

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

		The Group		The Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short term funds	A1	12,227,183	5,134,659	12,227,136	5,134,612
Deposits and placements with banks and other financial institutions	A2	462,710	218,934	462,710	218,934
Financial assets held for trading	A3	3,219,606	3,536,650	3,219,606	3,536,650
Financial investments available-for-sale	A4	2,435,054	2,023,922	2,435,054	2,023,922
Financial investments held-to-maturity	A5	771,247	620,992	771,247	620,992
Islamic derivative financial instruments	A19 (i)	234,368	263,865	234,368	263,865
Financing, advances and other financing/loans	A6	37,599,974	36,299,580	37,599,974	36,299,580
Other assets	A7	255,974	101,374	255,974	101,374
Deferred taxation		17,612	21,503	17,612	21,503
Amount due from holding company		-	106,783	-	106,783
Amount due from related companies		3,557	662	3,558	662
Statutory deposits with Bank Negara Malaysia		1,475,873	1,297,654	1,475,873	1,297,654
Investment in subsidiaries		-	-	20	20
Property, plant and equipment		9,258	10,124	9,258	10,124
Intangible assets		89,708	91,096	89,708	91,096
Goodwill		136,000	136,000	136,000	136,000
Total assets		58,938,124	49,863,798	58,938,098	49,863,771
Liabilities					
Deposits from customers	A8	48,192,578	41,328,044	48,192,578	41,328,044
Deposits and placements of banks and other financial institutions	A9	5,246,014	3,644,713	5,246,014	3,644,713
Subordinated Sukuk	A10	853,538	856,026	853,538	856,026
Other liabilities	A11	501,756	297,254	501,756	297,254
Financial liabilities designated at fair value	A12	174,164	149,835	174,164	149,835
Islamic derivative financial instruments	A19 (i)	401,906	330,197	401,906	330,197
Provision for tax and Zakat		20,219	29,721	20,219	29,721
Amount due to holding company		241,782	-	241,782	-
Amount due to related companies		1,024	16,538	1,024	16,537
Total liabilities		55,632,981	46,652,328	55,632,981	46,652,327
Equity					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		2,085,143	1,991,470	2,085,117	1,991,444
		3,085,143	2,991,470	3,085,117	2,991,444
Perpetual preference shares		220,000	220,000	220,000	220,000
Total equity		3,305,143	3,211,470	3,305,117	3,211,444
Total equity and liabilities		58,938,124	49,863,798	58,938,098	49,863,771
Commitments and contingencies	A19 (ii)	28,111,512	28,238,559	28,111,512	28,238,559
Net assets per ordinary share attributable to owners of the Parent (RM)		3.09	2.99	3.09	2.99

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 31 MARCH 2015

		The Group and The Bank			
		1st Quarter Ended		3 Months Ended	
		31 March	31 March	31 March	31 March
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A13	512,055	520,690	512,055	520,690
Income derived from investment of shareholder's funds	A14	120,820	46,666	120,820	46,666
Allowances for losses on financing, advances and other financing/loans	A15	(33,548)	(5,736)	(33,548)	(5,736)
Allowances for impairment losses on other receivables		(25)	151	(25)	151
Total distributable income		599,302	561,771	599,302	561,771
Income attributable to depositors	A16	(355,040)	(296,489)	(355,040)	(296,489)
Total net income		244,262	265,282	244,262	265,282
Personnel costs	A17	(19,958)	(19,529)	(19,958)	(19,529)
Other overheads and expenditures	A18	(109,813)	(104,822)	(109,813)	(104,822)
Profit before taxation		114,491	140,931	114,491	140,931
Taxation		(32,215)	(35,644)	(32,215)	(35,644)
Profit for the financial period		82,276	105,287	82,276	105,287

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2015

Profit for the period		82,276	105,287	82,276	105,287
Other comprehensive income/(expenses):					
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve of financial investments available-for-sale					
- Net gain/(loss) from change in fair value		15,614	(8,051)	15,614	(8,051)
- Realised gain transferred to statement of income on disposal		(10)	(833)	(10)	(833)
- Income tax effects		(3,901)	2,221	(3,901)	2,221
Other comprehensive income/(expense) for the period, net of tax		11,703	(6,663)	11,703	(6,663)
Total comprehensive income for the period		93,979	98,624	93,979	98,624
Earnings per share -basis (sen)	B3	8.23	10.53	8.23	10.53

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

The Group	← Attributable to owners of the Parent →									
	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
31 March 2015										
At 1 January 2015	1,000,000	220,000	844,149	(17,270)	(2,457)	458	-	674	1,165,916	3,211,470
Net profit for the financial period	-	-	-	-	-	-	-	-	82,276	82,276
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	11,703	-	-	-	-	-	11,703
Total comprehensive income for the period	-	-	-	11,703	-	-	-	-	82,276	93,979
Share-based payment expense	-	-	-	-	-	-	-	169	-	169
Transfer to regulatory reserve	-	-	-	-	-	-	4,050	-	(4,050)	-
Issuance new shares	-	-	-	-	-	-	-	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(475)	-	(475)
At 31 March 2015	1,000,000	220,000	844,149	(5,567)	(2,457)	458	4,050	368	1,244,142	3,305,143
31 March 2014										
At 1 January 2014	1,000,000	70,000	746,312	(16,396)	(2,457)	458	230,088	606	642,317	2,670,928
Net profit for the financial period	-	-	-	-	-	-	-	-	105,287	105,287
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	(6,663)	-	-	-	-	-	(6,663)
Total comprehensive income for the period	-	-	-	(6,663)	-	-	-	-	105,287	98,624
Share-based payment expense	-	-	-	-	-	-	-	164	-	164
Transfer to regulatory reserve	-	-	-	-	-	-	16,740	-	(16,740)	-
Issuance new shares	-	150,000	-	-	-	-	-	-	-	150,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(433)	-	(433)
At 31 March 2014	1,000,000	220,000	746,312	(23,059)	(2,457)	458	246,828	337	730,864	2,919,283

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	← Non-distributable →							↔ Distributable ↔		
The Bank	Share capital	Perpetual preference shares	Statutory reserve	Revaluation reserve - financial investments available-for-sale	Merger reserve	Capital reserve	Regulatory reserve	Share-based payment reserve	Retained profits	Total
31 March 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	1,000,000	220,000	844,149	(17,270)	(2,457)	458	-	674	1,165,890	3,211,444
Net profit for the financial period	-	-	-	-	-	-	-	-	82,276	82,276
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
- Financial investments available-for-sale	-	-	-	11,703	-	-	-	-	-	11,703
Total comprehensive income for the period	-	-	-	11,703	-	-	-	-	82,276	93,979
Share-based payment expense	-	-	-	-	-	-	-	169	-	169
Transfer to regulatory reserve	-	-	-	-	-	-	4,050	-	(4,050)	-
Issuance new shares	-	-	-	-	-	-	-	-	-	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(475)	-	(475)
At 31 March 2015	1,000,000	220,000	844,149	(5,567)	(2,457)	458	4,050	368	1,244,116	3,305,117
							-			
31 March 2014										
At 1 January 2014	1,000,000	70,000	746,312	(16,396)	(2,457)	458	230,088	606	642,291	2,670,902
Net profit for the financial period	-	-	-	-	-	-	-	-	105,287	105,287
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
- Financial investments available-for-sale	-	-	-	(6,663)	-	-	-	-	-	(6,663)
Total comprehensive income for the period	-	-	-	(6,663)	-	-	-	-	105,287	98,624
Share-based payment expense	-	-	-	-	-	-	-	164	-	164
Transfer to regulatory reserve	-	-	-	-	-	-	38,947	-	(38,947)	-
Issuance new shares	-	150,000	-	-	-	-	-	-	-	150,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(433)	-	(433)
At 31 March 2014	1,000,000	220,000	746,312	(23,059)	(2,457)	458	269,035	337	708,631	2,919,257

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014.

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015

	The Group		The Bank	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation	114,491	140,931	114,491	140,931
Adjustments for non-cash items	5,080	15,851	5,080	15,851
Operating profit before changes in working capital	119,571	156,782	119,571	156,782
Net changes in operating assets	(1,413,212)	(1,136,703)	(1,413,212)	(1,136,703)
Net changes in operating liabilities	8,959,975	(754,129)	8,959,975	(754,129)
Tax paid	(41,588)	(39,935)	(41,588)	(39,935)
Net cash generated from operating activities	7,624,746	(1,773,985)	7,624,746	(1,773,985)
Net cash flows used in investing activities	(517,223)	(114,028)	(517,223)	(114,028)
Net cash flows (used in)/generated from financing activities	(14,999)	135,727	(14,999)	135,727
Net change in cash and cash equivalents	7,092,524	(1,752,286)	7,092,524	(1,752,286)
Cash and cash equivalents at beginning of the financial period	5,134,659	6,983,561	5,134,612	6,983,515
Cash and cash equivalents at end of the financial period	12,227,183	5,231,275	12,227,136	5,231,229

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014.

PART A - EXPLANATORY NOTES

A. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 31 March 2015 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments and financial liabilities designated at fair value, that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2014.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2014, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2015:

- Annual improvement to MFRSs 2010 - 2012 Cycle
 - Amendment to MFRS 2 "Share-based Payment"
 - Amendment to MFRS 3 "Business Combinations"
 - Amendment to MFRS 8 "Operating Segments"
 - Amendment to MFRS 13 "Fair Value Measurement"
 - Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
 - Amendment to MFRS 124 "Related Party Disclosures"

- Annual improvement to MFRSs 2011 - 2013 Cycle
 - Amendment to MFRS 3 "Business Combinations"
 - Amendment to MFRS 13 "Fair Value Measurement"

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

B. CHANGES IN ESTIMATES

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

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

There were no issuance and repayment of debt securities during the period.

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 31 March 2015.

E. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 15 May 2015, CIMB Group Holdings Berhad announced that they have offered employees in Malaysia and Indonesia a Mutual Separation Scheme ("MSS"). The MSS exercise is fully voluntary and is aimed at enhancing the Group's efficiency levels across the board.

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
A1 Cash and short-term funds				
Cash and balances with banks and other financial institutions	279,714	266,808	279,667	266,761
Money at call and deposit placements maturing within one month	11,947,469	4,867,851	11,947,469	4,867,851
	12,227,183	5,134,659	12,227,136	5,134,612
A2 Deposits and placements with banks and other financial institutions				
Licensed banks	462,710	218,934	462,710	218,934
	462,710	218,934	462,710	218,934
A3 Financial assets held for trading				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Malaysian Government treasury bills	34,188	14,826	34,188	14,826
Bank Negara monetary notes	1,222,418	2,235,535	1,222,418	2,235,535
Islamic negotiable instruments of deposits	1,380,083	992,580	1,380,083	992,580
Government Investment Issues	269,721	12,885	269,721	12,885
	2,906,410	3,255,826	2,906,410	3,255,826
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	238,984	210,789	238,984	210,789
<u>Outside Malaysia</u>				
Islamic private debt securities	74,212	70,035	74,212	70,035
	3,219,606	3,536,650	3,219,606	3,536,650
A4 Financial investments available-for-sale				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues	422,025	315,897	422,025	315,897
Islamic Cagamas bonds	28,921	8,504	28,921	8,504
Malaysian Government Sukuk	51,177	19,750	51,177	19,750
Khazanah bonds	71,197	70,214	71,197	70,214
	573,320	414,365	573,320	414,365
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	1,778,559	1,525,393	1,778,559	1,525,393
Placement with IBFIM	575	575	575	575
<u>Outside Malaysia</u>				
Islamic private debt securities	82,600	83,589	82,600	83,589
	2,435,054	2,023,922	2,435,054	2,023,922
A5 Financial investments held-to-maturity				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues	58,069	7,569	58,069	7,569
Khazanah bonds	12,662	12,662	12,662	12,662
	70,731	20,231	70,731	20,231
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	700,026	600,386	700,026	600,386
Amortisation of premium less accretion of discount	490	375	490	375
	771,247	620,992	771,247	620,992

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans

(i) Financing by types and Shariah contracts

At amortised cost:

	The Group and the Bank				Total RM'000
	Bai' RM'000	Ijarah RM'000	Qard RM'000	Others RM'000	
31 March 2015					
Cash line [^]	546,684	-	7,930	-	554,614
Term financing					
- House financing	9,044,299	1,086,539	-	-	10,130,838
- Syndicated financing	1,313,957	198,505	-	-	1,512,462
- Hire purchase receivables	-	5,056,254	-	-	5,056,254
- Other term financing	17,868,866	58,026	-	-	17,926,892
Bills receivable	2,670	-	-	-	2,670
Islamic trust receipts	16,145	-	-	-	16,145
Claims on customer under Islamic accepted bills	278,974	-	-	-	278,974
Credit card receivables	-	-	-	110,921	110,921
Revolving credits	2,277,022	-	-	-	2,277,022
Share purchase financing	5,920	-	-	-	5,920
Ar Rahnu	-	-	-	1,800	1,800
Gross financing, advances and other financing/loans	31,354,537	6,399,324	7,930	112,721	37,874,512
Fair value changes arising from fair value hedges					119,160
Less : Allowance for impairment losses					
- Individual impairment allowance					(53,419)
- Portfolio impairment allowance					(340,279)
Total net financing, advances and other financing/loans					<u>37,599,974</u>

31 December 2014

Cash line [^]	554,680	-	10,277	-	564,957
Term financing					
- House financing	8,907,718	992,267	-	-	9,899,985
- Syndicated financing	365,825	211,243	-	-	577,068
- Hire purchase receivables	-	5,298,240	-	-	5,298,240
- Other term financing	17,304,405	56,820	-	-	17,361,225
Bills receivable	2,939	-	-	-	2,939
Islamic trust receipts	19,218	-	-	-	19,218
Claims on customer under Islamic accepted bills	391,983	-	-	-	391,983
Credit card receivables	-	-	-	111,917	111,917
Revolving credits	2,389,876	-	-	-	2,389,876
Share purchase financing	9,453	-	-	-	9,453
Ar Rahnu	-	-	-	1,590	1,590
Gross financing, advances and other financing/loans	29,946,097	6,558,570	10,277	113,507	36,628,451
Fair value changes arising from fair value hedges					57,272
Less : Allowance for impairment losses					
- Individual impairment allowance					(39,713)
- Portfolio impairment allowance					(346,430)
Total net financing, advances and other financing/loans					<u>36,299,580</u>

[^] Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

(a) The Group and the Bank have undertaken fair value hedges on financing using Islamic profit rate swaps.

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Gross financing hedged	5,875,000	6,350,000	5,875,000	6,350,000
Fair value changes arising from fair value hedges	119,160	57,272	119,160	57,272
	5,994,160	6,407,272	5,994,160	6,407,272

The fair value loss on Islamic profit rate swaps of the Group and the Bank in this hedge transaction as at 31 March 2015 were RM193 million (31 December 2014 : fair value loss of RM83 million).

(b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the portfolio and individual impairment for bad and doubtful financing arising thereon.

As at 31 March 2015, the gross exposures to RPSIA financing is RM2,527 million (31 December 2014: RM2,099 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM7.3 million (31 December 2014: RM6.4 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

(c) Movement of Qard financing

	The Group and the Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
As at 1 January 2015/2014	10,277	2,006
New disbursement	2,126	10,067
Repayment	(4,473)	(1,796)
As at 31 March/ 31 December	7,930	10,277
Sources of Qard fund:		
Depositors' fund	7,425	9,665
Shareholders' fund	505	612
	7,930	10,277
Uses of Qard fund:		
Personal use	290	1,156
Business purpose	7,640	9,121
	7,930	10,277

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
(ii) By geographical distribution:				
Malaysia	37,874,512	36,628,451	37,874,512	36,628,451
	37,874,512	36,628,451	37,874,512	36,628,451
(iii) By type of customer :				
Domestic non-bank financial institutions	1,692,962	1,744,023	1,692,962	1,744,023
Domestic business enterprises				
- Small medium enterprises	5,086,709	5,072,522	5,086,709	5,072,522
- Others	3,694,936	2,814,822	3,694,936	2,814,822
Government and statutory bodies	6,825,110	6,773,484	6,825,110	6,773,484
Individuals	20,310,200	19,990,768	20,310,200	19,990,768
Other domestic entities	74,025	48,331	74,025	48,331
Foreign entities	190,570	184,501	190,570	184,501
	37,874,512	36,628,451	37,874,512	36,628,451
(iv) By profit rate sensitivity :				
Fixed rate				
- House financing	161,187	169,414	161,187	169,414
- Hire purchase receivables	5,056,254	5,298,240	5,056,254	5,298,240
- Others	10,928,923	11,101,995	10,928,923	11,101,995
Variable rate				
- House financing	9,969,651	9,730,571	9,969,651	9,730,571
- Other financing	11,758,497	10,328,231	11,758,497	10,328,231
	37,874,512	36,628,451	37,874,512	36,628,451
(v) By economic purpose :				
Personal use	2,841,348	2,903,936	2,841,348	2,903,936
Credit card	110,921	111,918	110,921	111,918
Construction	1,601,874	1,698,211	1,601,874	1,698,211
Residential property	10,289,208	10,038,277	10,289,208	10,038,277
Non-residential property	3,595,599	3,573,649	3,595,599	3,573,649
Purchase of fixed assets other than land and building	184,234	199,445	184,234	199,445
Merger and acquisition	846	934	846	934
Purchase of securities	981,579	584,113	981,579	584,113
Purchase of transport vehicles	5,106,880	5,349,838	5,106,880	5,349,838
Working capital	9,101,651	9,164,677	9,101,651	9,164,677
Other purpose	4,060,372	3,003,453	4,060,372	3,003,453
	37,874,512	36,628,451	37,874,512	36,628,451
(vi) By residual contractual maturity :				
Within one year	3,915,250	3,561,476	3,915,250	3,561,476
One year to less than three years	1,630,734	1,518,090	1,630,734	1,518,090
Three years to less than five years	6,846,456	6,924,314	6,846,456	6,924,314
Five years and more	25,482,072	24,624,571	25,482,072	24,624,571
	37,874,512	36,628,451	37,874,512	36,628,451

PART A - EXPLANATORY NOTES (CONTINUED)

A6 Financing, advances and other financing/loans (continued)

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
(vii) Impaired financing by economic purpose :				
Personal use	28,241	31,233	28,241	31,233
Credit card	3,206	2,922	3,206	2,922
Construction	44,750	46,896	44,750	46,896
Residential property	92,383	89,243	92,383	89,243
Non-residential property	42,450	33,429	42,450	33,429
Purchased of fixed assets other than land & building	1,025	883	1,025	883
Purchase of securities	3,178	200	3,178	200
Purchase of transport vehicles	136,594	145,510	136,594	145,510
Working capital	68,799	68,039	68,799	68,039
Other purpose	38,998	39,506	38,998	39,506
	459,624	457,861	459,624	457,861
(viii) Impaired financing by geographical distribution:				
Malaysia	459,624	457,861	459,624	457,861
	459,624	457,861	459,624	457,861
(ix) Movement in impaired financing, advances and other financing/loans :				
As at 1 January	457,861	310,151	457,861	310,151
Classified as impaired during the financial year	132,146	769,607	132,146	769,607
Reclassified as non-impaired during the period/year	(71,546)	(355,337)	(71,546)	(355,337)
Amount written back in respect of recoveries	(22,789)	(103,631)	(22,789)	(103,631)
Amount written off	(36,048)	(162,929)	(36,048)	(162,929)
As at 31 March/ 31 December	459,624	457,861	459,624	457,861
Ratio of gross impaired financing to total financing advances, and other financing/loans	1.21%	1.25%	1.21%	1.25%
(x) Movements in allowance for impaired financing :				
Individual impairment allowance				
As at 1 January	39,713	29,801	39,713	29,801
Net allowance (written back)/made during the period/year	13,706	19,017	13,706	19,017
Amount written off	-	(9,105)	-	(9,105)
As at 31 March/ 31 December	53,419	39,713	53,419	39,713
Portfolio impairment allowance				
As at 1 January	346,430	376,849	346,430	376,849
Net allowance made during the period/year	29,907	123,405	29,907	123,405
Amount written off	(36,058)	(153,824)	(36,058)	(153,824)
As at 31 March/ 31 December	340,279	346,430	340,279	346,430
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.20%	1.24%	1.20%	1.24%

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
A7 Other assets				
Deposits and prepayments	2,869	4,085	2,869	4,085
Sundry debtors	172,224	34,338	172,224	34,338
Credit Support Annex for derivative transactions	56,850	57,150	56,850	57,150
Clearing accounts	24,031	5,801	24,031	5,801
	255,974	101,374	255,974	101,374
A8 Deposits from customers				
(i) By type of deposit				
Savings deposits	2,385,786	2,202,778	2,385,786	2,202,778
Wadiah	2,385,786	2,202,778	2,385,786	2,202,778
Demand deposits	9,291,915	7,901,001	9,291,915	7,901,001
Wadiah	8,454,736	7,101,583	8,454,736	7,101,583
Qard	76,156	61,320	76,156	61,320
Mudharabah	761,023	738,098	761,023	738,098
Commodity Murabahah	28,683,896	21,420,321	28,683,896	21,420,321
Islamic negotiable instruments	3,154,082	2,563,732	3,154,082	2,563,732
Mudharabah	352,427	389,915	352,427	389,915
Hybrid (Bai Bithamin Ajil and Bai al-Dayn)	2,801,655	2,173,817	2,801,655	2,173,817
Short term money market deposit-i	2,947,739	5,093,512	2,947,739	5,093,512
Wakalah	2,947,739	5,093,512	2,947,739	5,093,512
Fixed Deposit-i	307,653	617,170	307,653	617,170
Wakalah	298,672	608,700	298,672	608,700
Wadiah	8,981	8,470	8,981	8,470
General investment account	1,223,284	1,336,037	1,223,284	1,336,037
Mudharabah	1,223,284	1,336,037	1,223,284	1,336,037
Specific investment account	180,811	174,606	180,811	174,606
Mudharabah	180,811	174,606	180,811	174,606
Term deposit	36,497,465	31,205,378	36,497,465	31,205,378
Others - Qard	17,412	18,887	17,412	18,887
	48,192,578	41,328,044	48,192,578	41,328,044
(ii) Maturity structures of term deposits				
Due within six months	30,277,859	29,668,807	30,277,859	29,668,807
Six months to one year	5,671,227	986,768	5,671,227	986,768
One year to three years	375,992	380,679	375,992	380,679
Three years to five years	358	436	358	436
More than five years	172,029	168,688	172,029	168,688
	36,497,465	31,205,378	36,497,465	31,205,378

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
A8 Deposits from customers (continued)				
(iii) By type of customer				
Government and statutory bodies	3,924,373	3,737,245	3,924,373	3,737,245
Business enterprises	18,687,025	16,365,739	18,687,025	16,365,739
Individuals	7,507,267	5,400,206	7,507,267	5,400,206
Others	18,073,913	15,824,854	18,073,913	15,824,854
	48,192,578	41,328,044	48,192,578	41,328,044

A9 Deposits and placements of banks and other financial institutions

Mudharabah

Licensed Islamic banks	-	140,012	-	140,012
Licensed banks	2,969,523	2,097,647	2,969,523	2,097,647
Licensed investment banks	243,246	201,122	243,246	201,122
	3,212,769	2,438,781	3,212,769	2,438,781

Non-Mudharabah

Licensed Islamic banks	370,564	111,978	370,564	111,978
Licensed banks	1,543,745	912,097	1,543,745	912,097
Bank Negara Malaysia	88,039	29,384	88,039	29,384
Other financial institutions	30,897	152,473	30,897	152,473
	2,033,245	1,205,932	2,033,245	1,205,932
	5,246,014	3,644,713	5,246,014	3,644,713

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	5,240,449	3,644,713	5,240,449	3,644,713
Six months to one year	5,565	-	5,565	-
	5,246,014	3,644,713	5,246,014	3,644,713

A10 Subordinated sukuk

The Group and the Bank

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

The Sukuk of RM300 million under the first issuance 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.

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 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 Bank had issued the third tranche of Sukuk of RM300 million 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-2 capital for the purpose of the RWCR computation.

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
A11 Other liabilities				
Accruals and other payables	224,004	63,025	224,004	63,025
Clearing accounts	262,072	223,067	262,072	223,067
Others	15,680	11,162	15,680	11,162
	501,756	297,254	501,756	297,254

A12 Financial liabilities designated at fair value

Deposits from customers - structured investments	174,164	149,835	174,164	149,835
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group and the Bank as at 31 March 2015 of financial liabilities designated at fair value were RM3,855,000 (31 December 2014:RM8,551,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

PART A - EXPLANATORY NOTES (CONTINUED)

1st Quarter Ended		3 Months Ended	
31 March	31 March	31 March	31 March
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

A13 Income derived from investment of depositors' funds and others

The Group and The Bank

Income derived from investment of :

a) General investment deposits	308,429	240,723	308,429	240,723
b) Specific investment deposits	18,265	28,210	18,265	28,210
c) Other deposits	185,361	251,757	185,361	251,757
	512,055	520,690	512,055	520,690

a) Income derived from investment of general investment deposits

Financing, advances and other financing/loans				
- Profit income	265,797	190,413	265,797	190,413
- Unwinding income [^]	1,245	772	1,245	772
Financial assets held for trading	3,857	2,794	3,857	2,794
Financial investments available-for-sale	12,410	5,833	12,410	5,833
Financial investments held-to-maturity	4,535	3,358	4,535	3,358
Money at call and deposit with financial institutions	34,187	27,488	34,187	27,488
	322,031	230,658	322,031	230,658
Accretion of discount less amortisation of premium	14,871	8,412	14,871	8,412
Total finance income and hibah	336,902	239,070	336,902	239,070

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain	551	149	551	149
- unrealised gain/(loss)	116	(328)	116	(328)
- Net gain from sale of financial investments available-for-sale	6	385	6	385
- Net (loss)/gain from foreign exchange transactions	(29,671)	881	(29,671)	881
	(28,998)	1,087	(28,998)	1,087
Fee and commission income	525	566	525	566
	308,429	240,723	308,429	240,723

b) Income derived from investment of specific investment deposits

Financing, advances and other financing/loans				
- Profit income	12,817	22,531	12,817	22,531
Money at call and deposit with financial institutions	5,448	5,679	5,448	5,679
	18,265	28,210	18,265	28,210

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

1st Quarter Ended		3 Months Ended	
31 March	31 March	31 March	31 March
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

A13 Income derived from investment of depositors funds and others (continued)

c) Income derived from investment of other deposits

Financing, advances and other financing/loans				
- Profit income	159,741	199,143	159,741	199,143
- Unwinding income [^]	748	807	748	807
Financial assets held for trading	2,318	2,922	2,318	2,922
Financial investments available-for-sale	7,458	6,100	7,458	6,100
Financial investments held-to-maturity	2,725	3,512	2,725	3,512
Money at call and deposit with financial institutions	20,546	28,748	20,546	28,748
	193,536	241,232	193,536	241,232
Accretion of discount less amortisation of premium	8,937	8,797	8,937	8,797
Total finance income and hibah	202,473	250,029	202,473	250,029
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	331	156	331	156
- unrealised gain/(loss)	69	(343)	69	(343)
- Net gain from sale of financial investments available-for-sale	4	402	4	402
- Net (loss)/gain from foreign exchange transactions	(17,832)	922	(17,832)	922
	(17,428)	1,137	(17,428)	1,137
Fee and commission income	316	591	316	591
	185,361	251,757	185,361	251,757

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
A14 Income derived from investment of shareholder's funds				
The Group and The Bank				
Financing, advances and other financing/loans				
- Profit income	28,947	22,785	28,947	22,785
- Unwinding income [^]	136	92	136	92
Financial assets held for trading	420	334	420	334
Financial investments available-for-sale	1,352	698	1,352	698
Financial investments held-to-maturity	494	402	494	402
Money at call and deposit with financial institutions	3,723	3,289	3,723	3,289
	35,072	27,600	35,072	27,600
Accretion of discount less amortisation of premium	1,620	1,006	1,620	1,006
Total finance income and hibah	36,692	28,606	36,692	28,606
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	60	18	60	18
- unrealised loss	13	(39)	13	(39)
- Net gain from sale of financial investments available-for-sale	1	46	1	46
- Net (loss)/gain from foreign exchange transactions	(3,231)	105	(3,231)	105
- Net loss arising from hedging activities	(2,336)	(543)	(2,336)	(543)
-Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	(562)	(588)	(562)	(588)
- unrealised (loss)/gain	(4,762)	5,272	(4,762)	5,272
-Net gain/(loss) arising from derivative financial instrument				
- realised gain	56,862	24,319	56,862	24,319
- unrealised gain/(loss)	7,026	(28,796)	7,026	(28,796)
	53,071	(206)	53,071	(206)
Fee and commission income	30,823	17,783	30,823	17,783
Less : fee and commission expense	(1,133)	(769)	(1,133)	(769)
Net fee and commission income	29,690	17,014	29,690	17,014
Other income				
- Sundry income	1,367	1,252	1,367	1,252
	120,820	46,666	120,820	46,666

[^] Unwinding income is income earned on impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

1st Quarter Ended		3 Months Ended	
31 March	31 March	31 March	31 March
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

A15 Allowance for impairment losses on financing, advances and other financing/loans

The Group and The Bank

Individual impairment allowance				
- Made/(written-back) during the period	13,706	(45)	13,706	(45)
Portfolio impairment allowance				
- Made during the period	29,907	16,406	29,907	16,406
Impaired financing :				
- recovered	(10,676)	(11,193)	(10,676)	(11,193)
- written off	611	568	611	568
	33,548	5,736	33,548	5,736

A16 Income attributable to depositors

The Group and The Bank

Deposits from customers

- Mudharabah	14,739	30,193	14,739	30,193
- Non-Mudharabah	287,572	202,115	287,572	202,115
- Financial liabilities designated at fair value	1,527	1,448	1,527	1,448

Deposits and placements of banks and other financial institutions

- Mudharabah	30,988	25,428	30,988	25,428
- Non-Mudharabah	10,060	27,878	10,060	27,878

Subordinated Sukuk

	10,154	9,427	10,154	9,427
	355,040	296,489	355,040	296,489

A17 Personnel expenses

The Group and The Bank

Salaries, allowances and bonuses	17,862	17,002	17,862	17,002
Pension costs (defined contribution plan)	832	748	832	748
Staff incentives and other staff payments	846	1,625	846	1,625
Medical expenses	186	62	186	62
Others	232	92	232	92
	19,958	19,529	19,958	19,529

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
A18 Other overheads and expenditures				
The Group and The Bank				
Establishment				
Depreciation of property, plant equipment	1,003	538	1,003	538
Rental	300	383	300	383
Repairs and maintenance	502	713	502	713
Outsourcing expenses	582	321	582	321
Security expenses	9	10	9	10
Utility expenses	73	62	73	62
Others	249	229	249	229
	2,718	2,256	2,718	2,256
Marketing				
Advertisement and publicity	1,163	1,376	1,163	1,376
Others	795	424	795	424
	1,958	1,800	1,958	1,800
General expenses				
Communication	92	164	92	164
Legal expenses	29	323	29	323
Stationery	130	99	130	99
Amortisation of intangible assets	2,531	1,030	2,531	1,030
Postages	985	939	985	939
Donation	1,441	-	1,441	-
Incidental expenses on banking operations	2,329	464	2,329	464
Others	2,591	3,431	2,591	3,431
	10,128	6,450	10,128	6,450
Total other overheads and expenditures	14,804	10,506	14,804	10,506
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	95,009	94,316	95,009	94,316
	109,813	104,822	109,813	104,822

PART A - EXPLANATORY NOTES (CONTINUED)

A19 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 of 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 and the Bank	31 March 2015			31 December 2014		
	Principal	Fair values	Fair values	Principal	Fair values	Fair values
	Amount	assets	liabilities	amount	assets	liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	1,181,914	67,408	(42,097)	919,232	42,422	(22,544)
- Less than 1 year	522,918	17,243	(960)	258,448	11,082	(41)
- 1 year to 3 years	3,690	226	(160)	5,478	172	(74)
- More than 3 years	655,306	49,939	(40,977)	655,306	31,168	(22,429)
Currency swaps	2,722,725	53,572	(56,467)	2,727,683	36,895	(38,700)
- Less than 1 year	2,722,725	53,572	(56,467)	2,727,683	36,895	(38,700)
Currency spot	17,105	4	(8)	21,488	10	(12)
- Less than 1 year	17,105	4	(8)	21,488	10	(12)
Currency options	15,605	66	(66)	-	-	-
- Less than 1 year	15,605	66	(66)	-	-	-
Cross currency profit rate swaps	698,174	60,921	(60,634)	1,050,230	70,333	(69,932)
- Less than 1 year	308,785	15,456	(15,439)	308,785	9,282	(9,250)
- 1 year to 3 years	-	-	-	-	-	-
- More than 3 years	389,389	45,465	(45,195)	741,445	61,051	(60,682)
	4,635,523	181,971	(159,272)	4,718,633	149,660	(131,188)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	8,915,494	43,193	(37,597)	9,548,142	70,369	(67,567)
- Less than 1 year	204,430	109	(104)	857,750	342	(524)
- 1 year to 3 years	5,281,346	13,155	(13,672)	3,592,678	19,290	(18,593)
- More than 3 years	3,429,718	29,929	(23,821)	5,097,714	50,737	(48,450)
<u>Equity related derivatives</u>						
Equity options	465,946	7,413	(7,413)	580,161	13,611	(13,611)
- Less than 1 year	4,230	-	-	103,011	2,621	(2,621)
- 1 year to 3 years	83,879	3,619	(3,619)	100,070	4,265	(4,265)
- More than 3 years	377,837	3,794	(3,794)	377,080	6,725	(6,725)
<u>Credit related contracts</u>						
Total return swaps	112,640	533	(533)	113,800	752	(752)
- More than 3 years	112,640	533	(533)	113,800	752	(752)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	6,442,099	1,258	(197,091)	6,916,136	29,473	(117,079)
- 1 year to 3 years	550,000	1,258	(3,200)	550,000	808	(5,233)
- More than 3 years	5,892,099	-	(193,891)	6,366,136	28,665	(111,846)
Total derivative assets/(liabilities)	20,571,702	234,368	(401,906)	21,876,872	263,865	(330,197)

PART A - EXPLANATORY NOTES (CONTINUED)

A19 Islamic derivative financial instruments, commitments and contingencies (continued)

(i) Islamic derivative financial instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM234 million respectively (31 December 2014: RM264 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group are discussed in the audited financial statements for the financial year ended 31 December 2014.

PART A - EXPLANATORY NOTES (CONTINUED)

A19 Islamic derivative financial instruments, commitments and contingencies (continued)

(ii) Commitments and contingencies

	31 March 2015 Principal amount	31 December 2014 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	142,937	129,163
Certain transaction-related contingent items	339,441	366,786
Short-term self-liquidating trade-related contingencies	45,737	76,602
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,703,688	3,408,649
- maturity exceeding one year	3,260,022	2,325,983
Miscellaneous commitments and contingencies	47,984	54,503
Total credit-related commitments and contingencies	<u>7,539,809</u>	<u>6,361,686</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	3,587,140	3,316,404
- more than one year to 5 years	258,172	510,204
- more than five years	790,214	892,025
Profit rate related contracts :		
- up to one year	204,430	857,750
- more than one year to 5 years	11,636,591	12,079,018
- more than five years	3,516,570	3,527,511
Equity related contracts :		
- up to one year	4,230	103,011
- more than one year to 5 years	121,944	144,287
- more than five years	339,772	332,863
Credit related contracts:		
- more than five years	112,640	113,800
Total treasury-related commitments and contingencies	<u>20,571,703</u>	<u>21,876,873</u>
	<u>28,111,512</u>	<u>28,238,559</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A20 Capital Adequacy

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

The risk-weighted assets of the Group 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.

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

	The Group		The Bank	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Common equity tier 1 ratio	10.895%	11.448%	10.895%	11.448%
Tier 1 ratio	11.714%	12.346%	11.714%	12.345%
Total capital ratio	14.349%	15.493%	14.348%	15.493%

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

	31 March 2015		31 March 2015	
	RM'000	31 December 2014 RM'000	RM'000	31 December 2014 RM'000
Credit risk	21,705,347	20,438,939	21,705,573	20,439,165
Market risk	559,299	498,080	559,299	498,080
Operational risk	2,034,242	2,011,791	2,034,179	2,011,728
Total risk-weighted assets	24,298,888	22,948,810	24,299,051	22,948,973

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

	31 March 2015		31 March 2015	
	RM'000	31 December 2014 RM'000	RM'000	31 December 2014 RM'000
Common Equity Tier I capital				
Ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
Other reserves	2,006,917	1,991,470	2,006,891	1,991,444
Common Equity Tier I capital before regulatory adjustments	3,006,917	2,991,470	3,006,891	2,991,444
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(85,362)	(89,744)	(85,362)	(89,744)
Deferred tax assets	(21,958)	(22,855)	(21,958)	(22,855)
Others	(116,189)	(115,688)	(116,190)	(115,689)
Common Equity Tier I capital after regulatory adjustments	2,647,408	2,627,183	2,647,381	2,627,156
Additional Tier I capital				
Perpetual preference shares	199,000	206,000	199,000	206,000
Additional Tier I capital before regulatory adjustments	199,000	206,000	199,000	206,000
<u>Less: Regulatory adjustments</u>				
Investment in capital instruments of unconsolidated financial and takaful entities	-	-	-	-
Additional Tier I capital after regulatory adjustments	199,000	206,000	199,000	206,000
Total Tier I capital	2,846,408	2,833,183	2,846,381	2,833,156
Tier II capital				
Subordinated notes	595,000	680,000	595,000	680,000
Portfolio impairment allowance and regulatory reserves ^	45,119	42,231	45,121	42,233
Total Tier II capital	640,119	722,231	640,121	722,233
Total capital	3,486,527	3,555,414	3,486,502	3,555,389

^ The capital base of the Group and the Bank as at 31 March 2015 have excluded portfolio impairment allowance on impaired financings restricted from Tier II capital of RM23.6 million (31 December 2014: RM24.5 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A21 Segmental reporting

Definition of segments

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

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

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

Business segment reporting

Definition of segments:

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has been re-organised into five major operation divisions. The divisions form the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, share purchase financing, credit cards, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

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 and services include core banking credit facilities, trade financing, remittance and foreign exchange, as well as general deposit products.

Commercial Banking also secured several cash management mandates from SMEs in various sectors by leveraging on CIMB Islamic Bank's online business banking platform, which allows customers to conduct their commercial banking transactions over the internet.

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking.

Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

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.

Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

Equities provides broking services to corporate, institutional and retail clients.

Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Investments

Investments focus on 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.

Support and others

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

PART A - EXPLANATORY NOTES (CONTINUED)

A21 Segmental reporting (continued)

The Group 31 March 2015	Commercial Banking RM'000	Consumer Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and others RM'000	Total RM'000
Net income:						
- external	41,120	255,741	(76,262)	18,692	-	239,291
- inter-segment	(14,603)	(105,674)	114,561	4,526	1,190	-
	26,517	150,067	38,299	23,218	1,190	239,291
Other income	2,790	24,069	8,728	2,957	-	38,544
Operating income	29,307	174,136	47,027	26,175	1,190	277,835
Overhead expenses	(9,485)	(97,363)	(10,259)	(1,484)	(11,180)	(129,771)
Consist of :						
Depreciation of property,	-	(968)	(35)	-	-	(1,003)
Amortisation of intangible	-	(2,500)	(31)	-	-	(2,531)
Profit/(loss) before allowances	19,822	76,773	36,768	24,691	(9,990)	148,064
Allowances for losses on financing, advances and other financing/loans	5,344	(25,059)	(13,833)	-	-	(33,548)
Allowances for impairment losses on other receivables	-	-	(25)	-	-	(25)
Segment results	25,166	51,714	22,910	24,691	(9,990)	114,491
Taxation						(32,215)
Net profit for the financial year						82,276

The Group 31 March 2014	Commercial Banking RM'000	Consumer Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and others RM'000	Total RM'000
Net income:						
- external	29,613	262,305	(50,406)	7,914	-	249,426
- inter-segment	(7,637)	(112,173)	106,096	12,500	1,214	-
	21,976	150,132	55,690	20,414	1,214	249,426
Other income	2,300	19,395	1,027	(1,281)	-	21,441
Operating income	24,276	169,527	56,717	19,133	1,214	270,867
Overhead expenses	(8,911)	(98,537)	(12,535)	(437)	(3,931)	(124,351)
Consist of :						
Depreciation of property,	-	(506)	(32)	-	-	(538)
Amortisation of intangible	-	(1,005)	(25)	-	-	(1,030)
Profit/(loss) before allowances	15,365	70,990	44,182	18,696	(2,717)	146,516
Allowances for losses on financing, advances and other financing/loans	4,895	(10,075)	(556)	-	-	(5,736)
Allowances for impairment losses on other receivables	-	-	151	-	-	151
Segment results	20,260	60,915	43,777	18,696	(2,717)	140,931
Taxation						(35,644)
Net profit for the financial year						105,287

PART A - EXPLANATORY NOTES (CONTINUED)

A21 Segmental reporting (continued)

The Group	Commercial	Consumer	Wholesale	Investments	Total
31 March 2015	Banking	Banking	Banking		
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,804,231	21,181,478	33,576,306	-	58,562,015
Unallocated assets					376,109
Total assets					58,938,124
Segment liabilities	2,358,829	11,461,080	40,193,083	855,208	54,868,200
Unallocated liabilities					764,781
Total liabilities					55,632,981
Other segment items					
Capital expenditure	-	1,262	19	-	1,281
The Group	Commercial	Consumer	Wholesale	Investments	Support and
31 December 2014	Banking	Banking	Banking		others
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	3,816,025	20,788,256	24,927,976	-	49,532,257
Unallocated assets					331,541
Total assets					49,863,798
Segment liabilities	1,974,791	9,471,656	34,862,243	125	46,308,815
Unallocated liabilities					343,513
Total liabilities					46,652,328
Other segment items					
Capital expenditure	1	98,428	2,790	-	101,219

PART A - EXPLANATORY NOTES (CONTINUED)

A22 Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation. The validation includes an assessment of the stability of models in terms of performance over a variety of conditions and back-testing of the model outputs;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee and Board for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- Any material uncertainty arising from the modeling and market inputs shall be disclosed to the Group Risk Committee;
- Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Chief Risk Officer or / and Group Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodology. Group Risk Management Quantitative Analysts shall perform model verification at least once a year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value; and

The fair value hierarchy has the following levels:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A22 Fair Value Estimation (continued)

- (i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 31 March 2015 and 31 December 2014.

The Group and the Bank	Fair Value				Fair Value			
	31 March 2015				31 December 2014			
	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets								
Financial assets held for trading								
-Money market instruments	2,906,410	2,906,410	-	2,906,410	3,255,826	3,255,826	-	3,255,826
-Unquoted securities	313,196	313,196	-	313,196	280,824	280,824	-	280,824
Financial investments available-for-sale								
-Money market instruments	573,320	573,320	-	573,320	414,365	414,365	-	414,365
-Unquoted securities	1,861,734	1,861,159	575	1,861,734	1,609,557	1,608,982	575	1,609,557
Derivative financial instruments								
-Trading derivatives	233,110	233,110	-	233,110	234,392	234,392	-	234,392
-Hedging derivatives	1,258	1,258	-	1,258	29,473	29,473	-	29,473
Total	5,889,028	5,888,453	575	5,889,028	5,824,437	5,823,862	575	5,824,437
Financial liabilities								
Derivative financial instruments								
-Trading derivatives	204,815	204,815	-	204,815	213,118	213,118	-	213,118
-Hedging derivatives	197,091	197,091	-	197,091	117,079	117,079	-	117,079
Financial liabilities designated at fair value	174,164	174,164	-	174,164	149,835	149,835	-	149,835
Total	576,070	576,070	-	576,070	480,032	480,032	-	480,032

^ Placement with Islamic Banking and Finance Institute Malaysia (IBFIM)

A23 Change in accounting policies

There were no changes in the accounting policy during the financial period.

PART B

B1 GROUP PERFORMANCE REVIEW

The Group recorded a lower pre-tax profit of 18.8% or RM26.4 million from RM140.9 million to RM114.5 million for the three months ended 31 March 2015. The profit decreased was primarily due to higher allowances for impairment losses on financing, advances and other financing/loans as well as higher income attributable to depositors by RM27.8 million and RM58.6 million respectively compared to same quarter last year. However, this was offset by higher income derived from investment of shareholder's funds of RM74.2 million.

B2 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Growth prospects for CIMB Islamic are expected to track the cautious economic environment (GDP growth projected to ease to 4.5%-5.5% this year from 6% in 2014) as well as the moderation in consumer spending following the GST implementation. Focus will be on maintaining a healthy liquidity level and stable funding base, and to expand fee based income from amongst others, wealth management and bancatakaful businesses.

B3 COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	The Group and the Bank			
	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	82,276	105,287	82,276	105,287
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	8.23	10.53	8.23	10.53

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2015 and 31 March 2014.