	82,699	6,461,561	7,076,459
- Hedging derivatives	155,958	-	-	11,478	305,133	-	540	-	9	7,462	1,760	-	326,382	482,340
Bills and acceptances payable	666,565	-	795,579	33,143	61,605	-	17	-	-	-	-	-	890,344	1,556,909
Amount due to related companies	37,124	-	1,070	-	327	-	-	-	-	-	-	2,262	3,659	40,783
Other liabilities	1,987,360	425,249	214,788	315,220	671,695	268	32,841	2,248	2	12,300	13,922	42,752	1,731,285	3,718,645
Other borrowings	-	-	-	-	2,730,742	-	-	-	-	-	-	-	2,730,742	2,730,742
Bonds and debentures	500,121	-	1,592,604	52,231	1,445,824	288,320	-	-	-	-	2,135,371	-	5,514,350	6,014,471
Subordinated obligations	9,362,809	-	705,800	-	-	-	-	-	-	-	-	-	705,800	10,068,609
Financial liabilities designated at fair value	2,711,589	-	814,474	164,638	-	-	-	-	-	-	-	-	979,112	3,690,701
Redeemable preference shares	733,522	-	-	-	-	-	-	-	-	-	-	-	-	733,522
	189,094,773	477,074	25,131,580	27,563,109	52,723,966	1,902,916	3,253,858	757,571	2,015,497	1,124,925	2,427,358	2,060,869	119,438,723	308,533,496
<b>Financial guarantees</b>														
Credit related commitments and contingencies	1,726,715	-	33,676	414,795	2,456,097	624	11,553	306	451	19,028	73	2,043	2,938,646	4,665,361
	58,070,183	-	862,244	4,106,205	9,562,735	33,265	687,905	116,444	3,126,463	123,468	40,576	34,760	18,694,165	76,764,348
	59,796,898	-	895,920	4,521,100	12,018,832	33,889	699,458	116,750	3,126,914	142,496	40,649	36,803	21,632,811	81,429,709

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

	The Group												Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000		
<b>Financial assets</b>														
Cash and short-term funds	15,708,649	21,599	527,895	425,472	5,695,726	31,035	440,862	96,590	1,012,448	160,948	57,648	762,294	9,232,517	24,941,166
Reverse repurchase agreements	4,473,472	-	2,671,693	520,406	282,203	19,963	13,316	-	-	-	3,129	8,910	3,519,620	7,993,092
Deposits and placements with banks and other financial institutions	1,685,566	-	54,651	314	1,876,809	9,938	-	-	27,109	-	-	12,149	1,980,970	3,666,536
Financial assets held for trading														
- Money market instruments	6,839,782	-	-	4,140,692	106,172	-	-	-	-	-	-	-	4,246,864	11,086,646
- Quoted securities	793,022	22,530	1,029,154	58,872	434,795	149,245	-	-	-	32,929	40,875	-	1,768,400	2,561,422
- Unquoted securities	4,823,539	-	-	624,278	2,477,071	3,371	171,485	-	33,804	54,087	-	2,165	3,366,261	8,189,800
Financial investments available-for-sale														
- Money market instruments	3,640,726	-	-	-	292,902	-	85,194	-	-	-	-	-	378,096	4,018,822
- Quoted securities	-	-	2,691,200	27	-	-	-	-	-	-	-	-	2,691,227	2,691,227
- Unquoted securities	13,511,990	34,341	28,327	1,186,778	4,255,217	55,860	-	402,868	66	-	-	-	5,963,457	19,475,447
Financial investments held-to-maturity														
- Money market instruments	1,838,618	-	-	496,060	263,486	-	-	-	-	-	-	-	759,546	2,598,164
- Quoted securities	-	-	1,628,612	-	-	-	-	-	-	-	-	8,078	1,636,690	1,636,690
- Unquoted securities	4,342,338	-	881	1,250,733	-	-	-	-	-	-	-	-	1,251,614	5,593,952
Derivative financial instruments														
- Trading derivatives	1,196,357	4,068	242,042	94,101	2,704,519	29,425	-	84,396	21,159	76,634	477	63,981	3,320,802	4,517,159
- Hedging derivatives	44,078	-	-	17,826	135,259	-	715	-	-	1,762	2,548	-	158,110	202,188
Loans, advances and financing														
- Overdrafts	4,050,165	-	735,109	93,274	145,436	1	-	-	-	-	-	-	973,820	5,023,985
- Term loans/financing	114,856,839	-	11,450,694	10,527,760	11,048,754	371,320	1,663,083	258,866	-	655,539	87,100	-	36,063,116	150,919,955
- Bills receivable	85,188	-	2,707,924	115,809	2,226,335	-	2,327	7,781	3,951,034	22,214	-	-	9,033,424	9,118,612
- Trust receipts	272,285	-	861,378	75,969	609,616	-	17,902	11,233	3,845	14,766	1,949	722	1,597,380	1,869,665
- Claim on customers under acceptance credit	3,187,179	-	279	-	170	-	-	-	-	-	-	-	449	3,187,628
- Credit card receivables	4,245,765	-	-	988,117	-	-	-	-	-	-	-	-	988,117	5,233,882
- Revolving credit	6,229,990	-	81,549	1,143,170	1,415,460	17,633	377,707	51,594	-	44,586	-	-	3,131,699	9,361,689
- Share margin financing	715,199	-	-	-	-	-	-	-	-	-	-	-	-	715,199
Other assets	1,314,856	269	391,994	31,282	1,134,063	746	1,768	89	-	1,001	2,371	2,658	1,566,241	2,881,097
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	-	-	-	-	-	-	28,853
Amount due from related companies	1,092,379	115	198	3	18	-	91	-	-	-	-	44	469	1,092,848
	194,976,835	82,922	25,103,580	21,790,943	35,104,011	688,537	2,774,450	510,549	5,452,267	1,031,603	188,151	901,876	93,628,889	288,605,724



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

		The Group 31 December 2013											Total non- MYR	Grand total
MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	EUR	HKD	Others	MYR	RM'000	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Financial liabilities</b>														
Deposits from customers	160,191,809	43	15,220,376	21,444,568	18,944,452	1,352,722	1,170,395	206,843	69,874	729,853	181,647	735,108	60,055,881	220,247,690
Deposits and placements of banks and other financial institutions	6,080,988	-	289,109	843,653	9,843,652	477,946	577,357	640,607	-	1,081,834	8,177	156,510	13,918,845	19,999,833
Repurchase agreements	1,010,453	-	3,646,636	776,545	417,753	-	-	-	-	-	-	71,401	4,912,335	5,922,788
Derivatives financial instruments														
- Trading derivatives	1,770,634	47,018	221,941	219,938	2,826,866	154,415	1,780	26,497	21,438	82,424	38,306	78,643	3,719,266	5,489,900
- Hedging derivatives	145,701	-	288	6,911	124,680	-	2,855	-	20,556	3,507	315	-	159,112	304,813
Bills and acceptances payable	1,828,259	-	1,260,598	-	108,452	59,876	17	-	-	-	-	-	1,428,943	3,257,202
Amount due to ultimate holding company	1,450	-	-	-	-	-	-	-	-	-	-	-	-	1,450
Amount due to related companies	30,243	-	-	92	3,681	-	-	-	-	-	-	-	3,773	34,016
Other liabilities	2,619,058	129	281,675	580	522,263	7,711	10,697	902	1,107	215	498	-	825,777	3,444,835
Other borrowings	-	-	-	-	1,968,211	-	-	-	-	-	-	-	1,968,211	1,968,211
Bonds and debentures	500,080	-	2,630,547	51,121	1,354,902	-	-	-	-	1,330,430	-	-	5,367,000	5,867,080
Subordinated obligations	8,964,939	-	669,636	-	-	-	-	-	-	-	-	-	669,636	9,634,575
Financial liabilities designated at fair value	1,979,716	-	-	152,454	-	-	-	-	-	-	-	-	152,454	2,132,170
Redeemable preference shares	719,251	-	-	-	-	-	-	-	-	-	-	-	-	719,251
	185,842,581	47,190	24,220,806	23,495,862	36,114,912	2,052,670	1,763,101	873,947	112,770	1,898,725	1,559,090	1,042,160	93,181,233	279,023,814
<b>Financial guarantees</b>														
Credit related commitments and contingencies	1,278,211	-	105,478	-	1,252,222	-	101,578	-	50,487	3,698	-	127,801	1,641,264	2,919,475
	48,945,751	-	913,258	3,895,457	4,773,294	3,265	786,216	311,674	-	70,598	12,710	20,750	10,787,222	59,732,973
	50,223,962	-	1,018,736	3,895,457	6,025,516	3,265	887,794	311,674	50,487	74,296	12,710	148,551	12,428,486	62,652,448

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

		The Bank												
		31 December 2014												
	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	EUR	HKD	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>														
Cash and short-term funds	7,311,479	31,754	24,237	231,307	11,279,364	156,273	378,625	218,540	567,630	350,287	56,242	829,361	14,123,620	21,435,099
Reverse repurchase agreements	1,380,192	-	-	950,515	1,995,938	9,997	64,846	-	-	969	4,196	-	3,026,461	4,406,653
Deposits and placements with banks and other financial institutions	3,941,042	-	-	-	1,030,982	-	-	-	398,815	-	12,176	-	1,441,973	5,383,015
Financial assets held for trading														
- Money market instruments	4,401,107	-	-	4,823,978	243,373	1,263	-	-	-	13,122	-	-	5,081,736	9,482,843
- Quoted securities	837,415	24,851	-	45,087	783,695	4,360	-	-	-	-	306,402	1,138,475	2,302,870	3,140,285
- Unquoted securities	1,486,566	-	-	406,535	3,553,414	10,361	-	-	283,369	27,559	-	-	4,281,238	5,767,804
Financial investments available-for-sale														
- Money market instruments	3,376,202	-	-	-	257,070	-	111,117	-	-	-	18,033	-	386,220	3,762,422
- Quoted securities	-	-	-	99	-	-	-	-	-	-	-	-	99	99
- Unquoted securities	13,064,392	35,876	-	1,750,671	3,629,259	81,546	-	-	353,029	92,538	-	-	5,942,919	19,007,311
Financial investments held-to-maturity														
- Money market instruments	4,643,695	-	-	482,886	280,956	-	-	-	-	-	-	-	763,842	5,407,537
- Unquoted securities	6,879,247	-	-	1,209,332	-	-	-	-	-	-	-	-	1,209,332	8,088,579
Derivative financial instruments														
- Trading derivatives	823,833	3,631	310,586	41,560	4,279,250	17,537	8,589	34,697	3,242	18,533	24,027	172,742	4,914,394	5,738,227
- Hedging derivatives	140,503	-	-	35,449	67,696	-	5,176	-	4,853	3,733	3,571	1	120,479	260,982
Loans, advances and financing														
- Overdrafts	3,552,303	-	-	91,122	8,537	-	-	-	-	-	-	-	99,659	3,651,962
- Term loans/financing	89,037,825	-	-	12,766,067	13,885,256	232,495	2,271,590	143,443	-	964,357	160,760	-	30,423,968	119,461,793
- Bills receivable	18,659	-	-	145,301	3,262,904	-	38,050	5,464	1,948,980	3,377	2,088	1,805,448	7,211,612	7,230,271
- Trust receipts	183,048	-	-	27,064	336,574	3,561	5,206	1,273	-	2,626	-	-	376,304	559,352
- Claim on customers under acceptance credit	2,531,507	-	-	-	-	-	-	-	-	-	-	-	2,531,507	2,531,507
- Credit card receivables	4,643,319	-	-	1,218,682	-	-	-	-	-	-	-	-	1,218,682	5,862,001
- Revolving credit	4,626,003	-	-	2,116,814	3,026,376	52,422	807,031	148,122	-	936	8,097	-	6,159,798	10,785,801
- Share margin financing	791,876	-	-	-	-	-	-	-	-	-	-	-	791,876	791,876
Other assets	1,818,765	-	669	526,492	1,940,509	80	2,376	134	-	2,020	-	204,787	2,677,067	4,495,832
Amount due from subsidiaries	2,158	1	48	-	4,057	-	-	-	-	-	-	-	4,106	6,264
Amount due from related companies	1,223,374	8	116	5,702	-	-	1,314	-	-	-	-	-	7,140	1,230,514
	156,714,510	96,121	335,656	26,874,663	49,865,210	569,895	3,693,920	551,673	3,559,918	1,480,057	595,592	4,150,814	91,773,519	248,488,029
<b>Financial liabilities</b>														
Deposits from customers	122,257,517	49	36,359	24,336,616	22,680,783	965,074	1,227,080	155,447	75,992	830,299	264,705	1,490,646	52,063,050	174,320,567
Deposits and placements of banks and other financial institutions	7,654,253	-	-	1,784,757	16,306,434	624,061	2,260,798	467,982	1,939,570	238,045	10,036	252,367	23,884,050	31,538,303
Repurchase agreements	2,686,486	-	-	792,288	2,257,065	-	-	-	-	-	-	-	3,049,353	5,735,839
Derivatives financial instruments														
- Trading derivatives	767,884	51,776	283,781	70,015	4,815,009	17,835	3,768	35,881	285	16,011	1,564	35,575	5,331,500	6,099,384
- Hedging derivatives	185,721	-	-	11,477	295,456	-	540	-	9	7,462	1,760	-	316,704	502,425
Bills and acceptances payable	666,565	-	-	33,143	61,506	-	-	-	-	-	-	-	94,649	761,214
Amount due to subsidiaries	22,350	-	-	22,714	81,226	-	-	-	-	-	-	-	103,940	126,290
Amount due to related companies	20,987	-	-	-	1	-	-	-	-	-	-	2,262	2,263	23,250
Other liabilities	1,868,509	425,247	121	315,214	583,035	127	32,840	2,248	2	12,247	13,922	42,593	1,427,596	3,296,105
Other borrowings	-	-	-	-	2,730,742	-	-	-	-	-	-	-	2,730,742	2,730,742
Bonds and debentures	-	-	-	52,231	1,445,824	288,320	-	-	-	-	2,135,371	-	3,921,746	3,921,746
Subordinated notes	8,099,754	-	-	-	733,522	-	-	-	-	-	-	-	733,522	8,833,276
Financial liabilities designated at fair value	2,561,754	-	-	164,638	-	-	-	-	-	-	-	-	164,638	2,726,392
	146,791,780	477,072	320,261	27,583,093	51,990,603	1,895,417	3,525,026	661,558	2,015,858	1,104,064	2,427,358	1,823,443	93,823,753	240,615,533
Financial guarantees	1,605,550	-	15,627	414,795	2,256,910	624	11,553	306	451	18,705	73	2,042	2,721,086	4,326,636
Credit related commitments and contingencies	52,328,526	-	-	4,106,120	9,120,539	33,265	683,316	88,610	3,126,418	74,226	40,576	17,377	17,290,447	69,618,973
	53,934,076	-	15,627	4,520,915	11,377,449	33,889	694,869	88,916	3,126,869	92,931	40,649	19,419	20,011,533	73,945,609

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank (Continued):

The Bank 31 December 2013														
	MYR	IDR	THB	SGD	USD	AUD	GBP	JPY	RMB	EUR	HKD	Others	Total non-MYR	Grand total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>														
Cash and short-term funds	10,312,117	24,365	9,523	423,216	5,292,693	26,588	409,163	35,607	1,010,163	102,583	55,864	765,270	8,155,035	18,467,152
Reverse repurchase agreements	4,473,472	-	-	520,406	282,203	19,963	13,316	-	-	-	3,129	8,910	847,927	5,321,399
Deposits and placements with banks and other financial institutions	6,069,873	-	-	2,073	1,829,072	9,938	-	-	27,109	-	-	12,149	1,880,341	7,950,214
Financial assets held for trading														
- Money market instruments	3,879,425	-	-	4,140,692	106,172	-	-	-	-	-	-	-	4,246,864	8,126,289
- Quoted securities	793,022	22,530	-	58,872	434,795	149,245	-	-	-	-	32,929	40,875	739,246	1,532,268
- Unquoted securities	4,616,687	-	-	624,278	2,410,739	3,371	171,485	-	33,804	54,087	-	2,165	3,299,929	7,916,616
Financial investments available-for-sale														
- Money market instruments	3,237,444	-	-	-	258,109	-	85,194	-	-	-	-	-	343,303	3,580,747
- Quoted securities	-	-	-	27	-	-	-	-	-	-	-	-	27	27
- Unquoted securities	12,665,364	34,341	24,517	1,186,190	4,115,832	55,860	-	-	402,868	-	-	-	5,819,608	18,484,972
Financial investments held-to-maturity														
- Money market instruments	1,838,618	-	-	496,060	263,486	-	-	-	-	-	-	-	759,546	2,598,164
- Unquoted securities	3,741,630	-	-	1,250,733	-	-	-	-	-	-	-	-	1,250,733	4,992,363
Derivative financial instruments														
- Trading derivatives	1,191,404	4,068	80,363	91,587	2,041,186	23,069	-	65,821	21,159	12,330	477	61,110	2,401,170	3,592,574
- Hedging derivatives	158,186	-	-	17,826	135,579	-	715	-	-	1,762	2,548	-	158,430	316,616
Loans, advances and financing														
- Overdrafts	3,586,226	-	-	93,274	3,436	1	-	-	-	-	-	-	96,711	3,682,937
- Term loans/financing	82,604,299	-	-	10,527,760	10,548,132	371,320	1,663,083	258,866	-	361,009	87,099	-	23,817,269	106,421,568
- Bills receivable	82,306	-	-	115,809	2,150,116	-	2,327	7,781	3,950,536	3,048	-	-	6,229,617	6,311,923
- Trust receipts	248,389	-	-	75,969	218,374	-	13,310	4,525	-	1,111	-	-	313,289	561,678
- Claim on customers under acceptance credit	2,828,192	-	-	-	-	-	-	-	-	-	-	-	-	2,828,192
- Credit card receivables	4,145,248	-	-	988,117	-	-	-	-	-	-	-	-	988,117	5,133,365
- Revolving credit	4,160,132	-	-	1,143,170	1,399,819	17,633	377,707	51,594	-	44,586	-	-	3,034,509	7,194,641
- Share margin financing	699,006	-	-	-	-	-	-	-	-	-	-	-	-	699,006
Other assets	1,191,900	269	-	31,269	878,272	746	1,767	64	-	1,005	2,371	2,658	918,421	2,110,321
Amount due from subsidiaries	100,496	-	-	-	4,495	-	72	-	-	32,941	-	-	37,508	138,004
Amount due from related companies	1,091,274	13	119	3	-	-	91	-	-	-	-	44	270	1,091,544
	153,714,710	85,586	114,522	21,787,331	32,372,510	677,734	2,738,230	424,258	5,445,639	614,462	184,417	893,181	65,337,870	219,052,580
<b>Financial liabilities</b>														
Deposits from customers	123,244,386	1	25,560	20,925,304	7,709,454	1,351,711	994,134	206,334	69,874	672,144	181,411	734,718	32,870,645	156,115,031
Deposits and placements of banks and other financial institutions	5,951,023	-	-	1,364,636	19,993,572	477,946	750,585	639,837	-	1,083,602	-	156,507	24,466,685	30,417,708
Repurchase agreements	1,010,453	-	-	776,545	417,753	-	-	-	-	-	-	71,401	1,265,699	2,276,152
Derivatives financial instruments														
- Trading derivatives	1,770,179	47,018	68,710	218,933	2,104,301	148,064	1,771	25,747	21,438	9,000	38,219	76,428	2,759,629	4,529,808
- Hedging derivatives	190,034	-	-	6,911	125,651	-	2,855	-	20,556	3,507	315	-	159,795	349,829
Bills and acceptances payable	1,828,259	-	-	-	29,703	59,876	-	-	-	-	-	-	89,579	1,917,838
Amount due to subsidiaries	21,931	-	681	13,122	-	-	-	-	-	-	2	-	13,805	35,736
Amount due to related companies	21,023	-	-	92	41	-	-	-	-	-	-	-	133	21,156
Other liabilities	2,500,992	124	10	119	485,443	7,267	10,486	-	901	52	215	335	504,952	3,005,944
Other borrowings	-	-	-	-	1,968,211	-	-	-	-	-	-	-	1,968,211	1,968,211
Bonds and debentures	-	-	-	51,121	1,354,902	-	-	-	-	-	1,330,430	-	2,736,453	2,736,453
Subordinated notes	8,109,546	-	-	-	719,251	-	-	-	-	-	-	-	719,251	8,828,797
Financial liabilities designated at fair value	1,833,500	-	-	152,454	-	-	-	-	-	-	-	-	152,454	1,985,954
	146,481,326	47,143	94,961	23,509,237	34,908,282	2,044,864	1,759,831	871,918	112,769	1,768,305	1,550,592	1,039,389	67,707,291	214,188,617
Financial guarantees	1,125,425	-	-	-	1,094,391	-	101,578	-	50,487	3,698	-	127,801	1,377,955	2,503,380
Credit related commitments and contingencies	43,683,278	-	831	3,891,311	4,183,863	3,265	781,201	231,689	-	26,389	12,710	13,013	9,144,272	52,827,550
	44,808,703	-	831	3,891,311	5,278,254	3,265	882,779	231,689	50,487	30,087	12,710	140,814	10,522,227	55,330,930

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group's and the Bank's profit and reserves to movement in foreign exchange rates:

	<b>The Group</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>1% appreciation RM'000</b>	<b>1% depreciation RM'000</b>	<b>1% appreciation RM'000</b>	<b>1% depreciation RM'000</b>
Impact to profit (after tax)	4,277	(4,277)	1,751	(1,751)
Impact to reserves	(44,862)	44,862	(26,759)	26,759

	<b>The Bank</b>			
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>1% appreciation RM'000</b>	<b>1% depreciation RM'000</b>	<b>1% appreciation RM'000</b>	<b>1% depreciation RM'000</b>
Impact to profit (after tax)	3,695	(3,695)	(104)	104
Impact to reserves	(44,862)	44,862	(26,759)	26,759

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.3 Liquidity risk**

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand and fixed deposits. This provides the Group a large stable funding base.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee (Country ALCO) which subsequently report to Group ALCO (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group. The Asset- Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by the Group is governed by a set of established liquidity risk appetite and thresholds. Management action triggers (MATs) have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Framework is subjected to regular review; assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis and complied with internal risk thresholds and regulatory requirements for liquidity risk.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.3 Liquidity risk (Continued)**

The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group.

Consolidated stress test, including liquidity stress test, is performed on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments and hair cuts for marketable securities, are documented and the test results are submitted to the Country and Group ALCOs, the Group Risk Committee and the Board Risk Committees / Board of Directors of the Group. The test results to date have indicated that the Group has sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions. In addition, the Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR), which is expected to take effect in mid-2015 for Malaysia.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

	The Group							Total
	31 December 2014							
	Up to 1 month RM '000	> 1 - 3 months RM '000	> 3 - 6 months RM '000	> 6 - 12 months RM '000	> 1 - 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Assets</b>								
Cash and short-term funds	25,456,055	-	-	-	-	-	-	25,456,055
Reverse repurchase agreements	2,698,697	1,569,497	-	244,755	-	-	-	4,512,949
Deposits and placements with banks and other financial institutions	2,549,445	1,190,116	105,321	-	-	-	-	3,844,882
Financial assets held for trading	3,189,196	6,313,416	2,714,980	888,983	3,126,947	3,288,499	3,196,066	22,718,087
Financial investments available-for-sale	284,602	146,091	125,192	468,768	10,687,968	14,284,495	1,536,219	27,533,335
Financial investments held-to-maturity	305,140	921,571	107,637	667,346	6,939,311	7,773,866	-	16,714,871
Derivative financial instruments	565,893	561,752	604,675	998,764	2,797,020	1,403,267	-	6,931,371
Loans, advances and financing	26,946,503	8,654,994	7,651,543	6,808,806	40,791,904	117,100,969	-	207,954,719
Other assets	4,425,229	10,165	141,314	647	1,162,612	90,025	-	5,829,992
Deferred taxation	-	-	-	-	-	-	191,246	191,246
Tax recoverable	3,601	-	-	-	-	-	-	3,601
Statutory deposits with central banks	-	-	-	-	-	-	6,839,444	6,839,444
Investment in joint venture	-	-	-	-	-	-	161,188	161,188
Investment in associate	-	-	-	-	-	-	785,797	785,797
Amount due from ultimate holding company	12,155	-	697	1,366	4,378	10,257	-	28,853
Amount due from related companies	1,233,998	-	-	-	-	-	-	1,233,998
Goodwill	-	-	-	-	-	-	4,965,324	4,965,324
Intangible assets	-	-	-	-	-	-	1,074,429	1,074,429
Prepaid lease payments	-	-	-	-	-	-	855	855
Property, plant and equipment	-	-	-	-	-	-	854,725	854,725
Investment properties	-	-	-	-	-	-	4,000	4,000
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	9,858	9,858
<b>Total assets</b>	<b>67,670,514</b>	<b>19,367,602</b>	<b>11,451,359</b>	<b>10,079,435</b>	<b>65,510,140</b>	<b>143,951,378</b>	<b>19,619,151</b>	<b>337,649,579</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Group							Total
	31 December 2014							
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Liabilities</b>								
Deposits from customers	156,211,106	35,176,315	18,934,616	18,746,620	4,677,000	1,521,497	-	235,267,154
Deposits and placements of banks and other financial institutions	12,437,005	8,973,534	7,093,958	1,991,693	698,844	222,288	-	31,417,322
Repurchase agreements	505,317	2,528,233	1,788,486	121,515	792,288	-	-	5,735,839
Derivative financial instruments	699,664	532,301	777,308	1,144,630	3,348,047	1,056,849	-	7,558,799
Bills and acceptances payable	1,276,055	174,222	43,692	72	62,868	-	-	1,556,909
Financial liabilities designated at fair value	2,445	1,701	193	-	2,388,423	1,297,939	-	3,690,701
Amount due to related companies	40,783	-	-	-	-	-	-	40,783
Other liabilities	4,144,584	-	-	-	-	-	-	4,144,584
Deferred taxation	-	-	-	-	-	-	2,346	2,346
Provision for taxation and Zakat	121,491	-	-	-	-	-	-	121,491
Bonds and debentures	517,065	87,111	1,140,677	15,832	4,253,786	-	-	6,014,471
Other borrowings	3,472	-	-	349,650	2,377,620	-	-	2,730,742
Subordinated obligations	150,962	-	2,222	1,004,852	3,886,411	5,024,162	-	10,068,609
Redeemable preference shares	7,587	-	-	725,935	-	-	-	733,522
<b>Total liabilities</b>	<b>176,117,536</b>	<b>47,473,417</b>	<b>29,781,152</b>	<b>24,100,799</b>	<b>22,485,287</b>	<b>9,122,735</b>	<b>2,346</b>	<b>309,083,272</b>
<b>Net liquidity gap</b>	<b>(108,447,022)</b>	<b>(28,105,815)</b>	<b>(18,329,793)</b>	<b>(14,021,364)</b>	<b>43,024,853</b>	<b>134,828,643</b>	<b>19,616,805</b>	



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Group 31 December 2013							Total RM '000
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Assets</b>								
Cash and short-term funds	24,941,166	-	-	-	-	-	-	24,941,166
Reverse repurchase agreements	5,136,239	2,856,853	-	-	-	-	-	7,993,092
Deposits and placements with banks and other financial institutions	1,402,317	2,178,818	85,401	-	-	-	-	3,666,536
Financial assets held for trading	4,449,484	5,249,399	1,311,088	919,690	5,874,966	2,427,925	1,605,316	21,837,868
Financial investments available-for-sale	285,899	353,168	461,787	1,061,763	8,609,802	14,205,512	1,207,565	26,185,496
Financial investments held-to-maturity	124,564	23,326	35,388	506,155	5,388,153	3,751,220	-	9,828,806
Derivative financial instruments	1,067,606	276,739	221,985	222,559	1,792,993	1,137,465	-	4,719,347
Loans, advances and financing	20,224,478	9,550,168	6,459,452	6,555,463	38,297,776	104,343,278	-	185,430,615
Other assets	3,336,207	3,751	10,164	-	131,117	-	-	3,481,239
Deferred taxation	-	-	-	-	-	-	206,382	206,382
Tax recoverable	6,270	-	-	-	-	-	-	6,270
Statutory deposits with central banks	-	-	-	-	-	-	6,359,196	6,359,196
Investment in joint venture	-	-	-	-	-	-	158,307	158,307
Investment in associate	-	-	-	-	-	-	693,343	693,343
Amount due from ultimate holding company	28,853	-	-	-	-	-	-	28,853
Amount due from related companies	1,092,848	-	-	-	-	-	-	1,092,848
Goodwill	-	-	-	-	-	-	4,890,179	4,890,179
Intangible assets	-	-	-	-	-	-	1,015,035	1,015,035
Prepaid lease payments	-	-	-	-	-	-	1,346	1,346
Property, plant and equipment	-	-	-	-	-	-	866,332	866,332
Investment properties	-	-	-	-	-	-	4,000	4,000
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	21,589	21,589
<b>Total assets</b>	<b>62,095,931</b>	<b>20,492,222</b>	<b>8,585,265</b>	<b>9,265,630</b>	<b>60,094,807</b>	<b>125,865,400</b>	<b>17,028,590</b>	<b>303,427,845</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	<b>The Group 31 December 2013</b>							
	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	157,253,534	26,728,079	16,991,570	15,346,755	2,048,585	1,879,167	-	220,247,690
Deposits and placements of banks and other financial institutions	8,530,861	6,683,577	2,366,935	1,399,598	391,654	627,208	-	19,999,833
Repurchase agreements	2,896,591	2,201,858	47,794	-	776,545	-	-	5,922,788
Derivative financial instruments	1,213,275	523,154	405,740	694,139	2,163,968	794,437	-	5,794,713
Bills and acceptances payable	2,316,904	736,750	43,214	2,539	74,843	82,952	-	3,257,202
Financial liabilities designated at fair value	-	-	-	-	1,215,281	916,890	-	2,132,170
Amount due to ultimate holding company	1,450	-	-	-	-	-	-	1,450
Amount due to related companies	30,650	3,366	-	-	-	-	-	34,016
Other liabilities	3,978,664	-	-	-	-	-	-	3,978,664
Deferred taxation	-	-	-	-	-	-	2,188	2,188
Provision for taxation and Zakat	217,221	-	-	-	-	-	-	217,221
Bonds and debentures	1,303,619	478,771	352,900	-	3,731,790	-	-	5,867,080
Other borrowings	2,011	655,400	98,310	163,850	327,700	720,940	-	1,968,211
Subordinated obligations	135,439	83	2,089	-	4,593,447	4,903,517	-	9,634,575
Redeemable preference shares	7,111	-	-	-	712,140	-	-	719,251
<b>Total liabilities</b>	<b>177,887,330</b>	<b>38,011,038</b>	<b>20,308,552</b>	<b>17,606,881</b>	<b>16,035,953</b>	<b>9,925,111</b>	<b>2,188</b>	<b>279,777,052</b>
<b>Net liquidity gap</b>	<b>(115,791,399)</b>	<b>(17,518,816)</b>	<b>(11,723,287)</b>	<b>(8,341,251)</b>	<b>44,058,854</b>	<b>115,940,289</b>	<b>17,026,402</b>	

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM '000
	31 December 2014							
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Assets</b>								
Cash and short-term funds	21,435,099	-	-	-	-	-	-	21,435,099
Reverse repurchase agreements	2,592,401	1,569,497	-	244,755	-	-	-	4,406,653
Deposits and placements with banks and other financial institutions	2,256,083	3,018,768	108,164	-	-	-	-	5,383,015
Financial assets held for trading	2,299,311	5,107,109	1,199,054	800,510	2,572,609	3,216,274	3,196,065	18,390,932
Financial investments available-for-sale	256,440	126,101	125,192	396,827	7,387,475	13,162,261	1,315,536	22,769,832
Financial investments held-to-maturity	140,474	597,857	107,637	587,611	4,883,391	7,179,146	-	13,496,116
Derivative financial instruments	484,820	446,703	487,803	934,084	2,585,435	1,060,364	-	5,999,209
Loans, advances and financing	22,340,114	5,923,614	6,307,191	5,823,287	27,271,748	83,208,609	-	150,874,563
Other assets	3,909,256	10,026	114,345	-	1,139,769	90,025	-	5,263,421
Deferred taxation	-	-	-	-	-	-	69,009	69,009
Statutory deposits with central banks	-	-	-	-	-	-	5,125,836	5,125,836
Investment in subsidiaries	-	-	-	-	-	-	5,036,252	5,036,252
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	318,329	318,329
Amount due from subsidiaries	6,264	-	-	-	-	-	-	6,264
Amount due from related companies	1,230,514	-	-	-	-	-	-	1,230,514
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	956,067	956,067
Property, plant and equipment	-	-	-	-	-	-	502,102	502,102
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	5,658	5,658
<b>Total assets</b>	<b>56,950,776</b>	<b>16,799,675</b>	<b>8,449,386</b>	<b>8,787,074</b>	<b>45,840,427</b>	<b>107,916,679</b>	<b>20,204,929</b>	<b>264,948,946</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>								
Deposits from customers	119,620,730	23,194,735	13,758,110	14,126,458	2,267,616	1,352,918	-	174,320,567
Deposits and placements of banks and other financial institutions	11,509,795	9,964,834	7,088,523	2,054,347	698,516	222,288	-	31,538,303
Repurchase agreements	505,317	2,528,233	1,788,486	121,515	792,288	-	-	5,735,839
Derivative financial instruments	619,705	403,363	650,143	1,041,302	3,122,676	764,620	-	6,601,809
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	761,214
Financial liabilities designated at fair value	-	-	-	-	1,839,702	886,690	-	2,726,392
Amount due to subsidiaries	126,290	-	-	-	-	-	-	126,290
Amount due to related companies	23,250	-	-	-	-	-	-	23,250
Other liabilities	3,437,224	-	-	-	-	-	-	3,437,224
Provision for taxation and Zakat	101,553	-	-	-	-	-	-	101,553
Bonds and debentures	167,962	-	-	-	3,753,784	-	-	3,921,746
Other borrowings	3,472	-	-	349,650	2,377,620	-	-	2,730,742
Subordinated obligations	71,500	-	-	1,730,786	3,335,769	3,695,221	-	8,833,276
<b>Total liabilities</b>	<b>136,815,340</b>	<b>36,180,072</b>	<b>23,328,954</b>	<b>19,424,131</b>	<b>18,187,971</b>	<b>6,921,737</b>	<b>-</b>	<b>240,858,205</b>
<b>Net liquidity gap</b>	<b>(79,864,564)</b>	<b>(19,380,397)</b>	<b>(14,879,568)</b>	<b>(10,637,057)</b>	<b>27,652,456</b>	<b>100,994,942</b>	<b>20,204,929</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM'000
	31 December 2013							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>Assets</b>								
Cash and short-term funds	18,467,152	-	-	-	-	-	-	18,467,152
Reverse repurchase agreements	2,464,546	2,856,853	-	-	-	-	-	5,321,399
Deposits and placements with banks and other financial institutions	1,520,219	4,261,211	1,668,784	500,000	-	-	-	7,950,214
Financial assets held for trading	3,315,851	3,894,833	779,411	861,063	4,929,357	2,255,675	1,538,983	17,575,173
Financial investments available-for-sale	199,963	288,076	457,872	968,411	5,830,556	13,250,138	1,070,730	22,065,746
Financial investments held-to-maturity	61,663	6,143	5,265	202,929	4,165,072	3,149,455	-	7,590,527
Derivative financial instruments	173,288	279,679	205,115	220,500	1,827,792	1,202,816	-	3,909,190
Loans, advances and financing	15,482,726	7,001,264	5,256,899	5,984,175	27,832,534	71,275,712	-	132,833,310
Other assets	2,423,874	-	-	-	122,906	-	-	2,546,780
Deferred taxation	-	-	-	-	-	-	85,262	85,262
Statutory deposits with central banks	-	-	-	-	-	-	4,652,307	4,652,307
Investment in subsidiaries	-	-	-	-	-	-	4,886,252	4,886,252
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	321,635	321,635
Amount due from subsidiaries	138,004	-	-	-	-	-	-	138,004
Amount due from related companies	1,091,544	-	-	-	-	-	-	1,091,544
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	978,712	978,712
Property, plant and equipment	-	-	-	-	-	-	507,240	507,240
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	3,429	3,429
<b>Total assets</b>	<b>45,338,830</b>	<b>18,588,059</b>	<b>8,373,346</b>	<b>8,737,078</b>	<b>44,708,217</b>	<b>91,133,796</b>	<b>17,724,625</b>	<b>234,603,951</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

	The Bank							Total RM'000
	31 December 2013							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>Liabilities</b>								
Deposits from customers	115,512,148	18,537,466	9,385,491	10,197,892	775,221	1,706,813	-	156,115,031
Deposits and placements of banks and other financial institutions	13,650,866	8,276,411	4,932,873	2,514,835	415,515	627,208	-	30,417,708
Repurchase agreements	2,673	1,449,140	47,794	-	776,545	-	-	2,276,152
Derivative financial instruments	278,705	533,292	400,387	692,783	2,188,472	785,998	-	4,879,637
Bills and acceptances payable	1,289,793	586,071	41,953	21	-	-	-	1,917,838
Financial liabilities designated at fair value	-	-	-	-	1,069,064	916,890	-	1,985,954
Amount due to subsidiaries	35,736	-	-	-	-	-	-	35,736
Amount due to related companies	21,156	-	-	-	-	-	-	21,156
Other liabilities	3,177,941	-	-	-	-	-	-	3,177,941
Provision for taxation and Zakat	221,857	-	-	-	-	-	-	221,857
Bonds and debentures	4,329	-	-	-	2,732,124	-	-	2,736,453
Other borrowings	2,011	655,400	98,310	163,850	327,700	720,940	-	1,968,211
Subordinated obligations	70,359	-	-	-	5,053,150	3,705,288	-	8,828,797
<b>Total liabilities</b>	<b>134,267,574</b>	<b>30,037,780</b>	<b>14,906,808</b>	<b>13,569,381</b>	<b>13,337,791</b>	<b>8,463,137</b>	<b>-</b>	<b>214,582,471</b>
<b>Net liquidity gap</b>	<b>(88,928,744)</b>	<b>(11,449,721)</b>	<b>(6,533,462)</b>	<b>(4,832,303)</b>	<b>31,370,426</b>	<b>82,670,659</b>	<b>17,724,625</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non-derivative financial liabilities</b>								
Deposits from customers	157,122,475	35,413,851	19,174,686	19,161,070	4,976,369	1,774,826	-	237,623,277
Deposits and placements of banks and other financial institutions	12,493,140	8,994,546	7,120,669	2,010,705	698,854	222,288	-	31,540,202
Repurchase agreements	504,812	2,528,738	1,788,486	121,515	792,288	-	-	5,735,839
Bills and acceptances payable	1,276,256	174,434	44,342	719	66,164	-	-	1,561,915
Financial liabilities designated at fair value	86,311	3,459	2,459	8,923	2,690,559	1,457,145	-	4,248,856
Amount due to related companies	190,593	-	-	-	-	-	-	190,593
Other liabilities	3,718,645	-	-	-	-	-	-	3,718,645
Bonds and debentures	543,493	92,693	1,161,452	61,236	4,413,046	-	-	6,271,920
Other borrowings	3,472	-	-	354,088	2,439,399	-	-	2,796,959
Subordinated obligations	152,046	64,313	189,308	1,278,143	5,372,689	5,707,113	-	12,763,612
Redeemable preference shares	7,587	-	-	725,935	-	-	-	733,522
Financial guarantees	2,551,212	-	2,116	1,896,117	208,508	7,408	-	4,665,361
Credit related commitments and contingencies	40,857,116	1,121,414	2,038,313	9,134,574	2,208,849	21,404,082	-	76,764,348
	<b>219,507,158</b>	<b>48,393,448</b>	<b>31,521,831</b>	<b>34,753,025</b>	<b>23,866,725</b>	<b>30,572,862</b>	<b>-</b>	<b>388,615,049</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Group 31 December 2013							Total RM '000
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Non-derivative financial liabilities</b>								
Deposits from customers	157,658,289	26,842,462	17,115,577	15,457,880	2,219,219	1,896,840	-	221,190,267
Deposits and placements of banks and other financial institutions	8,537,615	6,720,891	2,420,388	1,437,220	392,417	627,208	-	20,135,739
Repurchase agreements	2,901,021	2,204,646	50,119	3,447	795,890	-	-	5,955,123
Bills and acceptances payable	2,317,394	736,750	43,214	2,539	74,843	106,570	-	3,281,310
Financial liabilities designated at fair value	13,132	20,071	26,502	57,078	1,440,667	1,053,469	-	2,610,919
Amount due to ultimate holding company	1,450	-	-	-	-	-	-	1,450
Amount due to related companies	30,650	3,366	-	-	-	-	-	34,016
Other liabilities	3,978,664	-	-	-	-	-	-	3,978,664
Bonds and debentures	1,305,236	482,380	363,117	6,974	3,933,708	-	-	6,091,415
Other borrowings	2,086	656,704	98,679	166,010	336,017	759,406	-	2,018,902
Subordinated obligations	136,056	64,469	187,396	259,944	6,267,694	5,701,739	-	12,617,298
Redeemable preference shares	7,111	-	-	-	712,140	-	-	719,251
Financial guarantees	2,092,534	428,315	219,331	62,025	117,270	-	-	2,919,475
Credit related commitments and contingencies	50,291,711	412,843	272,198	2,200,528	2,403,596	4,152,097	-	59,732,973
	<u>229,272,949</u>	<u>38,572,897</u>	<u>20,796,521</u>	<u>19,653,645</u>	<u>18,693,461</u>	<u>14,297,329</u>	<u>-</u>	<u>341,286,802</u>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Bank							Total
	31 December 2014							
	Up to 1 month RM '000	> 1 – 3 months RM '000	> 3 – 6 months RM '000	> 6 – 12 months RM '000	> 1 – 5 years RM '000	Over 5 years RM '000	No-specific maturity RM '000	
<b>Non-derivative financial liabilities</b>								
Deposits from customers	120,536,198	23,309,673	13,896,539	14,378,442	2,508,280	1,600,507	-	176,229,639
Deposits and placements of banks and other financial institutions	11,559,238	9,992,446	7,115,004	2,073,223	698,516	222,288	-	31,660,715
Repurchase agreements	504,812	2,528,738	1,788,486	121,515	792,288	-	-	5,735,839
Bills and acceptances payable	628,542	88,907	43,692	73	-	-	-	761,214
Financial liabilities designated at fair value	58	330	224	613	2,088,527	1,055,334	-	3,145,086
Bonds and debentures	194,090	5,238	9,338	45,081	3,913,046	-	-	4,166,793
Other borrowings	3,472	-	-	354,088	2,439,399	-	-	2,796,959
Amount due to subsidiaries	126,290	-	-	-	-	-	-	126,290
Amount due to related companies	23,250	-	-	-	-	-	-	23,250
Other liabilities	3,296,105	-	-	-	-	-	-	3,296,105
Subordinated obligations	71,500	49,538	176,427	1,956,750	4,479,233	4,145,311	-	10,878,759
Financial guarantees	2,212,487	-	2,116	1,896,117	208,508	7,408	-	4,326,636
Credit related commitments and contingencies	36,070,177	1,104,284	1,989,479	9,108,829	2,067,338	19,278,866	-	69,618,973
	<b>175,226,219</b>	<b>37,079,154</b>	<b>25,021,305</b>	<b>29,934,731</b>	<b>19,195,135</b>	<b>26,309,714</b>	<b>-</b>	<b>312,766,258</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	<b>The Bank</b>							<b>Total</b>
	<b>31 December 2013</b>							
	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	115,891,125	18,578,168	9,425,565	10,232,040	883,484	1,718,036	-	156,728,418
Deposits and placements of banks and other financial institutions	13,656,719	8,300,277	4,965,388	2,542,344	416,017	627,208	-	30,507,953
Repurchase agreements	2,673	1,449,447	48,250	-	795,890	-	-	2,296,260
Bills and acceptances payable	1,289,792	586,071	41,953	21	-	-	-	1,917,837
Financial liabilities designated at fair value	11,311	20,029	24,633	53,631	1,275,729	1,053,469	-	2,438,802
Bonds and debentures	4,501	-	4,979	173	2,884,139	-	-	2,893,792
Other borrowings	2,011	656,704	98,620	164,949	336,017	759,406	-	2,017,707
Amount due to subsidiaries	35,736	-	-	-	-	-	-	35,736
Amount due to related companies	21,156	-	-	-	-	-	-	21,156
Other liabilities	3,005,944	-	-	-	-	-	-	3,005,944
Subordinated obligations	70,359	49,538	174,974	224,511	6,478,028	4,322,987	-	11,320,397
Financial guarantees	1,677,826	427,117	219,142	62,025	117,270	-	-	2,503,380
Credit related commitments and contingencies	44,440,944	395,509	104,562	2,196,018	2,348,208	3,342,309	-	52,827,550
	<b>180,110,097</b>	<b>30,462,860</b>	<b>15,108,066</b>	<b>15,475,712</b>	<b>15,534,782</b>	<b>11,823,415</b>	<b>-</b>	<b>268,514,932</b>

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **52 Financial Risk Management (Continued)**

##### **52.3 Liquidity risk (Continued)**

##### **52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)**

###### **Derivative financial liabilities**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

	The Group							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(23,854)	-	-	-	-	-	-	(23,854)
- Interest rate derivatives	(1,726,243)	-	-	-	-	-	-	(1,726,243)
- Equity related derivatives	(998,524)	-	-	-	-	-	-	(998,524)
- Commodity related derivatives	(1,037,753)	-	-	-	-	-	-	(1,037,753)
- Credit related contracts	(91,365)	-	-	-	-	-	-	(91,365)
<b>Hedging derivatives</b>								
- Interest rate derivatives	(14,193)	(8,221)	(27,143)	(59,061)	(205,580)	(13,690)	-	(327,888)
	<b>(3,891,932)</b>	<b>(8,221)</b>	<b>(27,143)</b>	<b>(59,061)</b>	<b>(205,580)</b>	<b>(13,690)</b>	<b>-</b>	<b>(4,205,627)</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Group							Total
	31 December 2013							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(37,791)	-	-	-	-	-	-	(37,791)
- Interest rate derivatives	(1,544,548)	-	-	-	-	-	-	(1,544,548)
- Equity related derivatives	(1,573,629)	-	-	-	-	-	-	(1,573,629)
- Commodity related derivatives	(154,058)	-	-	-	-	-	-	(154,058)
- Credit related contracts	(114,688)	-	-	-	-	-	-	(114,688)
<b>Hedging derivatives</b>								
- Interest rate derivatives	(12,417)	(9,085)	(6,385)	(37,561)	(205,287)	(17,968)	-	(288,703)
	<u>(3,437,131)</u>	<u>(9,085)</u>	<u>(6,385)</u>	<u>(37,561)</u>	<u>(205,287)</u>	<u>(17,968)</u>	<u>-</u>	<u>(3,713,417)</u>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	The Bank 31 December 2014							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(23,854)	-	-	-	-	-	-	(23,854)
- Interest rate derivatives	(1,264,931)	-	-	-	-	-	-	(1,264,931)
- Equity related derivatives	(988,398)	-	-	-	-	-	-	(988,398)
- Commodity related derivatives	(1,037,753)	-	-	-	-	-	-	(1,037,753)
- Credit related contracts	(91,067)	-	-	-	-	-	-	(91,067)
<b>Hedging derivatives</b>								
- Interest rate derivatives	(14,143)	(8,411)	(27,143)	(59,061)	(205,002)	(13,555)	-	(327,315)
	<u>(3,420,146)</u>	<u>(8,411)</u>	<u>(27,143)</u>	<u>(59,061)</u>	<u>(205,002)</u>	<u>(13,555)</u>	<u>-</u>	<u>(3,733,318)</u>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

	<b>The Bank 31 December 2013</b>							
	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(37,791)	-	-	-	-	-	-	(37,791)
- Interest rate derivatives	(1,346,127)	-	-	-	-	-	-	(1,346,127)
- Equity related derivatives	(1,560,116)	-	-	-	-	-	-	(1,560,116)
- Commodity related derivatives	(154,077)	-	-	-	-	-	-	(154,077)
- Credit related contracts	(114,102)	-	-	-	-	-	-	(114,102)
<b>Hedging derivatives</b>								
- Interest rate derivatives	(12,211)	(9,184)	(6,106)	(37,264)	(204,709)	(17,833)	-	(287,307)
	<u>(3,224,424)</u>	<u>(9,184)</u>	<u>(6,106)</u>	<u>(37,264)</u>	<u>(204,709)</u>	<u>(17,833)</u>	<u>-</u>	<u>(3,499,520)</u>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

	The Group 31 December 2014							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(3,198,720)	-	-	-	-	-	-	(3,198,720)
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(1,197,943)	(579,818)	(1,946,362)	(246,840)	(2,063,075)	-	-	(6,034,038)
- Inflow	1,194,077	546,587	1,842,330	254,134	2,003,496	-	-	5,840,624
	<b>(3,202,586)</b>	<b>(33,231)</b>	<b>(104,032)</b>	<b>7,294</b>	<b>(59,579)</b>	<b>-</b>	<b>-</b>	<b>(3,392,134)</b>



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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	The Group							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	31 December 2013		Over 5 years RM'000	No-specific maturity RM'000	
			> 6 – 12 months RM'000	> 1 – 5 years RM'000				
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,065,186)	-	-	-	-	-	(2,065,186)	
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(587,240)	(757,217)	(669,412)	(88,405)	(1,376,815)	-	(3,479,089)	
- Inflow	573,112	741,579	638,067	87,905	1,358,387	-	3,399,050	
	<u>(2,079,314)</u>	<u>(15,638)</u>	<u>(31,345)</u>	<u>(500)</u>	<u>(18,428)</u>	<u>-</u>	<u>(2,145,225)</u>	

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow (Continued):

	The Bank							Total
	31 December 2014							
	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,693,381)	-	-	-	-	-	-	(2,693,381)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(244,117)	(579,818)	(1,946,362)	(246,840)	(2,063,075)	-	-	(5,080,212)
- Inflow	233,119	546,587	1,842,330	254,134	2,003,496	-	-	4,879,666
	<b>(2,704,379)</b>	<b>(33,231)</b>	<b>(104,032)</b>	<b>7,294</b>	<b>(59,579)</b>	<b>-</b>	<b>-</b>	<b>(2,893,927)</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

	<b>The Bank</b>							<b>Total</b>
	<b>31 December 2013</b>							
	<b>Up to 1 month</b>	<b>&gt; 1 – 3 months</b>	<b>&gt; 3 – 6 months</b>	<b>&gt; 6 – 12 months</b>	<b>&gt; 1 – 5 years</b>	<b>Over 5 years</b>	<b>No-specific maturity</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(1,317,595)	-	-	-	-	-	-	(1,317,595)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(587,240)	(757,217)	(669,412)	(88,405)	(1,376,815)	-	-	(3,479,089)
- Inflow	573,112	741,579	638,067	87,905	1,358,387	-	-	3,399,050
	<u>(1,331,723)</u>	<u>(15,638)</u>	<u>(31,345)</u>	<u>(500)</u>	<u>(18,428)</u>	<u>-</u>	<u>-</u>	<u>(1,397,634)</u>

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### **52.4.1 Determination of fair value and fair value hierarchy**

###### **Valuation Model Review and Approval**

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation. The validation includes an assessment of the stability of models in terms of performance over a variety of conditions and back-testing of the model outputs;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee 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. 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; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The fair value hierarchy has the following levels:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.  |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets and liabilities in active markets; or</li><li>• Quoted prices for identical or similar assets and liabilities in non-active markets; or</li><li>• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.</li></ul> |
| 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value					The Bank Fair Value				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
<b>31 December 2014</b>										
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial assets held for trading										
-Money market instruments	12,738,671	-	12,738,671	-	12,738,671	9,482,843	-	9,482,843	-	9,482,843
-Quoted securities	3,861,322	3,140,285	721,037	-	3,861,322	3,140,285	3,140,285	-	-	3,140,285
-Unquoted securities	6,118,094	-	5,985,413	132,681	6,118,094	5,767,804	-	5,709,202	58,602	5,767,804
Financial investments available-for-sale										
-Money market instruments	4,176,787	-	4,176,787	-	4,176,787	3,762,422	-	3,762,422	-	3,762,422
-Quoted securities	2,589,855	83,223	2,506,632	-	2,589,855	99	99	-	-	99
-Unquoted securities	20,766,693	-	19,306,296	1,460,397	20,766,693	19,007,311	-	17,693,780	1,313,531	19,007,311
Derivative financial instruments										
-Trading derivatives	6,786,090	11,023	6,708,394	66,673	6,786,090	5,738,227	11,023	5,660,531	66,673	5,738,227
-Hedging derivatives	145,281	-	145,281	-	145,281	260,982	-	260,982	-	260,982
<b>Non-financial assets</b>										
Investment Properties	4,000	-	4,000	-	4,000	-	-	-	-	-
<b>Non-recurring fair value measurements</b>										
<b>Non-financial assets</b>										
Non-current assets/disposal groups held for sale	9,858	-	9,858	-	9,858	5,658	-	5,658	-	5,658
<b>Total</b>	<b>57,196,651</b>	<b>3,234,531</b>	<b>52,302,369</b>	<b>1,659,751</b>	<b>57,196,651</b>	<b>47,165,631</b>	<b>3,151,407</b>	<b>42,575,418</b>	<b>1,438,806</b>	<b>47,165,631</b>
<b>Recurring fair value measurements</b>										
<b>Financial liabilities</b>										
Derivative financial instruments										
-Trading derivatives	7,076,459	72,445	6,947,152	56,862	7,076,459	6,099,384	72,445	5,970,077	56,862	6,099,384
-Hedging derivatives	482,340	-	482,340	-	482,340	502,425	-	502,425	-	502,425
Financial liabilities designated at fair value	3,690,701	-	3,329,965	360,736	3,690,701	2,726,392	-	2,365,656	360,736	2,726,392
<b>Total</b>	<b>11,249,500</b>	<b>72,445</b>	<b>10,759,457</b>	<b>417,598</b>	<b>11,249,500</b>	<b>9,328,201</b>	<b>72,445</b>	<b>8,838,158</b>	<b>417,598</b>	<b>9,328,201</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value					The Bank Fair Value				
	Carrying amount RM '000	Quoted market prices (Level 1) RM '000	Observable inputs (Level 2) RM '000	Significant unobservable inputs (Level 3) (Level 3) RM '000	Total RM '000	Carrying amount RM '000	Quoted market prices (Level 1) RM '000	Observable inputs (Level 2) RM '000	Significant unobservable inputs (Level 3) RM '000	Total RM '000
<b>31 December 2013</b>										
<b>Recurring fair value measurements</b>										
<b>Financial assets</b>										
Financial assets held for trading										
-Money market instruments	11,086,646	-	11,086,646	-	11,086,646	8,126,289	-	8,126,289	-	8,126,289
-Quoted securities	2,561,422	1,532,268	1,029,154	-	2,561,422	1,532,268	1,532,268	-	-	1,532,268
-Unquoted securities	8,189,800	-	8,116,752	73,048	8,189,800	7,916,616	-	7,909,900	6,716	7,916,616
Financial investments available-for-sale										
-Money market instruments	4,018,822	-	4,018,822	-	4,018,822	3,580,747	-	3,580,747	-	3,580,747
-Quoted securities	2,691,227	72,370	2,618,857	-	2,691,227	27	27	-	-	27
-Unquoted securities	19,475,447	-	18,267,255	1,208,192	19,475,447	18,484,972	-	17,414,269	1,070,703	18,484,972
Derivative financial instruments										
-Trading derivatives	4,517,159	12,418	4,455,066	49,675	4,517,159	3,592,574	12,418	3,530,481	49,675	3,592,574
-Hedging derivatives	202,188	-	202,188	-	202,188	316,616	-	316,616	-	316,616
<b>Non-financial assets</b>										
Investment Properties	4,000	-	4,000	-	4,000	-	-	-	-	-
<b>Non-recurring fair value measurements</b>										
<b>Non-financial assets</b>										
Non-current assets/disposal groups held for sale	21,589	-	21,589	-	21,589	3,429	-	3,429	-	3,429
<b>Total</b>	<b>52,768,300</b>	<b>1,617,056</b>	<b>49,820,329</b>	<b>1,330,915</b>	<b>52,768,300</b>	<b>43,553,538</b>	<b>1,544,713</b>	<b>40,881,731</b>	<b>1,127,094</b>	<b>43,553,538</b>
<b>Recurring fair value measurements</b>										
<b>Financial liabilities</b>										
Derivative financial instruments										
-Trading derivatives	5,489,900	954	4,545,795	943,151	5,489,900	4,529,808	954	3,585,703	943,151	4,529,808
-Hedging derivatives	304,813	-	304,813	-	304,813	349,829	-	349,829	-	349,829
Financial liabilities designated at fair value	2,132,170	-	2,132,170	-	2,132,170	1,985,954	-	1,985,954	-	1,985,954
<b>Total</b>	<b>7,926,883</b>	<b>954</b>	<b>6,982,778</b>	<b>943,151</b>	<b>7,926,883</b>	<b>6,865,591</b>	<b>954</b>	<b>5,921,486</b>	<b>943,151</b>	<b>6,865,591</b>

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for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	Financial Assets				Financial Liabilities		
	Financial assets held- for-trading	Financial investments available-for- sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
<b>The Group</b>							
<b>2014</b>							
At 1 January	73,048	1,208,192	49,675	1,330,915	(943,151)	-	(943,151)
Total gains/(losses) recognised in statement of income	2,567	(3,082)	13,149	12,634	280,894	60,733	341,627
Total gains recognised in other comprehensive income	-	63,759	-	63,759	-	-	-
Purchases	49,083	235,208	17,314	301,605	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales	-	(21,555)	-	(21,555)	-	-	-
Settlements	-	(25,664)	(13,465)	(39,129)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	7,983	4,395	-	12,378	-	-	-
At 31 December	132,681	1,460,397	66,673	1,659,751	(56,862)	(360,736)	(417,598)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	2,567	(3,082)	13,149	12,634	280,894	73,274	354,168
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	63,759	-	63,759	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	2,567	(3,082)	14,778	14,263	91,097	73,274	164,371

During the year, the transfer out of Level 3 of RM856,000 (2013: RM5,780,387) was due to the conversion of convertible notes to quoted shares in active markets.



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

	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	Total RM'000
<b>The Group</b>						
<b>2013</b>						
At 1 January	66,313	1,105,586	-	1,171,899	-	-
Total gains/(losses) recognised in statement of income	2,387	(40,530)	251	(37,892)	(195)	(195)
Total gains recognised in other comprehensive income	-	72,374	-	72,374	-	-
Purchases	-	77,008	49,424	126,432	(943,051)	(943,051)
Sales	-	(19,914)	-	(19,914)	-	-
Settlements	-	(4,270)	-	(4,270)	95	95
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,718	-	28,066	-	-
At 31 December	<u>73,048</u>	<u>1,208,192</u>	<u>49,675</u>	<u>1,330,915</u>	<u>(943,151)</u>	<u>(943,151)</u>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2014 under "net non-interest income"	<u>2,387</u>	<u>(40,530)</u>	<u>251</u>	<u>(37,892)</u>	<u>(195)</u>	<u>(195)</u>
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	<u>-</u>	<u>72,374</u>	<u>-</u>	<u>72,374</u>	<u>-</u>	<u>-</u>
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	<u>2,387</u>	<u>-</u>	<u>251</u>	<u>2,638</u>	<u>(195)</u>	<u>(195)</u>

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

	Financial Assets			Total	Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000	RM'000
<b>The Bank</b>							
<b>2014</b>							
At 1 January	6,716	1,070,703	49,675	1,127,094	(943,151)	-	(943,151)
Total (losses)/gains recognised in statement of income	(526)	(4,331)	13,149	8,292	280,894	60,733	341,627
Total gains recognised in other comprehensive income	-	55,003	-	55,003	-	-	-
Purchases	49,083	223,027	17,314	289,424	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales	-	(763)	-	(763)	-	-	-
Settlements	-	(24,478)	(13,465)	(37,943)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	3,329	(4,774)	-	(1,445)	-	-	-
At 31 December	<b>58,602</b>	<b>1,313,531</b>	<b>66,673</b>	<b>1,438,806</b>	<b>(56,862)</b>	<b>(360,736)</b>	<b>(417,598)</b>
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	(526)	(4,331)	13,149	8,292	280,894	73,274	354,168
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	55,003	-	55,003	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	(526)	(4,331)	14,778	9,922	91,097	73,274	164,371

During the year, the transfer out of Level 3 of RM856,000 (2013: RM5,780,387) was due to the conversion of convertible notes to quoted shares in active markets.

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

	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
<b>The Bank</b>						
<b>2013</b>						
At 1 January	6,544	968,397	-	974,941	-	-
Total gains/(losses) recognised in statement of income	172	(37,422)	251	(36,999)	(195)	(195)
Total gains recognised in other comprehensive income	-	84,416	-	84,416	-	-
Purchases	-	61,374	49,424	110,798	(943,051)	(943,051)
Sales	-	(11,233)	-	(11,233)	-	-
Settlements	-	(4,270)	-	(4,270)	95	95
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	-	15,221	-	15,221	-	-
At 31 December	<u>6,716</u>	<u>1,070,703</u>	<u>49,675</u>	<u>1,127,094</u>	<u>(943,151)</u>	<u>(943,151)</u>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2014 under "net non-interest income"	<u>172</u>	<u>(37,422)</u>	<u>251</u>	<u>(36,999)</u>	<u>(195)</u>	<u>(195)</u>
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	<u>-</u>	<u>84,416</u>	<u>-</u>	<u>84,416</u>	<u>-</u>	<u>-</u>
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	<u>172</u>	<u>-</u>	<u>251</u>	<u>423</u>	<u>(195)</u>	<u>(195)</u>

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The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed:

	The Group			Total
	Carrying Value	Quoted market prices (Level 1)	Fair Value Observable inputs (Level 2)	
<b>31 December 2014</b>	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>				
Cash and short-term funds	25,456,055	25,456,055	-	25,456,055
Reverse repurchase agreements	4,512,949	-	4,512,949	4,512,949
Deposits and placement with banks and other financial institutions	3,844,882	-	3,844,799	3,844,799
Financial investments held-to-maturity	16,714,871	-	16,746,648	16,746,648
Loans, advances and financing	207,954,719	-	205,345,192	205,345,192
Other assets	5,829,992	-	5,824,549	5,824,549
Statutory deposits with central banks	6,839,444	6,839,444	-	6,839,444
Amounts due from ultimate holding company	28,853	-	28,853	28,853
Amounts due from related companies	1,233,998	-	1,233,998	1,233,998
<b>Total</b>	<b>272,415,763</b>	<b>32,295,499</b>	<b>237,536,988</b>	<b>269,832,487</b>

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The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed (Continued):

	Carrying Value RM'000	The Group Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
<b>31 December 2014</b>				
<b>Liabilities</b>				
Deposits from customers	235,267,154	-	234,492,596	234,492,596
Deposits and placements of banks and other financial institutions	31,417,322	-	31,244,421	31,244,421
Repurchase agreements	5,735,839	-	5,735,839	5,735,839
Bills and acceptances payable	1,556,909	-	1,560,193	1,560,193
Amounts due to related companies	40,783	-	40,783	40,783
Other liabilities	4,144,584	-	4,144,584	4,144,584
Bonds and debentures	6,014,471	-	6,142,229	6,142,229
Other borrowings	2,730,742	-	2,536,769	2,536,769
Subordinated obligations	10,068,609	-	10,179,440	10,179,440
Redeemable preference shares	733,522	-	733,522	733,522
<b>Total</b>	<b>297,709,935</b>	<b>-</b>	<b>296,810,376</b>	<b>296,810,376</b>

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The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed: (Continued)

	The Group			Total RM'000
	Carrying Value RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
<b>31 December 2013</b>				
<b>Assets</b>				
Cash and short-term funds	24,941,166	24,941,166	-	24,941,166
Reverse repurchase agreements	7,993,092	-	7,993,092	7,993,092
Deposits and placement with banks and other financial institutions	3,666,536	-	3,666,288	3,666,288
Financial investments held-to-maturity	9,828,806	-	9,793,013	9,793,013
Loans, advances and financing	185,430,615	-	181,454,633	181,454,633
Other assets	3,481,239	-	3,485,274	3,485,274
Statutory deposits with central banks	6,359,196	6,359,196	-	6,359,196
Amounts due from ultimate holding company	28,853	-	28,853	28,853
Amounts due from related companies	1,092,848	-	1,092,848	1,092,848
<b>Total</b>	<b>242,822,351</b>	<b>31,300,362</b>	<b>207,514,001</b>	<b>238,814,363</b>

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The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed: (Continued)

	The Group			Total RM'000
	Carrying Value RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
<b>31 December 2013</b>				
<b>Liabilities</b>				
Deposits from customers	220,247,690	-	220,181,274	220,181,274
Deposits and placements of banks and other financial institutions	19,999,833	-	19,930,956	19,930,956
Repurchase agreements	5,922,788	-	5,922,788	5,922,788
Bills and acceptances payable	3,257,202	-	3,257,202	3,257,202
Amounts due to ultimate holding	1,450	-	1,450	1,450
Amounts due to related companies	34,016	-	34,016	34,016
Other liabilities	3,978,664	-	3,978,664	3,978,664
Bonds and debentures	5,867,080	-	5,741,966	5,741,966
Other borrowings	1,968,211	-	1,854,270	1,854,270
Subordinated obligations	9,634,575	-	9,354,265	9,354,265
Redeemable preference shares	719,251	-	719,251	719,251
<b>Total</b>	<b>271,630,760</b>	<b>-</b>	<b>270,976,102</b>	<b>270,976,102</b>

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The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed:

	The Bank			Total
	Carrying Value	Fair Value		
31 December 2014	RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	RM'000
<b>Assets</b>				
Cash and short-term funds	21,435,099	21,435,099	-	21,435,099
Reverse repurchase agreements	4,406,653	-	4,406,653	4,406,653
Deposits and placement with banks and other financial institutions	5,383,015	-	5,383,015	5,383,015
Financial investments held-to-maturity	13,496,116	-	13,493,432	13,493,432
Loans, advances and financing	150,874,563	-	149,352,371	149,352,371
Other assets	5,263,421	-	5,257,977	5,257,977
Statutory deposits with central banks	5,125,836	5,125,836	-	5,125,836
Amounts due from subsidiaries	6,264	-	6,264	6,264
Amounts due from related companies	1,230,514	-	1,230,514	1,230,514
<b>Total</b>	<b>207,221,481</b>	<b>26,560,935</b>	<b>179,130,226</b>	<b>205,691,161</b>



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The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed: (Continued)

	Carrying Value	The Bank		Total
		Quoted market prices (Level 1)	Observable inputs (Level 2)	
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>				
<b>Liabilities</b>				
Deposits from customers	174,320,567	-	173,491,815	173,491,815
Deposits and placements of banks and other financial institutions	31,538,303	-	31,365,257	31,365,257
Repurchase agreements	5,735,839	-	5,735,839	5,735,839
Bills and acceptances payable	761,214	-	761,214	761,214
Amounts due to subsidiaries	126,290	-	126,290	126,290
Amounts due to related companies	23,250	-	23,250	23,250
Other liabilities	3,437,224	-	3,437,224	3,437,224
Bonds and debentures	3,921,746	-	3,794,401	3,794,401
Other borrowings	2,730,742	-	2,536,769	2,536,769
Subordinated obligations	8,833,276	-	8,898,324	8,898,324
<b>Total</b>	<b>231,428,451</b>	<b>-</b>	<b>230,170,383</b>	<b>230,170,383</b>

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The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed: (Continued)

	← The Bank →			
	Carrying Value RM'000	Fair Value		Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	
<b>31 December 2013</b>				
<b>Assets</b>				
Cash and short-term funds	18,467,152	18,467,152	-	18,467,152
Reverse repurchase agreements	5,321,399	-	5,321,399	5,321,399
Deposits and placement with banks and other financial institutions	7,950,214	-	7,950,324	7,950,324
Financial investments held-to-maturity	7,590,527	-	7,539,454	7,539,454
Loans, advances and financing	132,833,310	-	131,264,922	131,264,922
Other assets	2,546,780	-	2,550,818	2,550,818
Statutory deposits with central banks	4,652,307	4,652,307	-	4,652,307
Amounts due from subsidiaries	138,004	-	138,004	138,004
Amounts due from related companies	1,091,544	-	1,091,544	1,091,544
<b>Total</b>	<b>180,591,237</b>	<b>23,119,459</b>	<b>155,856,465</b>	<b>178,975,924</b>

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The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2014 and 31 December 2013 but for which fair value is disclosed: (Continued)

	← The Bank →			
	Carrying Value	Fair Value		Total
		Quoted market prices (Level 1)	Observable inputs (Level 2)	
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2013</b>				
<b>Liabilities</b>				
Deposits from customers	156,115,031	-	156,060,779	156,060,779
Deposits and placements of banks and other financial institutions	30,417,708	-	30,348,739	30,348,739
Repurchase agreements	2,276,152	-	2,276,152	2,276,152
Bills and acceptances payable	1,917,838	-	1,917,838	1,917,838
Amounts due to subsidiaries	35,736	-	35,736	35,736
Amounts due to related companies	21,156	-	21,156	21,156
Other liabilities	3,177,941	-	3,177,941	3,177,941
Bonds and debentures	2,736,453	-	2,616,177	2,616,177
Other borrowings	1,968,211	-	1,854,270	1,854,270
Subordinated obligations	8,828,797	-	8,542,548	8,542,548
<b>Total</b>	<b>207,495,023</b>	<b>-</b>	<b>206,851,336</b>	<b>206,851,336</b>

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The fair values are based on the following methodologies and assumptions:

##### **Short-term funds and placements with financial institutions**

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

##### **Financial investments held-to-maturity**

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

##### **Other assets**

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

##### **Loans, advances and financing**

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance being the expected recoverable amount.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

###### **Amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company**

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

###### **Deposits from customers**

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

###### **Deposits and placements of banks and other financial institutions**

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

###### **Obligations on securities sold under repurchase agreements**

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

###### **Floating rate certificates of deposits**

For floating rate certificates of deposits, values are estimated based on discounted cash flow using prevailing market interest rates for floating rate certificates of deposits.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

###### **Bills and acceptances payable**

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

###### **Other liabilities**

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

###### **Bonds and debentures and other borrowings**

The estimated fair values of bonds and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for bonds, debentures and borrowings with similar risk profile.

###### **Subordinated notes**

The fair values for the quoted subordinated notes are obtained from quoted market prices while the fair values for unquoted subordinated notes are estimated based on discounted cash flow models.

###### **Redeemable preference shares**

The estimated fair value of redeemable preference shares (“RPS”) approximates the carrying value based on Directors’ estimate as the effective interest rate of the RPS is a reflection of the current rate for such similar instrument.

###### **Credit related commitment and contingencies**

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)**

Certain credit derivatives products where market rate inputs are unobservable are valued using simulation approach comprising statistical models that interact with each other. These models describe the default process and other market random variables like interest rates and foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These statistical models are the usual market standard when it comes to modeling rates, FX and credit.

Credit derivatives inputs include:

- Observable credit default swap (“CDS”) spreads
- Loss given default or loss severity
- Credit correlation between the underlying debt instruments (models are structured on a transaction basis and calibrated to liquid benchmark indices)
- Correlation between Credit and FX
- Credit spread and FX volatility
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit correlation –
  1. Long correlation positions will be shocked with lower correlation
  2. Short correlation positions will be shocked with higher correlation
- Credit and FX correlation –
  1. Short Quanto CDS position shocked with larger negative correlation
  2. Long Quanto CDS position shocked with larger positive correlation
- FX Volatility -
  1. Long volatility shocked with lower volatility
  2. Short volatility shocked with higher volatility

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **52 Financial Risk Management (Continued)**

#### **52.4 Fair value estimation (Continued)**

##### **52.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions

The fair values of structured deposits are typically valued using valuation techniques that incorporate observable market inputs. Certain foreign currency structured deposits are fair valued using Level 3 inputs as the foreign currency deposit rates of the relevant tenures are not observable.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****(a) Financial instruments carried at fair value**

2014 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b> <b>The Group and the Bank</b>						
- Credit derivatives	18,400	(24,109)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX correlation	-60% to -10%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Equity derivatives	48,273	(32,753)	Option pricing	Equity volatility	9.59% to 151.98%	Higher volatility results in higher/lower fair value depending on the net long/short positions
<b>Financial assets held for trading</b>						
- Unquoted shares and private equity funds (The Group)	132,681	<b>Not applicable</b>	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	58,602					
<b>Financial investments available-for-sale</b>						
- Unquoted shares and private equity funds (The Group)	1,460,397	<b>Not applicable</b>	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	1,313,531					
<b>Financial liabilities designated at fair value</b> <b>The Group and the Bank</b>						
- Foreign currency structured deposits	<b>Not applicable</b>	(360,736)	Discounted cash flow	Foreign currency deposit rates	0.58% to 4.74%	Higher foreign currency structured deposit rate results in decrease in fair value measurement

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****(a) Financial instruments carried at fair value (Continued)**

2013 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b> <b>The Group and the Bank</b>						
- Credit derivatives	9,649	(12,396)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit Default/FX correlation	-55% to +10%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Equity derivatives	40,026	(930,755)	Option pricing	Equity volatility	6.72% to 77.69%	Higher volatility results in higher/lower fair value depending on the net long/short positions
<b>Financial assets held for trading</b>						
- Unquoted shares and private equity funds (The Group)	73,048	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	6,716					
<b>Financial investments available-for-sale</b>						
- Unquoted shares and private equity funds (The Group)	1,208,192	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value
- Unquoted shares and private equity funds (The Bank)	1,070,703					

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value estimation (Continued)****52.4.3 Quantitative information about fair value measurements using significant unobservable inputs (level 3) (Continued)****(a) Financial instruments carried at fair value (Continued)****Sensitivity analysis for Level 3****The Group and the Bank**

2014	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favourable changes RM'000	Unfavourable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	38	-
	-10%	-	(33)
- Equity derivatives	+25%	-	(438)
	-25%	397	-
<b>Financial liabilities designated at fair value</b>			
- Foreign currency structured deposits	+ 1%	14,589	-
	- 1%	-	(14,589)
<b>Total</b>		<b>15,024</b>	<b>(15,060)</b>

2013	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favourable changes RM'000	Unfavourable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	83	-
	-10%	-	(82)
- Equity derivatives	+25%	-	(322)
	-25%	242	-
<b>Total</b>		<b>325</b>	<b>(404)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****53 Non-current assets/disposal groups held for sale**

	Note	The Group		The Bank	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Non-current assets held for sale:</b>					
- property plant and equipment		9,858	7,627	5,658	3,429
- investment properties	21	-	13,962	-	-
Total non-current assets held for sale		<u>9,858</u>	<u>21,589</u>	<u>5,658</u>	<u>3,429</u>

Foreclosed properties, property, plant and equipment and investment properties of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2015.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2014**

	Note	The Group		The Bank	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
Cash and short-term funds	(a)	6,052,438	7,784,200	699,276	598,420
Deposits and placements with banks and other financial institutions	(b)	437,862	231,893	5,851	73,466
Financial assets held for trading	(c)	3,723,913	3,329,824	187,261	161,286
Financial investments available-for-sale	(d)	2,398,454	1,671,430	360,362	359,700
Financial investments held-to-maturity	(e)	954,054	928,623	333,062	326,446
Islamic derivative financial instruments	(f)(i)	264,582	247,882	717	1,082
Financing, advances and other financing/loans	(g)	38,849,755	36,101,287	2,550,173	1,028,723
Other assets	(h)	111,010	285,555	9,636	2,461
Deferred taxation	(i)	21,503	22,449	-	-
Tax recoverable		-	1,761	-	-
Amount due from conventional operations		1,376,555	1,175,807	299	-
Amount due from related company		2,438,305	2,208,664	2,437,643	2,208,246
Statutory deposits with Bank					
Negara Malaysia	(j)	1,297,654	1,436,747	-	-
Goodwill	(k)	136,000	136,000	-	-
Intangible assets	(l)	91,174	14,225	78	27
Property, plant and equipment	(m)	10,167	5,236	44	-
<b>Total assets</b>		<b>58,163,426</b>	<b>55,581,583</b>	<b>6,584,402</b>	<b>4,759,857</b>
<b>Liabilities</b>					
Deposits from customers	(n)	42,286,907	39,283,843	958,863	810,501
Deposits and placements of banks and other financial institutions	(o)	5,842,772	7,015,928	1,766,478	715,474
Financial liabilities designated at fair value	(s)	149,835	146,216	-	-
Islamic derivative financial instruments	(f)(i)	330,197	285,377	-	-
Other liabilities	(q)	3,504,959	3,346,263	3,214,557	3,065,359
Amount due to conventional operations		-	115,538	-	-
Amount due to related company		623,446	670,788	515,311	95,797
Provision for taxation and Zakat	(r)	27,959	15,437	-	-
Subordinated Sukuk	(p)	856,026	856,722	-	-
<b>Total liabilities</b>		<b>53,622,101</b>	<b>51,736,112</b>	<b>6,455,209</b>	<b>4,687,131</b>
<b>Equity</b>					
Ordinary share capital	(t)	1,000,000	1,000,000	-	-
Perpetual preference shares	(u)	220,000	70,000	-	-
Reserves	(v)	3,321,325	2,775,471	129,193	72,726
<b>Total equity</b>		<b>4,541,325</b>	<b>3,845,471</b>	<b>129,193</b>	<b>72,726</b>
<b>Total equity and liabilities</b>		<b>58,163,426</b>	<b>55,581,583</b>	<b>6,584,402</b>	<b>4,759,857</b>
<b>Commitment and contingencies</b>	(f)(ii)	<b>28,308,530</b>	<b>27,196,104</b>	<b>69,972</b>	<b>69,972</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2014**

	Note	The Group		The Bank	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	(w)	<b>2,122,808</b>	2,144,744	<b>54,256</b>	39,343
Net income/(expenses) derived from investment of shareholders' funds	(x)	<b>290,049</b>	258,881	<b>9,020</b>	(3,896)
Allowances for impairment losses on financing, advances and other financing/loans	(y)	<b>(101,471)</b>	(103,117)	<b>(1,165)</b>	(5,815)
Allowance for impairment of securities		-	(3,493)	-	-
Allowance for losses on other receivables written-back/(made)		<b>323</b>	(477)	-	-
Total distributable income		<b>2,311,709</b>	2,296,538	<b>62,111</b>	29,632
Income attributable to depositors	(z)	<b>(1,114,548)</b>	(1,020,773)	<b>(12,787)</b>	(12,448)
Total net income		<b>1,197,161</b>	1,275,765	<b>49,324</b>	17,184
Personnel expenses	(aa)	<b>(74,935)</b>	(86,294)	<b>(2,630)</b>	(1,896)
Other overheads and expenditures	(ab)	<b>(416,382)</b>	(422,269)	<b>(1,289)</b>	(361)
Profit before taxation		<b>705,844</b>	767,202	<b>45,405</b>	14,927
Taxation	(ad)	<b>(166,038)</b>	(191,650)	-	-
<b>Profit after taxation</b>		<b>539,806</b>	575,552	<b>45,405</b>	14,927

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2014**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	539,806	575,552	45,405	14,927
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	7,702	(33,188)	7,411	(3,577)
- Net gain/(loss) from change in fair value	14,048	(25,677)	8,458	855
- Realised gain transferred to statement of income on disposal and impairment	(6,637)	(20,302)	(1,047)	(4,432)
- Income tax effects	291	12,791	-	-
Exchange fluctuation reserves	(1,722)	(3,117)	3,651	2,772
	5,980	(36,305)	11,062	(805)
<b>Total comprehensive income for the year</b>	<b>545,786</b>	<b>539,247</b>	<b>56,467</b>	<b>14,122</b>
Total net income	1,197,161	1,275,765	49,324	17,184
Add: Allowances for impairment losses on financing, advances and other financing/loans	101,471	103,117	1,165	5,815
Add: Allowance for impairment of securities	-	3,493	-	-
Add: Allowance for losses on other receivables (written-back)/made	(323)	477	-	-
	1,298,309	1,382,852	50,489	22,999

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2014**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
<b>The Group</b>									
At 1 January 2014	1,000,000	70,000	748,394	(1,767)	(5,565)	230,088	606	1,803,715	3,845,471
Profit for the financial year	-	-	-	-	-	-	-	539,806	539,806
Other comprehensive (expense)/income, net of tax	-	-	-	(1,722)	7,702	-	-	-	5,980
- financial investments available-for-sale	-	-	-	-	7,702	-	-	-	7,702
- currency translation difference	-	-	-	(1,722)	-	-	-	-	(1,722)
Total comprehensive (expense)/income for the year	-	-	-	(1,722)	7,702	-	-	539,806	545,786
Share-based payment expense	-	-	-	-	-	-	687	-	687
Shares released under Equity Ownership plan	-	-	-	-	-	-	(619)	-	(619)
Transfer to statutory reserve	-	-	97,837	-	-	-	-	(97,837)	-
Transfer from regulatory reserve	-	-	-	-	-	(230,088)	-	230,088	-
Issue of perpetual preference shares	-	150,000	-	-	-	-	-	-	150,000
<b>At 31 December 2014</b>	<b>1,000,000</b>	<b>220,000</b>	<b>846,231</b>	<b>(3,489)</b>	<b>2,137</b>	<b>-</b>	<b>674</b>	<b>2,475,772</b>	<b>4,541,325</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2014 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
<b>The Group</b>									
At 1 January 2013	1,000,000	70,000	657,004	1,350	27,623	242,624	335	1,307,017	3,305,953
Profit for the financial year	-	-	-	-	-	-	-	575,552	575,552
Other comprehensive expense, net of tax	-	-	-	(3,117)	(33,188)	-	-	-	(36,305)
- financial investments available-for-sale	-	-	-	-	(33,188)	-	-	-	(33,188)
- currency translation difference	-	-	-	(3,117)	-	-	-	-	(3,117)
Total comprehensive (expense)/income for the year	-	-	-	(3,117)	(33,188)	-	-	575,552	539,247
Share-based payment expense	-	-	-	-	-	-	591	-	591
Shares released under Equity Ownership plan	-	-	-	-	-	-	(320)	-	(320)
Transfer to statutory reserve	-	-	91,390	-	-	-	-	(91,390)	-
Transfer to regulatory reserve	-	-	-	-	-	(12,536)	-	12,536	-
At 31 December 2013	1,000,000	70,000	748,394	(1,767)	(5,565)	230,088	606	1,803,715	3,845,471

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2014 (Continued)**

	<u>Non-distributable</u>		<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
<b>The Bank</b>				
At 1 January 2014	3,462	216	69,048	72,726
Profit for the financial year	-	-	45,405	45,405
Currency translation difference	3,651	-	-	3,651
Financial investments available-for-sale	-	7,411	-	7,411
<b>At 31 December 2014</b>	<b>7,113</b>	<b>7,627</b>	<b>114,453</b>	<b>129,193</b>

	<u>Non-distributable</u>		<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
<b>The Bank</b>				
At 1 January 2013	690	3,793	54,121	58,604
Profit for the financial year	-	-	14,927	14,927
Currency translation difference	2,772	-	-	2,772
Financial investments available-for-sale	-	(3,577)	-	(3,577)
<b>At 31 December 2013</b>	<b>3,462</b>	<b>216</b>	<b>69,048</b>	<b>72,726</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2014**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	705,844	767,202	45,405	14,927
Adjustments for:				
Depreciation of property, plant and equipment	3,401	1,772	11	-
Property, plant and equipment written off	169	36	-	-
Amortisation of intangible assets	10,131	3,150	23	11
Allowance for losses on other receivables (written-back)/made	(323)	477	-	-
Net gain from disposal of financial investments available-for-sale	(6,637)	(20,302)	(1,047)	(4,432)
Share-based payment expense	687	591	-	-
Unrealised loss on Islamic derivative financial instruments	9,878	874	28	26
Unrealised loss on foreign exchange	59,912	118,856	-	-
Allowance for impairment losses on financing, advances and other financing/loans	145,948	150,612	1,165	5,815
Unrealised loss from revaluation of financial assets held for trading	299	8,452	203	4,991
Unrealised gain from financial liabilities designated at fair value	(105)	(8,464)	-	-
Accretion of discount less amortisation of premium	(92,319)	(135,842)	484	534
Profit income from financial investments available-for-sale	(70,616)	(102,394)	(7,284)	(8,005)
Profit income from financial investments held-to-maturity	(40,615)	(39,845)	(9,021)	(8,795)
Net gain from sale of financial investments held-to-maturity	-	(286)	-	-
Net (gain)/loss from hedging derivatives	(231)	4,760	(231)	4,760
Profit expense on subordinated Sukuk	39,032	38,010	-	-
	<b>764,455</b>	<b>787,659</b>	<b>29,736</b>	<b>9,832</b>
<b>Decrease/(increase) in operating assets</b>				
Deposits and placements with banks and other financial institutions	(205,969)	329,653	67,615	3,741
Financial assets held for trading	(303,750)	3,055,050	(26,178)	(30,381)
Financing, advances and other financing/loans	(2,894,254)	(2,638,554)	(1,522,615)	(494,615)
Other assets	176,011	(17,725)	(7,175)	13,043
Amount due from conventional operations	(231,970)	(423,082)	(299)	-
Amount due from related company	(229,641)	(1,113,580)	(229,397)	(1,113,592)
Statutory deposits with Bank Negara Malaysia	139,093	(332,650)	-	-
<b>Increase/(decrease) in operating liabilities</b>				
Deposits from customers	3,003,064	2,988,450	148,362	(174,055)
Deposits and placements of banks and other financial institutions	(1,173,156)	(4,741,151)	1,051,004	(34,200)
Islamic derivative financial instruments	18,242	(173,585)	337	857
Financial liabilities designated at fair value	3,724	154,680	-	-
Amount due to conventional operations	(115,538)	(749,179)	-	-
Amount due to related companies	(47,342)	667,234	419,514	95,797
Other liabilities	95,964	1,291,672	149,198	1,525,572
Cash flows (used in)/generated from operations	(1,001,067)	(915,108)	80,102	(198,001)
Taxation paid	(118,934)	(118,395)	-	-
Cash flows (used in)/generated from operating activities	<b>(1,120,001)</b>	<b>(1,033,503)</b>	<b>80,102</b>	<b>(198,001)</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2014 (Continued)**

	Note	The Group		The Bank	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from investing activities</b>					
Net (purchase)/proceeds of financial investments held-to-maturity		<b>(32,843)</b>	36,800	<b>(6,326)</b>	(10,604)
Net (purchase)/proceeds of financial investments available-for-sale		<b>(711,696)</b>	1,493,315	<b>7,259</b>	40,683
Profit income from financial investments held-to-maturity		<b>48,027</b>	42,516	<b>8,731</b>	8,462
Profit income from financial investments available-for-sale		<b>71,248</b>	119,578	<b>7,568</b>	8,965
Proceeds from disposal of intangible assets		<b>170</b>	-	-	-
Purchase of property, plant and equipment		<b>(8,501)</b>	(1,585)	<b>(55)</b>	-
Purchase of intangible assets		<b>(87,250)</b>	(10,014)	<b>(74)</b>	(38)
Cash flows (used in)/generated from investing activities		<b>(720,845)</b>	1,680,610	<b>17,103</b>	47,468
<b>Cash flows from financing activities</b>					
Issuance of perpetual preference shares		<b>150,000</b>	-	-	-
Profit expense paid on subordinated Sukuk		<b>(39,032)</b>	(37,981)	-	-
Cash flows generated from/(used in) financing activities		<b>110,968</b>	(37,981)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,729,878)</b>	609,126	<b>97,205</b>	(150,533)
<b>Effects of exchange rate differences</b>		<b>(1,884)</b>	(13,434)	<b>3,651</b>	(7,405)
<b>Cash and cash equivalents at beginning of financial year</b>		<b>7,784,200</b>	7,188,508	<b>598,420</b>	756,358
<b>Cash and cash equivalents at end of financial year</b>		<b>6,052,438</b>	7,784,200	<b>699,276</b>	598,420
<b>Cash and cash equivalents comprise:</b>					
<b>Cash and short-term funds</b>	(a)	<b>6,052,438</b>	7,784,200	<b>699,276</b>	598,420

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	965,018	874,219	698,210	597,426
Money at call and deposit placements maturing within one month	5,087,420	6,909,981	1,066	994
	<b>6,052,438</b>	<b>7,784,200</b>	<b>699,276</b>	<b>598,420</b>

**(b) Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Licensed banks	437,862	231,893	5,851	73,466

**(c) Financial assets held for trading**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Government Investment Issues	12,885	27,647	-	-
Malaysian Government treasury bills	14,826	-	-	-
Bank Negara Malaysia Monetary Notes	2,235,537	2,184,341	-	-
Islamic negotiable instruments of deposits	992,580	748,368	-	-
	<b>3,255,828</b>	<b>2,960,356</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
<u>Outside Malaysia</u>				
Sukuk	158,431	77,770	158,431	77,770
Private debt securities	23	47,696	23	47,696
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Private debt securities	210,789	221,440	-	13,258
<u>Outside Malaysia</u>				
Islamic debt securities	98,842	22,562	28,807	22,562
	<b>3,723,913</b>	<b>3,329,824</b>	<b>187,261</b>	<b>161,286</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(d) Financial investments available-for-sale**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
<b>Unquoted</b>				
Government Investment Issues	315,897	377,791	-	-
Islamic Cagamas bonds	8,504	25,491	-	-
Malaysian Government Sukuk	19,750	34,793	-	-
Khazanah bonds	70,214	-	-	-
	<b>414,365</b>	<b>438,075</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Bonds	47,261	-	47,261	-
Private debt securities	1,553,324	863,322	27,931	24,295
Placements with Islamic Banking and Finance Institute Malaysia	575	575	-	-
<u>Outside Malaysia</u>				
Private debt securities	330,943	345,834	247,354	335,405
Private equity funds	55,781	27,257	37,816	-
Less: Allowance for impairment losses	(3,795)	(3,633)	-	-
	<b>2,398,454</b>	<b>1,671,430</b>	<b>360,362</b>	<b>359,700</b>

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

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	3,633	-
Net allowance made during the financial year	-	3,493
Exchange fluctuation	162	140
At 31 December	<b>3,795</b>	<b>3,633</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(e) Financial investments held-to-maturity**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
<b>Unquoted</b>				
Government Investment Issues	7,569	-	-	-
Khazanah bond	12,662	-	-	-
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Private debt securities	600,386	602,177	-	-
<u>Outside Malaysia</u>				
Private debt securities	333,062	326,446	333,062	326,446
Amortisation of premium				
less accretion of discounts	375	-	-	-
	<b>954,054</b>	<b>928,623</b>	<b>333,062</b>	<b>326,446</b>

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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at 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 "Islamic derivative financial instruments" Assets and Liabilities respectively.

	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<b>At 31 December 2014</b>						
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	919,232	42,422	(22,544)	-	-	-
Currency swaps	2,797,655	37,612	(38,700)	69,972	717	-
Currency spot	21,488	10	(12)	-	-	-
Cross currency profit rate swaps	1,050,230	70,333	(69,932)	-	-	-
	4,788,605	150,377	(131,188)	69,972	717	-
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	9,548,142	70,369	(67,567)	-	-	-
<u>Equity related derivatives</u>						
Equity options	580,161	13,611	(13,611)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	113,800	752	(752)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	6,916,136	29,473	(117,079)	-	-	-
<b>Total derivative assets/(liabilities)</b>	<b>21,946,844</b>	<b>264,582</b>	<b>(330,197)</b>	<b>69,972</b>	<b>717</b>	<b>-</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	1,311,116	30,226	(5,215)	-	-	-
Currency swaps	2,961,169	31,757	(29,390)	69,972	1,082	-
Currency spot	8,625	10	(5)	-	-	-
Currency option	27,230	93	(93)	-	-	-
Cross currency profit rate swaps	834,259	37,104	(36,600)	-	-	-
	5,142,399	99,190	(71,303)	69,972	1,082	-
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	8,360,308	89,938	(85,548)	-	-	-
<u>Equity related derivatives</u>						
Equity options	641,323	13,513	(13,513)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	115,960	586	(586)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	6,930,427	44,655	(114,427)	-	-	-
Total derivative assets/(liabilities)	21,190,417	247,882	(285,377)	69,972	1,082	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements. The commitments and contingencies constitute the following:

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

The notional/principal amount of the commitments and contingencies constitute the following:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>Principal</b>	Principal	<b>Principal</b>	Principal
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Credit related</u>				
Direct credit substitutes	<b>129,163</b>	153,960	-	-
Certain transaction-related contingent items	<b>366,786</b>	390,323	-	-
Short-term self-liquidating trade-related contingencies	<b>76,602</b>	19,725	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	<b>3,408,649</b>	4,383,087	-	-
- maturity exceeding one year	<b>2,325,983</b>	868,416	-	-
Miscellaneous commitments and contingencies	<b>54,503</b>	190,176	-	-
Total credit-related commitments and contingencies	<b>6,361,686</b>	6,005,687	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2014	2013	2014	2013
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	<b>3,386,375</b>	3,741,215	<b>69,972</b>	69,972
- one year to less than five years	<b>510,204</b>	505,478	-	-
- five years and above	<b>892,026</b>	895,706	-	-
Profit rate related contracts:				
- less than one year	<b>857,750</b>	450,000	-	-
- one year to less than five years	<b>12,079,018</b>	8,208,201	-	-
- five years and above	<b>3,527,510</b>	6,632,534	-	-
Equity related contracts:				
- less than one year	<b>103,011</b>	-	-	-
- one year to less than five years	<b>144,287</b>	249,221	-	-
- five years and above	<b>332,863</b>	392,102	-	-
Credit related contracts:				
- five years and above	<b>113,800</b>	115,960	-	-
Total treasury-related commitments and contingencies	<b>21,946,844</b>	21,190,417	<b>69,972</b>	69,972
	<b>28,308,530</b>	27,196,104	<b>69,972</b>	69,972

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type and Shariah contract:**

<b>The Group</b>					<b>Total financing, advances and other financing/loans</b>
<b>At 31 December 2014</b>					
<b>Qard</b>	<b>Bai'</b>	<b>Ijarah</b>	<b>Others</b>	<b>RM'000</b>	
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Cash line^	10,277	554,680	-	-	564,957
Term financing					
- Housing financing	-	8,907,718	992,267	-	9,899,985
- Syndicated term financing	-	365,825	211,243	51,796	628,864
- Hire purchase receivables	-	-	5,298,240	-	5,298,240
- Other term financing	-	17,783,129	56,820	1,538,654	19,378,603
Credit card receivables	-	-	-	111,918	111,918
Bills receivable	-	2,939	-	-	2,939
Islamic trust receipts	-	19,168	-	76,273	95,441
Claim on customers under acceptance credit	-	392,033	-	-	392,033
Revolving credits	-	2,507,687	-	288,107	2,795,794
Share purchases financing	-	9,453	-	-	9,453
Ar Rahnu	-	-	-	1,590	1,590
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	10,277	30,542,632	6,558,570	2,068,340	39,179,819
Fair value changes arising from fair value hedges					57,272
					39,237,091
Less: Allowance for impairment losses					
- Individual impairment allowances					(39,713)
- Portfolio impairment allowances					(347,623)
					(387,336)
					38,849,755

<b>The Group</b>					<b>Total financing, advances and other financing/loans</b>
<b>At 31 December 2013</b>					
<b>Qard</b>	<b>Bai'</b>	<b>Ijarah</b>	<b>Others</b>	<b>RM'000</b>	
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Cash line^	2,006	476,126	-	-	478,132
Term financing					
- Housing financing	-	8,730,311	435,622	-	9,165,933
- Syndicated term financing	-	276,330	226,666	-	502,996
- Hire purchase receivables	-	-	6,288,975	-	6,288,975
- Other term financing	-	15,714,558	609,684	752,064	17,076,306
Credit card receivables	-	-	-	104,449	104,449
Bills receivable	-	2,885	-	-	2,885
Islamic trust receipts	-	25,934	-	40,681	66,615
Claim on customers under acceptance credit	-	370,754	-	-	370,754
Revolving credits	-	2,242,158	-	150,851	2,393,009
Share purchases financing	-	16,441	-	-	16,441
Other financing/loans	-	-	-	894	894
Gross financing, advances and other financing/loans	2,006	27,855,497	7,560,947	1,048,939	36,467,389
Fair value changes arising from fair value hedges					40,548
					36,507,937
Less: Allowance for impairment losses					
- Individual impairment allowances					(29,801)
- Portfolio impairment allowances					(376,849)
					(406,650)
					36,101,287

^ Includes current account in excess

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract (Continued):****The Bank****At 31 December 2014**

	<b>Bai'</b>	<b>Others</b>	<b>Total financing, advances and other financing/loans</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term financing			
- Syndicated term financing	-	51,796	51,796
- Other term financing	478,723	1,538,654	2,017,377
Islamic trust receipts	-	76,273	76,273
Revolving credits	117,811	288,107	405,918
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>596,534</u>	<u>1,954,832</u>	<u>2,551,366</u>
Fair value changes arising from fair value hedges			-
			<u>2,551,366</u>
Less: Allowance for impairment losses			
- Individual impairment allowances			-
- Portfolio impairment allowances			<u>(1,193)</u>
			<u>(1,193)</u>
			<u>2,550,173</u>

**The Bank****At 31 December 2013**

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

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## **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

### **54 The operations of Islamic Banking (Continued)**

#### **(g) Financing, advances and other financing/loans (Continued)**

##### **(i) By type and Shariah contract (Continued):**

###### **Bai' contracts**

###### **- Murabahah**

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

###### **- Bai' al-'inah**

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding

###### **- Tawarruq**

Arrangement that involves a purchase of an asset/commodity based on musawamah or murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

###### **- Bai' Bithaman Ajil**

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

###### **- Bai' al-Dayn**

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

###### **Ijarah contracts**

###### **- Ijarah**

Contract of lease ending with transfer of ownership from the lessor to the lessee either in the form of gift or sale transaction based on agreed terms and conditions. There are two contracts in this arrangement. The first contract is ijarah where the lessee enjoys the usufruct of the assets at an agreed rental during an agreed period while the ownership remains with the lessor. The second contract is to transfer the ownership of the assets which may takes place at the end of the ijarah tenure or at any point of time during the tenure subject to the agreed terms and conditions between the contracting parties. Income is recognised on effective profit rate basis over the lease term.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract (Continued):

**Qard**

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

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

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Gross financing hedged	<b>6,350,000</b>	6,350,000
Fair value changes arising from fair value hedges	<b>57,272</b>	40,548
	<b><u>6,407,272</u></b>	<u>6,390,548</u>

The fair value loss on Islamic profit rate swaps in this hedge transaction as at 31 December 2014 was RM83 million (2013: RM67 million).

b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

As at 31 December 2014, the gross exposures to RPSIA financing is RM2,099 million (2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA is RM6.4 million (2013: RM11.3 million).

There was no individual impairment provided on this RPSIA financing.

c) Movement in Qard financing:

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
As at 1 January	<b>2,006</b>	4,594
New disbursement	<b>10,067</b>	1,571
Repayment	<b>(1,796)</b>	(4,159)
As at 31 December	<b><u>10,277</u></b>	<u>2,006</u>
Sources of Qard fund:		
Depositors' fund	<b>9,665</b>	1,886
Shareholders' fund	<b>612</b>	120
	<b><u>10,277</u></b>	<u>2,006</u>
Uses of Qard fund:		
Personal use	<b>1,156</b>	410
Business purpose	<b>9,121</b>	1,596
	<b><u>10,277</u></b>	<u>2,006</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(ii) By type of customer:**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	<b>1,744,023</b>	1,505,087	-	-
Domestic business enterprises				
- small medium enterprises	<b>5,072,522</b>	1,906,985	-	-
- others	<b>2,968,278</b>	5,180,126	<b>153,456</b>	85,125
Government and statutory bodies	<b>6,773,484</b>	6,746,098	-	-
Individuals	<b>19,990,768</b>	19,920,730	-	-
Other domestic entities	<b>527,055</b>	31,021	<b>478,722</b>	-
Foreign entities	<b>2,103,689</b>	1,177,342	<b>1,919,188</b>	943,598
	<b>39,179,819</b>	<b>36,467,389</b>	<b>2,551,366</b>	<b>1,028,723</b>

**(iii) By profit rate sensitivity:**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate				
- House financing	<b>169,414</b>	225,098	-	-
- Hire-purchase receivables	<b>5,298,240</b>	6,288,975	-	-
- other financing/loans	<b>11,508,450</b>	12,413,536	<b>406,453</b>	397,480
Variable rate				
- House financing	<b>9,730,571</b>	8,940,835	-	-
- Others	<b>12,473,144</b>	8,598,945	<b>2,144,913</b>	631,243
	<b>39,179,819</b>	<b>36,467,389</b>	<b>2,551,366</b>	<b>1,028,723</b>



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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(iv) By economic purposes:

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personal use	2,903,936	3,171,403	-	-
Credit card	111,918	104,449	-	-
Purchase of consumer durables	21,809	17,995	-	-
Residential property	10,038,277	9,214,629	-	-
Non residential property	3,573,649	3,206,670	-	-
Purchase of fixed assets other than land and building	444,385	270,074	244,940	-
Construction	1,698,290	1,930,087	79	529
Purchase of securities	584,113	21,839	-	-
Purchase of transport vehicles	5,349,838	6,346,225	-	-
Working capital	9,358,761	8,351,301	194,084	125,806
Merger and acquisition	934	1,242	-	-
Other purpose	5,093,909	3,831,475	2,112,263	902,388
	<b>39,179,819</b>	<b>36,467,389</b>	<b>2,551,366</b>	<b>1,028,723</b>

(v) By geographical distribution:

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	36,781,908	35,523,791	153,455	85,125
Indonesia	40,628	40,681	40,628	40,681
Singapore	1,633,620	902,917	1,633,620	902,917
Other countries	723,663	-	723,663	-
	<b>39,179,819</b>	<b>36,467,389</b>	<b>2,551,366</b>	<b>1,028,723</b>

(vi) By residual contractual maturity:

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Within one year	3,933,220	3,508,228	371,744	199,843
One year to less than three years	2,957,981	1,370,206	1,439,891	208,108
Three years to less than five years	7,525,649	5,880,681	601,334	620,772
Five years and more	24,762,969	25,708,274	138,397	-
	<b>39,179,819</b>	<b>36,467,389</b>	<b>2,551,366</b>	<b>1,028,723</b>

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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(vii) Impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personal use	31,233	25,081	-	-
Credit card	2,922	2,285	-	-
Purchase of consumer durables	6	72	-	-
Residential property	89,243	76,714	-	-
Non residential property	33,429	29,202	-	-
Purchase of fixed assets other than land and building	883	1,682	-	-
Construction	46,896	1,312	-	-
Purchase of securities	200	223	-	-
Purchase of transport vehicles	145,510	100,454	-	-
Working capital	68,039	64,953	-	-
Other purpose	39,499	8,172	-	-
	<b>457,860</b>	<b>310,150</b>	<b>-</b>	<b>-</b>

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

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	<b>457,860</b>	<b>310,150</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>310,150</b>	396,399	-	92,271
Classified as impaired during the financial year	<b>769,607</b>	414,409	-	-
Reclassified as not impaired during the financial year	<b>(355,338)</b>	(175,390)	-	-
Amount written back in respect of recoveries	<b>(103,631)</b>	(127,800)	-	(42,172)
Amount written off	<b>(162,928)</b>	(204,044)	-	(56,675)
Exchange fluctuation	-	6,576	-	6,576
At 31 December	<b>457,860</b>	310,150	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<b>1.17%</b>	0.85%	<b>0.00%</b>	0.00%

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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(x) Movements in allowance for impaired financing, advances and other financing/loans:**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>				
At 1 January	<b>29,801</b>	108,184	-	47,259
Net allowance made during the financial year	<b>19,016</b>	(14,929)	-	5,815
Amount written off	<b>(9,104)</b>	(67,055)	-	(56,675)
Exchange fluctuation	-	3,601	-	3,601
At 31 December	<b>39,713</b>	29,801	-	-
<b>Portfolio impairment allowance</b>				
At 1 January	<b>376,849</b>	347,704	-	-
Allowance made during the financial year	<b>124,569</b>	163,420	<b>1,165</b>	-
Amount written off	<b>(153,823)</b>	(136,990)	-	-
Transfer from conventional operations	-	2,715	-	-
Exchange fluctuation	<b>28</b>	-	<b>28</b>	-
At 31 December	<b>347,623</b>	376,849	<b>1,193</b>	-
Portfolio impairment allowance as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	<b>1.14%</b>	2.21%	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(h) Other assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and prepayments	<b>4,085</b>	3,983	-	-
Sundry debtors	<b>43,974</b>	39,250	<b>9,636</b>	2,461
Collateral pledged for derivative transactions	<b>57,150</b>	58,230	-	-
Clearing accounts	<b>5,801</b>	184,092	-	-
	<b>111,010</b>	<b>285,555</b>	<b>9,636</b>	<b>2,461</b>

**(i) Deferred taxation**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	<b>22,917</b>	25,931	-	-
Deferred tax liabilities	<b>(1,414)</b>	(3,482)	-	-
	<b>21,503</b>	<b>22,449</b>	<b>-</b>	<b>-</b>

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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

<b>The Group</b>		<b>Portfolio impairment allowance RM'000</b>	<b>Accelerated tax depreciation RM'000</b>	<b>Revaluation reserves - financial investments available-for- sale RM'000</b>	<b>Provision for expenses RM'000</b>	<b>Total RM'000</b>
<b>Note</b>						
<b><u>Deferred tax assets</u></b>						
<b><u>2014</u></b>						
		45	(3,482)	5,465	20,421	22,449
	(ad)	73	2,068	-	(3,378)	(1,237)
		-	-	291	-	291
		<b>118</b>	<b>(1,414)</b>	<b>5,756</b>	<b>17,043</b>	<b>21,503</b>
<b><u>2013</u></b>						
		78	(2,234)	(7,326)	20,213	10,731
	(ad)	(33)	(1,247)	-	208	(1,072)
		-	(1)	-	-	(1)
		-	-	12,791	-	12,791
		<b>45</b>	<b>(3,482)</b>	<b>5,465</b>	<b>20,421</b>	<b>22,449</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(j) Statutory deposits with Bank Negara Malaysia**

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
Statutory deposit with Bank Negara Malaysia	<b>1,297,654</b>	1,436,747

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

**(k) Goodwill**

	<b>The Group</b>	
	<b>2014</b>	2013
	<b>RM'000</b>	RM'000
<b>Cost</b>		
At 1 January/31 December	<b>136,000</b>	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit ('CGU').

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2015 financial budgets approved by management, projected for five years based on the average to year historical Gross Domestic Product ('GDP') growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (2013: 5.00%). The discount rate is 7.04% (2013: 6.55%) which reflects the specific risks relating to the CGU.

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

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for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(l) Intangible assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Computer software</b>				
<b>Cost</b>				
At 1 January	34,420	24,373	38	-
Additions	87,250	10,014	74	38
Disposal	(170)	-	-	-
Reclassified from property, plant and equipment (Note m)	-	33	-	-
At 31 December	<u>121,500</u>	<u>34,420</u>	<u>112</u>	<u>38</u>
<b>Amortisation</b>				
At 1 January	20,195	17,045	11	-
Charge for the financial year	10,131	3,150	23	11
At 31 December	<u>30,326</u>	<u>20,195</u>	<u>34</u>	<u>11</u>
<b>Net book value at 31 December</b>	<u>91,174</u>	<u>14,225</u>	<u>78</u>	<u>27</u>

The remaining amortisation period of the intangible assets are as follows:

Computer software 1-15 years

The above intangible assets include computer software under construction at cost of the Group of RM422,760 (2013: RM249,457).



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment**

<b>The Group 2014</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	5,930	3	3,571	9,504
Additions	8,168	15	318	8,501
Written-off	(117)	-	(491)	(608)
At 31 December	<u>13,981</u>	<u>18</u>	<u>3,398</u>	<u>17,397</u>
<b>Accumulated depreciation</b>				
At 1 January	3,038	3	1,227	4,268
Charge for the financial year	2,761	3	637	3,401
Written-off	(117)	-	(322)	(439)
At 31 December	<u>5,682</u>	<u>6</u>	<u>1,542</u>	<u>7,230</u>
<b>Net book value at 31 December</b>	<u>8,299</u>	<u>12</u>	<u>1,856</u>	<u>10,167</u>

<b>The Group 2013</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	4,771	3	3,247	8,021
Additions	1,192	-	393	1,585
Written-off	-	-	(69)	(69)
Reclassified to intangible assets (Note 1)	(33)	-	-	(33)
At 31 December	<u>5,930</u>	<u>3</u>	<u>3,571</u>	<u>9,504</u>
<b>Accumulated depreciation</b>				
At 1 January	1,713	3	813	2,529
Charge for the financial year	1,325	-	447	1,772
Written-off	-	-	(33)	(33)
At 31 December	<u>3,038</u>	<u>3</u>	<u>1,227</u>	<u>4,268</u>
<b>Net book value at 31 December</b>	<u>2,892</u>	<u>-</u>	<u>2,344</u>	<u>5,236</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment (continued)**

<b>The Bank 2014</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 January	-	-	-
Additions	40	15	55
At 31 December	<u>40</u>	<u>15</u>	<u>55</u>
<b>Accumulated depreciation</b>			
At 1 January	-	-	-
Charge for the financial year	8	3	11
At 31 December	<u>8</u>	<u>3</u>	<u>11</u>
<b>Net book value at 31 December</b>	<u>32</u>	<u>12</u>	<u>44</u>

**CIMB Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Savings deposits				
Wadiah	2,288,951	1,358,418	86,173	27,544
Mudharabah	-	574,528	-	-
Demand deposit				
Wadiah	7,229,933	3,336,447	128,350	39,016
Qard	61,320	11,854	-	-
Mudharabah	738,098	4,780,701	-	-
Term deposit				
Commodity Murabahah	21,691,342	5,652,819	271,021	255,758
Islamic negotiable instruments				
Mudharabah	389,915	414,592	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	2,173,817	5,519,448	-	-
Short term money market deposit-i				
Wakalah	5,109,756	14,334,939	16,244	-
Wadiah	6,914	-	6,914	-
Fixed Deposit-i				
Wakalah	608,700	507,007	-	-
Wadiah	458,631	502,921	450,161	482,551
General investment account				
Mudharabah	1,336,037	2,088,871	-	5,631
Specific investment account				
Mudharabah	174,606	175,455	-	-
Wakalah	-	415	-	-
Others-Qard	18,887	25,428	-	1
	<b>42,286,907</b>	<b>39,283,843</b>	<b>958,863</b>	<b>810,501</b>

**(ii) By maturity structures of term deposits**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Due within six months	30,412,274	28,020,015	743,467	743,940
Six months to less than one year	987,641	553,838	873	-
One year to less than three years	380,679	67,032	-	-
Three years to less than five years	436	383,128	-	-
Five years and more	168,688	172,454	-	-
	<b>31,949,718</b>	<b>29,196,467</b>	<b>744,340</b>	<b>743,940</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(n) Deposits from customers (continued)****(iii) By type of customer**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	<b>3,737,245</b>	4,827,079	-	-
Business enterprises	<b>17,057,959</b>	17,081,689	<b>692,220</b>	730,526
Individuals	<b>5,662,079</b>	4,291,361	<b>261,873</b>	76,518
Others	<b>15,829,624</b>	13,083,714	<b>4,770</b>	3,457
	<b>42,286,907</b>	39,283,843	<b>958,863</b>	810,501

**Wadiah (Yad Dhamanah)**

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian).

**Commodity Murabahah**

A contract of sale and purchase of commodities as underlying assets. The Customer appoints the Bank to act as the Customer's agent for the purchase and sale of the commodity. Profit expense shall be recognised on accrual basis by maturity date.

**Mudharabah**

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorized into two types:

- a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **54 The operations of Islamic Banking (Continued)**

##### **(n) Deposits from customers (continued)**

###### **Wakalah**

A trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. This contract is categorised into two types which are Restricted Agency (Wakalah Muqayyadah) and Unrestricted Agency (Wakalah Mutlaqah). The fee shall be recognised based on agreement.

###### **Bai' Bithaman Ajil**

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

###### **Bai' al-Dayn**

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

###### **Qard**

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(o) Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>Mudharabah</u>				
Licensed Islamic banks	251,990	-	-	-
Licensed banks	4,019,581	6,536,179	578,256	272,066
Licensed investment banks	201,122	230	-	-
Other financial institutions	1,370,079	479,519	1,188,222	443,408
	<u>5,842,772</u>	<u>7,015,928</u>	<u>1,766,478</u>	<u>715,474</u>

**(p) Subordinated Sukuk**

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

The first tranche of the Sukuk of RM300 million was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

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

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

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(q) Other liabilities**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Clearing accounts	3,180,770	2,975,794	2,957,703	2,780,249
Accruals and other payables	63,182	15,874	1,029	-
Others	261,007	354,595	255,825	285,110
	<b>3,504,959</b>	<b>3,346,263</b>	<b>3,214,557</b>	<b>3,065,359</b>

**(r) Provision for taxation and Zakat**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Taxation	27,819	15,089	-	-
Zakat	140	348	-	-
	<b>27,959</b>	<b>15,437</b>	<b>-</b>	<b>-</b>

**(s) Financial liabilities designated at fair value**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	149,835	146,216	-	-

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

The carrying amount of the Group as at 31 December 2014 of financial liabilities designated at fair value was RM8,551,000 (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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(t) Ordinary share capital**

	<b>The Group 2014 RM'000</b>	2013 RM'000
<b>Authorised</b>		
<b>Ordinary shares of RM1.00 each:</b>		
At 1 January/31 December	<u>1,400,000</u>	<u>1,400,000</u>
<b>Issued and fully paid</b>		
<b>Ordinary shares of RM1.00 each:</b>		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>

**(u) Perpetual preference shares**

	<b>The Group 2014 RM'000</b>	2013 RM'000
<b>Authorised</b>		
<b>Perpetual preference shares of RM1.00 each:</b>		
At 1 January	100,000	100,000
Created during the financial year	<u>300,000</u>	-
At 31 December	<u>400,000</u>	<u>100,000</u>
<b>Issued and fully paid</b>		
<b>Perpetual preference shares of RM1.00 each:</b>		
At 1 January	70,000	70,000
Issued during the financial year	<u>150,000</u>	-
At 31 December	<u>220,000</u>	<u>70,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic Bank and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic Bank beyond such redemption rights as are expressly set out in these Articles.

CIMB Islamic Bank may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic Bank.



## **CIMB Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2014 (Continued)**

#### **54 The operations of Islamic Banking (Continued)**

##### **(v) Reserves**

- (a) The statutory reserves are maintained in compliance with BNM guidelines and is not distributable as cash dividends.
- (b) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (c) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the financing/loans impairment financing assessment methodology with the adoption of MFRS 139 beginning 1 January 2010.
- (d) Share-based payment reserve arose from the Employee Ownership Plan, the Group's share-based compensation benefits.
- (e) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(w) Income derived from investment of depositors' funds and others**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	1,111,185	1,009,869	54,256	39,343
(ii) Specific investment deposits	91,033	89,121	-	-
(iii) Other deposits	920,590	1,045,754	-	-
	<b>2,122,808</b>	<b>2,144,744</b>	<b>54,256</b>	<b>39,343</b>

**(i) Income derived from investment of general investment deposits**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	883,604	781,866	31,969	11,428
- unwinding income <sup>^</sup>	3,816	3,360	-	312
Financial assets held for trading	15,404	18,595	1,770	2,401
Financial investments available-for-sale	39,424	51,116	7,192	7,919
Financial investments held-to-maturity	24,700	22,774	8,782	8,546
Money at call and deposits with financial institutions	118,373	92,011	2,855	5,179
Others	911	1,034	1,099	1,034
	<b>1,086,232</b>	<b>970,756</b>	<b>53,667</b>	<b>36,819</b>
Accretion of discount less amortisation of premium	47,122	62,007	(484)	(534)
Total finance income and hibah	<b>1,133,354</b>	<b>1,032,763</b>	<b>53,183</b>	<b>36,285</b>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	669	18,722	218	(238)
-unrealised	(121)	(6,516)	(196)	(4,918)
- Net gain from sale of financial investments available-for-sale	4,617	13,414	1,047	4,432
- Net gain from redemption of financial investments held-to-maturity	-	135	-	-
- Net (loss)/gain from foreign exchange transactions	(39,909)	(53,870)	(1,527)	369
	<b>(34,744)</b>	<b>(28,115)</b>	<b>(458)</b>	<b>(355)</b>
Fee and commission income	12,575	5,221	1,531	3,413
	<b>1,111,185</b>	<b>1,009,869</b>	<b>54,256</b>	<b>39,343</b>

<sup>^</sup> Unwinding income is income earned on impaired financial assets

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(w) Income derived from investment of depositors' funds and others (continued)****(ii) Income derived from specific investment deposits**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	69,486	64,763	-	-
Money at call and deposit with financial institutions	21,547	24,358	-	-
	<b>91,033</b>	<b>89,121</b>	<b>-</b>	<b>-</b>

**(iii) Income derived from investment of other deposits**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	737,781	832,248	-	-
- unwinding income <sup>^</sup>	3,296	3,302	-	-
Financial assets held for trading	11,691	17,347	-	-
Financial investments available-for-sale	27,111	46,358	-	-
Financial investments held-to-maturity	13,825	15,362	-	-
Money at call and deposits with financial institutions	100,548	92,213	-	-
	<b>894,252</b>	<b>1,006,830</b>	<b>-</b>	<b>-</b>
Accretion of discount less amortisation of premium	39,745	67,310	-	-
Total finance income and hibah	<b>933,997</b>	<b>1,074,140</b>	<b>-</b>	<b>-</b>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	339	20,579	-	-
-unrealised	(168)	(1,699)	-	-
- Net gain from sale of financial investments available-for-sale	1,776	9,473	-	-
- Net gain from redemption of financial investments held-to-maturity	-	137	-	-
- Net loss from foreign exchange transactions	(18,017)	(58,880)	-	-
	<b>(16,070)</b>	<b>(30,390)</b>	<b>-</b>	<b>-</b>
Fee and commission income	2,663	2,004	-	-
	<b>920,590</b>	<b>1,045,754</b>	<b>-</b>	<b>-</b>

<sup>^</sup> Unwinding income is income earned on impaired financial assets

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(x) Net income/(expenses) derived from investment of shareholders' funds**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financing, advances and other financing/loans				
- profit income	103,075	81,417	5,211	281
- unwinding income <sup>^</sup>	443	313	-	-
Financial assets held for trading	1,590	1,674	13	20
Financial investments available-for-sale	4,081	4,920	92	86
Financial investments held-to-maturity	2,090	1,709	239	249
Money at call and deposits with financial institutions	13,644	8,955	240	218
	<b>124,923</b>	<b>98,988</b>	<b>5,795</b>	<b>854</b>
Accretion of discount less amortisation of premium	5,452	6,525	-	-
Total finance income and hibah	<b>130,375</b>	<b>105,513</b>	<b>5,795</b>	<b>854</b>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
- Realised	49	2,013	-	-
- Unrealised	(10)	(237)	(7)	(73)
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(287)	(1,572)	-	-
- Unrealised	105	8,464	-	-
- Net gain/(loss) from sale of financial investments available-for-sale	244	(2,585)	-	-
- Net gain from redemption of financial investments held-to-maturity	-	14	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	70,749	92,705	(214)	(209)
- Unrealised	(9,878)	(874)	(28)	(26)
- Net (loss)/gain from foreign exchange transactions	(3,577)	(5,740)	9	(3)
- Net gain/(loss) from hedging derivatives	231	(4,760)	231	(4,760)
	<b>57,626</b>	<b>87,428</b>	<b>(9)</b>	<b>(5,071)</b>
Fee and commission income	97,511	63,221	3,122	101
Fee and commission expense	-	(1,417)	-	-
Net fee and commission expense	97,511	61,804	3,122	101
Sundry income	4,537	4,136	112	220
	<b>290,049</b>	<b>258,881</b>	<b>9,020</b>	<b>(3,896)</b>

<sup>^</sup> Unwinding income is income earned on impaired financial assets

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(y) Allowances for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
(i) Individual impairment allowance				
- Net allowance made/(written-back) during the financial year	19,016	(14,929)	-	5,815
(iii) Portfolio impairment allowance				
- Net allowance made during the financial year	124,569	163,420	1,165	-
Bad debts on financing:				
- recovered	(44,477)	(47,495)	-	-
- written off	2,363	2,121	-	-
	<b>101,471</b>	<b>103,117</b>	<b>1,165</b>	<b>5,815</b>

**(z) Income attributable to depositors**

	The Group		The Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	115,221	131,295	7,522	4,312
- Non-Mudharabah	919,718	774,674	844	4,843
Deposits and placements of banks and other financial institutions				
- Mudharabah	24,355	35,756	2,702	1,143
- Non-Mudharabah	8,092	32,425	616	-
Financial liabilities designated at fair value	7,020	4,518	-	-
Others	40,142	42,105	1,103	2,150
	<b>1,114,548</b>	<b>1,020,773</b>	<b>12,787</b>	<b>12,448</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(aa) Personnel expenses**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, allowances and bonuses	64,875	76,080	2,630	1,896
Pension costs (defined contribution plan)	3,250	2,954	-	-
Staff incentives and other staff payments	5,485	6,151	-	-
Medical expenses	501	391	-	-
Others	824	718	-	-
	<b>74,935</b>	<b>86,294</b>	<b>2,630</b>	<b>1,896</b>

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM914,025 (2013: 796,101).

**(ab) Other overheads and expenditures**

	The Group		The Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Establishment costs</b>				
Rental	1,788	1,564	207	55
Depreciation of property, plant and equipment	3,401	1,772	11	-
Repairs and maintenance	2,963	2,444	-	15
Outsourcing expenses	1,423	72	25	-
Security expenses	35	37	-	-
Utility expenses	256	200	-	-
Others	911	967	-	-
<b>Marketing expenses</b>				
Advertisement and publicity	5,534	7,592	921	50
Others	2,683	1,978	-	-
<b>Administration and general expenses</b>				
Auditor's remuneration - statutory audit	154	191	-	-
Amortisation of intangible assets	10,131	3,150	23	11
Consultancy and professional fees	275	4,660	-	-
Legal expenses	611	201	-	(96)
Stationery	775	717	102	-
Communication	613	675	-	-
Incidental expenses on banking operations	3,540	1,268	-	-
Postage	3,075	2,861	-	-
Donation	4,519	7,070	-	-
Others	32,169	10,817	-	326
	<b>74,856</b>	<b>48,236</b>	<b>1,289</b>	<b>361</b>
<b>Shared service cost</b>	<b>341,526</b>	<b>374,033</b>	<b>-</b>	<b>-</b>
	<b>416,382</b>	<b>422,269</b>	<b>1,289</b>	<b>361</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(ac) Significant related party transactions and balances**

The related parties of, and their relationship with the Group and Bank, are disclosed in Note 40.

<b>2014</b>	<b>Conventional operations RM'000</b>	<b>Other related companies RM'000</b>	<b>Key management personnel RM'000</b>
<b>Income</b>			
Fee income	-	455	-
Profit income on deposits and placements with banks and other financial institutions	1,659	4,146	-
<b>Expenditure</b>			
Profit expense on deposits and placements of banks and other financial institutions	127,906	15,532	-
Profit expense on deposits from customers	-	1,893	3
Profit expense on subordinated Sukuk	38,812	276	-
Shared service costs	283,499	78,054	-
Security services	-	35	-
Process cost	-	39	-
<b>Amounts due from</b>			
Current accounts, deposits and placements with banks and other financial institutions	437,409	88,941	-
Profit income on deposits and placements with banks and other financial institution	1,095	174	-
Derivatives	77,796	-	-
<b>Amounts due to</b>			
Deposits from customers	-	149,938	1,808
Deposits and placements of banks and other financial institutions	2,997,359	209,402	-
Profit expense on deposits from customers	-	24	-
Profit expense on deposits and placements of banks and other financial institutions	12,377	522	-
Subordinated Sukuk	844,000	6,000	-
Profit expense on subordinated Sukuk	10,235	74	-
Shared service costs	25,891	5,375	-
Derivatives	140,034	-	-
<b>Commitment and contingencies</b>			
Profit rate related contracts	6,916,136	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(ac) Significant related party transactions and balances (continued)**

	Conventional operations RM'000	Other related companies RM'000	Key management personnel RM'000
<b>2013</b>			
<b>Income</b>			
Fee income	-	702	-
Profit income on deposits and placements with banks and other financial institutions	1,405	12,397	-
Profit income on financial investments held-to-maturity	1,010	-	-
<b>Expenditure</b>			
Profit expense on deposits and placements of banks and other financial institutions	268,676	29,941	-
Profit expense on deposits from customers	-	2,339	-
Profit expense on subordinated Sukuk	37,770	269	-
Shared service costs	294,921	78,597	-
Security services	-	37	-
Process cost	-	14	-
<b>Amounts due from</b>			
Current accounts, deposits and placements with banks and other financial institutions	-	129,838	-
Profit income on deposits and placements with banks and other financial institutions	-	143	-
Derivatives	100,588	-	-
<b>Amounts due to</b>			
Deposits from customers	-	136,233	1,458
Deposits and placements of banks and other financial institutions	5,887,062	200,188	-
Profit expense on deposits from customers	-	466	-
Profit expense on deposits and placements of banks and other financial institutions	61,496	100	-
Subordinated Sukuk	844,000	6,000	-
Profit expense on subordinated Sukuk	6,828	3,481	-
Shared service costs	15,406	5,453	-
Derivatives	147,104	-	-
<b>Commitment and contingencies</b>			
Profit rate related contracts	6,930,427	-	-



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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(ad) Taxation****(i) Tax expense for the financial year**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	<b>164,647</b>	190,402	-	-
Deferred taxation (Note i)	<b>1,237</b>	1,072	-	-
Under accrual in prior year	<b>154</b>	176	-	-
	<b>166,038</b>	191,650	-	-

**(ii) Numerical reconciliation of income tax expense**

The explanation on the relationship between tax expense and profit before taxation is as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>705,844</b>	767,202	<b>45,405</b>	14,927
Tax calculated at tax rate of 25%	<b>176,461</b>	191,800	<b>11,351</b>	3,732
- effect of different tax rates in other countries	<b>(5,934)</b>	950	<b>(3,588)</b>	210
- income not subject to tax	<b>(6,999)</b>	(4,195)	<b>(7,763)</b>	(3,942)
- expenses not deductible for tax purposes	<b>2,356</b>	2,919	-	-
Under accrual in prior year	<b>154</b>	176	-	-
	<b>166,038</b>	191,650	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2014 (Continued)****54 The operations of Islamic Banking (Continued)****(ae) Sources and uses of charity funds**

Earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

	<b>The Group</b>		<b>The Bank</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sources of charity funds</b>				
Balance as at 1 January	633	267	-	-
Non-shariah compliance income	466	366	465	-
Exchange fluctuation	44	-	44	-
Total sources of charity funds during the year	<b>1,143</b>	<b>633</b>	<b>509</b>	<b>-</b>
<b>Uses of charity funds</b>				
Contribution to non-profit organisation	343	-	-	-
Contribution to government agencies	250	-	-	-
Total uses of charity funds during the year	<b>593</b>	<b>-</b>	<b>-</b>	<b>-</b>
Undistributed charity funds as at 31 December	<b>550</b>	<b>633</b>	<b>509</b>	<b>-</b>

**55 Authorisation for issue of Financial Statements**

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 9 March 2015.