

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | Note | Group | | Bank | |
|---|---------|------------------------|-----------------------|------------------------|-----------------------|
| | | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Assets | | | | | |
| Cash and short term funds | | 28,200,706 | 24,941,166 | 19,386,850 | 18,467,152 |
| Reverse repurchase agreements | | 4,183,162 | 7,993,092 | 4,163,165 | 5,321,399 |
| Deposits and placements with banks and other financial institutions | | 3,531,290 | 3,666,536 | 5,668,930 | 7,950,214 |
| Financial assets held for trading | A7 | 24,896,481 | 21,837,868 | 20,814,316 | 17,575,173 |
| Derivative financial instruments | A21(i) | 4,118,975 | 4,719,347 | 3,653,658 | 3,909,190 |
| Financial investments available-for-sale | A8 | 25,796,188 | 26,185,496 | 22,053,561 | 22,065,746 |
| Financial investments held-to-maturity | A9 | 13,791,350 | 9,828,806 | 10,849,273 | 7,590,527 |
| Loans, advances and financing | A10 | 189,252,130 | 185,430,615 | 137,181,845 | 132,833,310 |
| Other assets | A11 | 5,533,531 | 3,481,239 | 4,568,494 | 2,546,780 |
| Tax recoverable | | 7,372 | 6,270 | - | - |
| Deferred taxation | | 250,896 | 206,382 | 130,871 | 85,262 |
| Statutory deposits with central banks | | 7,262,266 | 6,359,196 | 5,536,104 | 4,652,307 |
| Amount due from ultimate holding company | | 28,853 | 28,853 | - | - |
| Amount due from subsidiaries | | - | - | 60,189 | 138,004 |
| Amount due from related companies | | 1,190,322 | 1,092,848 | 1,187,893 | 1,091,544 |
| Investment in subsidiaries | | - | - | 5,036,252 | 4,886,252 |
| Investment in joint venture | | 160,001 | 158,307 | 125,000 | 125,000 |
| Investment in associates | | 752,864 | 693,343 | 317,285 | 321,635 |
| Goodwill | | 4,879,379 | 4,890,179 | 3,555,075 | 3,555,075 |
| Intangible assets | | 1,080,793 | 1,015,035 | 1,045,579 | 978,712 |
| Prepaid lease payments | | 1,192 | 1,346 | - | - |
| Property, plant and equipment | | 791,060 | 866,332 | 450,773 | 507,240 |
| Investment properties | | 4,000 | 4,000 | - | - |
| | | 315,712,811 | 303,406,256 | 245,785,113 | 234,600,522 |
| Non-current assets/disposal groups held for sale | | 19,501 | 21,589 | 7,742 | 3,429 |
| Total Assets | | 315,732,312 | 303,427,845 | 245,792,855 | 234,603,951 |
| Liabilities | | | | | |
| Deposits from customers | A12 | 225,237,647 | 220,247,690 | 156,968,653 | 156,115,031 |
| Deposits and placements of banks and other financial institutions | A13 | 21,892,718 | 19,999,833 | 32,386,123 | 30,417,708 |
| Repurchase agreements | | 7,475,309 | 5,922,788 | 5,956,189 | 2,276,152 |
| Financial liabilities designated at fair value | A14 | 2,391,082 | 2,132,170 | 2,194,780 | 1,985,954 |
| Derivative financial instruments | A21(i) | 5,160,266 | 5,794,713 | 4,617,076 | 4,879,637 |
| Bills and acceptances payable | | 2,463,562 | 3,257,202 | 1,619,986 | 1,917,838 |
| Amounts due to ultimate holding company | | - | 1,450 | - | - |
| Amount due to subsidiaries | | - | - | 181,367 | 35,736 |
| Amount due to related companies | | 38,414 | 34,016 | 11,158 | 21,156 |
| Other liabilities | A15 | 5,659,875 | 3,978,664 | 4,971,123 | 3,177,941 |
| Provision for taxation and Zakat | | 338,689 | 217,221 | 321,040 | 221,857 |
| Deferred taxation | | 2,159 | 2,188 | - | - |
| Bonds and debentures | | 5,859,984 | 5,867,080 | 2,814,603 | 2,736,453 |
| Other borrowings | | 1,768,104 | 1,968,211 | 1,768,104 | 1,968,211 |
| Subordinated obligations | | 9,614,770 | 9,634,575 | 8,793,564 | 8,828,797 |
| Redeemable preference shares | | 691,265 | 719,251 | - | - |
| Total Liabilities | | 288,593,844 | 279,777,052 | 222,603,766 | 214,582,471 |
| Equity | | | | | |
| Capital and reserves attributable to owners of the Parent | | | | | |
| Ordinary share capital | | 4,681,930 | 4,131,410 | 4,681,930 | 4,131,410 |
| Reserves | | 21,889,974 | 18,954,705 | 18,277,419 | 15,660,330 |
| | | 26,571,904 | 23,086,115 | 22,959,349 | 19,791,740 |
| Perpetual preference shares | | 200,000 | 200,000 | 200,000 | 200,000 |
| Redeemable preference shares | | 29,740 | 29,740 | 29,740 | 29,740 |
| Non-controlling interests | | 336,824 | 334,938 | - | - |
| Total Equity | | 27,138,468 | 23,650,793 | 23,189,089 | 20,021,480 |
| Total Equity and Liabilities | | 315,732,312 | 303,427,845 | 245,792,855 | 234,603,951 |
| Commitments and contingencies | A21(ii) | 592,440,312 | 508,499,753 | 486,758,535 | 431,035,403 |
| Net assets per ordinary share (RM) | | 5.68 | 5.59 | 4.90 | 4.79 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| GROUP | Note | Individual Quarter 2nd Quarter Ended | | Cumulative Quarters Six Months Ended | |
|---|-------------|---|--------------------------------|---|--------------------------------|
| | | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Interest income | A16 | 2,597,965 | 2,327,758 | 5,079,130 | 4,574,801 |
| Interest expense | A17 | (1,088,316) | (1,059,384) | (2,157,067) | (2,090,659) |
| Net interest income | | 1,509,649 | 1,268,374 | 2,922,063 | 2,484,142 |
| Income from Islamic Banking operations | A24(b) | 319,201 | 337,296 | 649,097 | 670,467 |
| Net non-interest income | A18 | 413,002 | 490,020 | 995,999 | 1,066,181 |
| Net income | | 2,241,852 | 2,095,690 | 4,567,159 | 4,220,790 |
| Overheads | A19 | (1,175,569) | (1,135,590) | (2,358,291) | (2,467,940) |
| Profit before allowances | | 1,066,283 | 960,100 | 2,208,868 | 1,752,850 |
| Allowances for impairment losses on loans, advances and financing | A20 | (75,469) | (44,802) | (162,811) | (105,978) |
| Allowances for losses on other receivables (made)/written-back | | (384) | 67 | (547) | (569) |
| Allowances for commitments and contingencies written-back | | - | - | 1,829 | 1,334 |
| Allowances for other impairment losses written-back/(made) | | 180 | 393 | (13,464) | 2,917 |
| Profit after allowances | | 990,610 | 915,758 | 2,033,875 | 1,650,554 |
| Share of results of joint venture | | 1,304 | 2,886 | 1,694 | 5,224 |
| Share of results of associates | | 33,447 | 33,625 | 60,889 | 66,063 |
| Profit before taxation | | 1,025,361 | 952,269 | 2,096,458 | 1,721,841 |
| Taxation | | (217,787) | (181,703) | (439,129) | (360,956) |
| Profit for the financial period | | 807,574 | 770,566 | 1,657,329 | 1,360,885 |
| Profit for the financial period attributable to : | | | | | |
| Owners of the Parent | | 804,077 | 768,286 | 1,649,457 | 1,355,718 |
| Non-controlling interests | | 3,497 | 2,280 | 7,872 | 5,167 |
| | | 807,574 | 770,566 | 1,657,329 | 1,360,885 |
| Earnings per share attributable to ordinary equity holders of the Parent - basic (sen) | B3 | 18.51 | 20.41 | 37.98 | 36.01 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| GROUP | Individual Quarter | | Cumulative Quarters | |
|---|---------------------------|---------------------|----------------------------|---------------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the financial period | 807,574 | 770,566 | 1,657,329 | 1,360,885 |
| Other comprehensive income/(expense): | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve of financial investments available-for-sale | 41,528 | (247,279) | (30,218) | (302,036) |
| - Net gain/(loss) from change in fair value | 74,716 | (181,581) | 6,788 | (178,251) |
| - Realised gain transferred to statement of income on disposal and impairment | (23,092) | (86,213) | (54,648) | (146,562) |
| - Income tax effects | (10,556) | 19,077 | 17,876 | 19,011 |
| - Currency translation difference | 460 | 1,438 | (234) | 3,766 |
| Net investment hedge | 61,485 | (50,256) | 67,940 | (57,442) |
| Cash flow hedge | 5,525 | (1,125) | 8,774 | (1,778) |
| - Net gain/(loss) from change in fair value | 7,062 | (1,125) | 10,166 | (1,778) |
| - Income tax effects | (1,537) | - | (1,392) | - |
| Exchange fluctuation reserve | (114,967) | (40,512) | (87,871) | 143,265 |
| Share of other comprehensive income/(expense) of associate | 1,443 | - | (2,983) | 5,212 |
| | (4,986) | (339,172) | (44,358) | (212,779) |
| <i>Items that will not be reclassified to profit or loss</i> | | | | |
| Remeasurement of post employment benefits obligations | 83 | - | 1,063 | - |
| - Income tax effects | (7) | - | 1,016 | - |
| - Currency translation difference | 90 | - | 47 | - |
| Other comprehensive expense for the period, net of tax | (4,903) | (339,172) | (43,295) | (212,779) |
| Total comprehensive income for the financial period | 802,671 | 431,394 | 1,614,034 | 1,148,106 |
| Total comprehensive income for the financial period attributable to: | | | | |
| Owners of the Parent | 801,828 | 433,661 | 1,607,596 | 1,140,729 |
| Non-controlling interests | 843 | (2,267) | 6,438 | 7,377 |
| | 802,671 | 431,394 | 1,614,034 | 1,148,106 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| | Note | Individual Quarter 2nd Quarter Ended | | Cumulative Quarters Six Months Ended | |
|--|--------|---|------------------------|---|------------------------|
| | | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| <u>BANK</u> | | | | | |
| Interest income | A16 | 2,268,082 | 2,071,049 | 4,433,542 | 4,079,727 |
| Interest expense | A17 | (959,261) | (948,107) | (1,899,649) | (1,869,957) |
| Net interest income | | 1,308,821 | 1,122,942 | 2,533,893 | 2,209,770 |
| Income from Islamic Banking operations | A24(b) | 11,758 | 983 | 22,602 | 6,920 |
| Net non-interest income | A18 | 406,083 | 439,414 | 936,966 | 948,359 |
| Net income | | 1,726,662 | 1,563,339 | 3,493,461 | 3,165,049 |
| Overheads | A19 | (870,698) | (831,145) | (1,745,830) | (1,874,016) |
| Profit before allowances | | 855,964 | 732,194 | 1,747,631 | 1,291,033 |
| Allowances for impairment losses on loans, advances and financing | A20 | (35,402) | (20,332) | (79,765) | (37,369) |
| Allowances for losses on other receivables | | (355) | (240) | (711) | (391) |
| Allowances for commitments and contingencies written-back | | - | - | 1,829 | 1,334 |
| Allowances for other impairment losses written-back/(made) | | 199 | 133 | (13,444) | 2,420 |
| Profit before taxation | | 820,406 | 711,755 | 1,655,540 | 1,257,027 |
| Taxation | | (169,658) | (157,093) | (337,674) | (273,362) |
| Profit for the financial period | | 650,748 | 554,662 | 1,317,866 | 983,665 |
| Earnings per share - basic (sen) | B3 | 14.98 | 14.73 | 30.34 | 26.13 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| | Individual Quarter | | Cumulative Quarters | |
|---|--------------------|----------------|---------------------|----------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| <u>BANK</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the financial period | 650,748 | 554,662 | 1,317,866 | 983,665 |
| Other comprehensive income/(expense): | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Revaluation reserve of financial investments available-for-sale | 47,825 | (239,359) | (25,979) | (293,855) |
| - Net gain/(loss) from change in fair value | 72,825 | (178,433) | (16,142) | (176,285) |
| - Realised gain transferred to statement of income on disposal and impairment | (14,884) | (77,760) | (25,473) | (134,867) |
| - Income tax effects | (10,738) | 15,533 | 15,722 | 15,103 |
| - Currency translation difference | 622 | 1,301 | (86) | 2,194 |
| Net investment hedge | 35,782 | (50,257) | 14,123 | (57,442) |
| Cash flow hedge | 5,525 | (1,125) | 8,774 | (1,778) |
| - Net gain/(loss) from change in fair value | 7,062 | (1,125) | 10,166 | (1,778) |
| - Income tax effects | (1,537) | - | (1,392) | - |
| Exchange fluctuation reserve | (28,628) | 22,508 | (25,447) | 23,250 |
| Other comprehensive income/(expense) for the financial period, net of tax | 60,504 | (268,233) | (28,529) | (329,825) |
| Total comprehensive income for the financial period | 711,252 | 286,429 | 1,289,337 | 653,840 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| The Group | Attributable to owners of the Parent | | | | | | | | | | | | | | | | Total Equity RM'000 |
|--|--------------------------------------|--|-------------------------|-----------------------------|--|--|--------------------------|---------------------------|---------------------------|------------------------------|---------------------------------------|------------------------------------|----------------------------|-------------------|---------------------------------------|-------------------------------------|------------------------|
| | Share capital RM'000 | Redeemable Preference Shares RM'000 | Share premium RM'000 | Statutory reserve RM'000 | Exchange fluctuation reserve RM'000 | Revaluation reserve-financial investments available-for-sale RM'000 | Merger deficit RM'000 | Capital reserve RM'000 | Hedging reserve RM'000 | Regulatory reserve RM'000 | Share-based payment reserve RM'000 | Defined benefits reserve RM'000 | Retained profits RM'000 | Total RM'000 | Perpetual preference shares RM'000 | Non-controlling interests 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) | 1,743,883 | 44,877 | (5,129) | 5,879,939 | 23,115,855 | 200,000 | 334,938 | 23,650,793 |
| Profit for the financial period | - | - | - | - | - | - | - | - | - | - | - | - | 1,649,457 | 1,649,457 | - | 7,872 | 1,657,329 |
| Other comprehensive (expenses)/income (net of tax) | - | - | - | - | (86,426) | (33,127) | - | - | 76,714 | - | (85) | 1,063 | - | (41,861) | - | (1,434) | (43,295) |
| - financial investments available-for-sale | - | - | - | - | - | (30,144) | - | - | - | - | - | - | - | (30,144) | - | (74) | (30,218) |
| - net investment hedge | - | - | - | - | - | - | - | - | 67,940 | - | - | - | - | 67,940 | - | - | 67,940 |
| - cash flow hedge | - | - | - | - | - | - | - | - | 8,774 | - | - | - | - | 8,774 | - | - | 8,774 |
| - currency translation difference | - | - | - | - | (86,426) | - | - | - | - | - | (85) | - | - | (86,511) | - | (1,360) | (87,871) |
| - remeasurement of post employment benefits obligations | - | - | - | - | - | - | - | - | - | - | - | 1,063 | - | 1,063 | - | - | 1,063 |
| - share of other comprehensive expense of associate | - | - | - | - | - | (2,983) | - | - | - | - | - | - | - | (2,983) | - | - | (2,983) |
| Total comprehensive (expenses)/income for the financial period | - | - | - | - | (86,426) | (33,127) | - | - | 76,714 | - | (85) | 1,063 | 1,649,457 | 1,607,596 | - | 6,438 | 1,614,034 |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | 154,504 | - | - | (154,504) | - | - | - | - |
| Transfer to statutory reserve | - | - | - | 381,522 | - | - | - | - | - | - | - | - | (381,522) | - | - | - | - |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | - | 25,263 | - | - | 25,263 | - | - | 25,263 |
| Second interim dividends for the financial year ended 31 December 2013 | - | - | - | - | - | - | - | - | - | - | - | - | (752,007) | (752,007) | - | - | (752,007) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (4,552) | (4,552) |
| Share released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | (32,054) | - | - | (32,054) | - | - | (32,054) |
| Issue of shares from rights issue | 550,520 | - | 2,086,471 | - | - | - | - | - | - | - | - | - | - | 2,636,991 | - | - | 2,636,991 |
| At 30 June 2014 | 4,681,930 | 29,740 | 8,489,081 | 5,503,370 | 12,420 | 111,665 | (1,085,928) | 735,457 | (49,776) | 1,898,387 | 38,001 | (4,066) | 6,241,363 | 26,601,644 | 200,000 | 336,824 | 27,138,468 |
| At 1 January 2013 | 3,764,469 | 29,740 | 5,033,633 | 4,494,970 | (67,331) | 667,987 | (1,085,928) | 735,457 | 20,590 | 1,173,577 | 23,360 | (2,605) | 5,682,990 | 20,470,909 | 200,000 | 317,649 | 20,988,558 |
| Profit for the financial period | - | - | - | - | - | - | - | - | - | - | - | - | 1,355,718 | 1,355,718 | - | 5,167 | 1,360,885 |
| Other comprehensive income/(expenses) (net of tax) | - | - | - | - | 141,308 | (296,236) | - | - | (59,220) | - | (841) | - | - | (214,989) | - | 2,210 | (212,779) |
| - financial investments available-for-sale | - | - | - | - | - | (301,448) | - | - | - | - | - | - | - | (301,448) | - | (588) | (302,036) |
| - net investment hedge | - | - | - | - | - | - | - | - | (57,442) | - | - | - | - | (57,442) | - | - | (57,442) |
| - cash flow hedge | - | - | - | - | - | - | - | - | (1,778) | - | - | - | - | (1,778) | - | - | (1,778) |
| - currency translation difference | - | - | - | - | 141,308 | - | - | - | - | - | (841) | - | - | 140,467 | - | 2,798 | 143,265 |
| - share of other comprehensive income of associate | - | - | - | - | - | 5,212 | - | - | - | - | - | - | - | 5,212 | - | - | 5,212 |
| Total comprehensive income/(expenses) for the financial period | - | - | - | - | 141,308 | (296,236) | - | - | (59,220) | - | (841) | - | 1,355,718 | 1,140,729 | - | 7,377 | 1,148,106 |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | 290,472 | - | - | (290,472) | - | - | - | - |
| Transfer to statutory reserve | - | - | - | 44,667 | - | - | - | - | - | - | - | - | (44,667) | - | - | - | - |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | - | 19,268 | - | - | 19,268 | - | - | 19,268 |
| Second interim dividends for the financial year ended 31 December 2012 | - | - | - | - | - | - | - | - | - | - | - | - | (959,000) | (959,000) | - | - | (959,000) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (666) | (666) |
| Share released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | (21,601) | - | - | (21,601) | - | - | (21,601) |
| At 30 June 2013 | 3,764,469 | 29,740 | 5,033,633 | 4,539,637 | 73,977 | 371,751 | (1,085,928) | 735,457 | (38,630) | 1,464,049 | 20,186 | (2,605) | 5,744,569 | 20,650,305 | 200,000 | 324,360 | 21,174,665 |

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| | ← Non-distributable → | | | | | Distributable | | | | | | | | Total Equity RM'000 |
|--|----------------------------|--|----------------------------|--------------------------------|--|---|-----------------------------|------------------------------|------------------------------|---------------------------------|---|-------------------------------|---|---------------------------|
| | Share capital RM'000 | Redeemable Preference Shares RM'000 | Share premium RM'000 | Statutory reserve RM'000 | Exchange fluctuation reserve RM'000 | Revaluation reserve- financial investments available-for-sale RM'000 | Merger deficit RM'000 | Capital reserve RM'000 | Hedging reserve RM'000 | Regulatory reserve RM'000 | Share-based payment reserve RM'000 | Retained profits RM'000 | Perpetual preference shares RM'000 | |
| The Bank | | | | | | | | | | | | | | |
| At 1 January 2014 | 4,131,410 | 29,740 | 6,402,610 | 4,499,957 | 113,706 | 125,231 | (1,047,872) | 746,852 | (37,961) | 1,513,795 | 43,871 | 3,300,141 | 200,000 | 20,021,480 |
| Profit for the financial period | - | - | - | - | - | - | - | - | - | - | - | 1,317,866 | - | 1,317,866 |
| Other comprehensive income/(expenses) (net of tax) | - | - | - | - | (25,370) | (25,979) | - | - | 22,897 | - | (77) | - | - | (28,529) |
| - financial investments available-for-sale | - | - | - | - | - | (25,979) | - | - | - | - | - | - | - | (25,979) |
| - net investment hedge | - | - | - | - | - | - | - | - | 14,123 | - | - | - | - | 14,123 |
| - cash flow hedge | - | - | - | - | - | - | - | - | 8,774 | - | - | - | - | 8,774 |
| - currency translation difference | - | - | - | - | (25,370) | - | - | - | - | - | (77) | - | - | (25,447) |
| Total comprehensive income/(expenses) for the financial period | - | - | - | - | (25,370) | (25,979) | - | - | 22,897 | - | (77) | 1,317,866 | - | 1,289,337 |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | 134,787 | - | (134,787) | - | - |
| Transfer to statutory reserve | - | - | - | 329,467 | - | - | - | - | - | - | - | (329,467) | - | - |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | - | 24,619 | - | - | 24,619 |
| Second interim dividends for the financial year ended 31 December 2013 | - | - | - | - | - | - | - | - | - | - | - | (752,007) | - | (752,007) |
| Share released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | (31,331) | - | - | (31,331) |
| Issue of shares from rights issue | 550,520 | - | 2,086,471 | - | - | - | - | - | - | - | - | - | - | 2,636,991 |
| At 30 June 2014 | 4,681,930 | 29,740 | 8,489,081 | 4,829,424 | 88,336 | 99,252 | (1,047,872) | 746,852 | (15,064) | 1,648,582 | 37,082 | 3,401,746 | 200,000 | 23,189,089 |
| 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 | 930,953 | 22,817 | 3,875,514 | 200,000 | 18,247,660 |
| Profit for the financial period | - | - | - | - | - | - | - | - | - | - | - | 983,665 | - | 983,665 |
| Other comprehensive income/(expenses) (net of tax) | - | - | - | - | 23,882 | (293,855) | - | - | (59,220) | - | (632) | - | - | (329,825) |
| - financial investments available-for-sale | - | - | - | - | - | (293,855) | - | - | - | - | - | - | - | (293,855) |
| - net investment hedge | - | - | - | - | - | - | - | - | (57,442) | - | - | - | - | (57,442) |
| - cash flow hedge | - | - | - | - | - | - | - | - | (1,778) | - | - | - | - | (1,778) |
| - currency translation difference | - | - | - | - | 23,882 | - | - | - | - | - | (632) | - | - | 23,250 |
| Total comprehensive income/(expenses) for the financial period | - | - | - | - | 23,882 | (293,855) | - | - | (59,220) | - | (632) | 983,665 | - | 653,840 |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | - | - | 261,823 | - | (261,823) | - | - |
| Share-based payment expense | - | - | - | - | - | - | - | - | - | - | 18,622 | - | - | 18,622 |
| Second interim dividend for the financial year ended 31 December 2012 | - | - | - | - | - | - | - | - | - | - | - | (959,000) | - | (959,000) |
| Share released under Equity Ownership Plan | - | - | - | - | - | - | - | - | - | - | (21,102) | - | - | (21,102) |
| At 30 June 2013 | 3,764,469 | 29,740 | 5,033,633 | 3,964,469 | 56,956 | 291,037 | (1,047,872) | 746,852 | 49,899 | 1,192,776 | 19,705 | 3,638,356 | 200,000 | 17,940,020 |

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

CIMB BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

| | Group | | Bank | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Profit before taxation | 2,096,458 | 1,721,841 | 1,655,540 | 1,257,027 |
| Adjustments for non-operating and non-cash items | (392,229) | 61,272 | (471,726) | (27,081) |
| Operating profit before changes in working capital | 1,704,229 | 1,783,113 | 1,183,814 | 1,229,946 |
| Net changes in operating assets | (6,221,210) | (19,032,168) | (7,054,403) | (17,424,405) |
| Net changes in operating liabilities | 9,878,169 | 21,774,909 | 8,458,940 | 22,033,146 |
| | 3,656,959 | 2,742,741 | 1,404,537 | 4,608,741 |
| Cash flows generated from operations | 5,361,188 | 4,525,854 | 2,588,351 | 5,838,687 |
| Taxation paid | (335,034) | (446,745) | (244,750) | (353,802) |
| Net cash flows generated from operating activities | 5,026,154 | 4,079,109 | 2,343,601 | 5,484,885 |
| Net cash flows used in investing activities | (3,051,806) | (402,359) | (2,924,170) | (444,326) |
| Net cash flows generated from/(used in) financing activities | 1,462,276 | (861,676) | 1,617,345 | (2,151,860) |
| Net increase in cash and cash equivalents | 3,436,624 | 2,815,074 | 1,036,776 | 2,888,699 |
| Effects of exchange rate changes | (177,084) | 167,698 | (117,078) | 69,372 |
| Cash and cash equivalents at the beginning of financial period | 24,941,166 | 22,978,876 | 18,467,152 | 16,939,905 |
| Cash and cash equivalents at end of financial period | 28,200,706 | 25,961,648 | 19,386,850 | 19,897,976 |

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2014 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties, non-current assets/disposal groups held for sale and financial liabilities designated at fair value that have been measured at fair value.

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

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

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

Amendment to MFRS 132 "Financial instruments: Presentation"

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

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

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

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

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

PART A - EXPLANATORY NOTES

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

a) On 27 March 2014, CIMB Thai Bank, a subsidiary of the Bank, has exercised its option to early redeem all cumulative hybrid instruments amounting to THB2.5 billion, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 53/2557 about the pre-redemption of cumulative hybrid instruments.

b) During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounting to THB5.4 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rates ranging from 0% - 5.0% per annum variable to index of THBFIX 6 months, payable semi annually.

Subsequent to period end, CIMB Thai Bank issued various unsecured structured debentures amounting to THB2.8 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rates ranging from 0% - 5.0% per annum variable to index of THBFIX 6 months, payable semi annually.

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

During and subsequent to financial period, CIMB Thai Bank has early redeemed structured debentures amounting to THB4.6 billion and THB2.0 billion respectively.

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

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

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

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

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

f) 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 into CIMB Bank, the cash dividend surplus via the rights issue. 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 94,775,586 units of new CIMB Bank shares.

PART A - EXPLANATORY NOTES

A4. DIVIDENDS PAID AND PROPOSED

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

The Directors have proposed a single tier first interim dividend of approximately 28.82 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM857,000,000 in respect of the financial year ending 31 December 2014.

A5. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals proposed or entered into during the financial period ended 30 June 2014.

A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities that had occurred between 30 June 2014 and the date of this announcement .

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Money market instruments | | | | |
| Unquoted: | | | | |
| Malaysian Government Securities | 860,187 | 422,188 | 860,187 | 422,188 |
| Cagamas bonds | - | 14,891 | - | 14,891 |
| Malaysian Government treasury bills | 93,466 | 75,075 | 83,683 | 75,075 |
| Other Government securities | 4,930,696 | 4,197,517 | 4,930,696 | 4,197,517 |
| Bank Negara Malaysia Monetary Notes | 1,672,791 | 3,638,917 | 136,359 | 1,454,575 |
| Bankers' acceptances and Islamic accepted bills | 1,352,574 | 345,728 | 1,352,574 | 345,728 |
| Negotiable instruments of deposit | 3,204,617 | 1,874,343 | 2,159,984 | 1,125,975 |
| Credit-linked notes | - | 49,347 | - | 49,347 |
| Commercial papers | 330,452 | 362,189 | 330,452 | 362,189 |
| Government Investment Issue | 347,035 | 106,451 | 189,541 | 78,804 |
| | <u>12,791,818</u> | <u>11,086,646</u> | <u>10,043,476</u> | <u>8,126,289</u> |
| Quoted securities: | | | | |
| <u>In Malaysia</u> | | | | |
| Shares | 2,756,216 | 1,532,268 | 2,756,216 | 1,532,268 |
| | <u>2,756,216</u> | <u>1,532,268</u> | <u>2,756,216</u> | <u>1,532,268</u> |
| <u>Outside Malaysia</u> | | | | |
| Private debt securities | 149,862 | 122,429 | - | - |
| Other Government bonds | 903,457 | 906,725 | - | - |
| | <u>1,053,319</u> | <u>1,029,154</u> | <u>-</u> | <u>-</u> |
| Unquoted securities: | | | | |
| <u>In Malaysia</u> | | | | |
| Shares | 6,740 | 6,716 | 6,740 | 6,716 |
| Private and Islamic debt securities | 5,026,331 | 5,325,099 | 4,813,569 | 5,118,247 |
| | <u>5,033,071</u> | <u>5,331,815</u> | <u>4,820,309</u> | <u>5,124,963</u> |
| <u>Outside Malaysia</u> | | | | |
| Shares | 67,742 | 66,332 | - | - |
| Private and Islamic debt securities | 3,194,315 | 2,791,653 | 3,194,315 | 2,791,653 |
| | <u>3,262,057</u> | <u>2,857,985</u> | <u>3,194,315</u> | <u>2,791,653</u> |
| Total financial assets held-for-trading | <u>24,896,481</u> | <u>21,837,868</u> | <u>20,814,316</u> | <u>17,575,173</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Money market instruments | | | | |
| Unquoted: | | | | |
| Malaysian Government Securities | 538,517 | 656,270 | 520,521 | 621,477 |
| Khazanah bonds | 451,731 | 322,874 | 373,075 | 322,874 |
| Government Investment Issue | 2,541,229 | 2,518,856 | 2,243,634 | 2,141,065 |
| Other Government treasury bills | 35,554 | 27,052 | 35,554 | 27,052 |
| Other Government securities | 250,924 | 254,035 | 250,924 | 254,035 |
| Cagamas bonds | 237,088 | 239,735 | 208,202 | 214,244 |
| | <u>4,055,043</u> | <u>4,018,822</u> | <u>3,631,910</u> | <u>3,580,747</u> |
| | | | | |
| <u>Outside Malaysia</u> | | | | |
| Shares | - | 27 | - | 27 |
| Other Government bonds | 1,650,654 | 2,363,788 | - | - |
| Unit trusts | 72,532 | 72,728 | - | - |
| Private debt securities | 287,872 | 255,070 | - | - |
| | <u>2,011,058</u> | <u>2,691,613</u> | <u>-</u> | <u>27</u> |
| | | | | |
| Unquoted securities: | | | | |
| <u>In Malaysia</u> | | | | |
| Shares | 925,417 | 924,266 | 916,415 | 915,779 |
| Private debt securities | 14,082,582 | 13,580,740 | 12,891,849 | 12,727,179 |
| Loan stocks | 10,433 | 10,433 | 10,433 | 10,433 |
| | <u>15,018,432</u> | <u>14,515,439</u> | <u>13,818,697</u> | <u>13,653,391</u> |
| | | | | |
| <u>Outside Malaysia</u> | | | | |
| Shares | 25,468 | 27,511 | 147 | 1,028 |
| Private equity funds | 343,218 | 384,807 | 235,092 | 257,211 |
| Private debt securities | 4,562,081 | 4,754,200 | 4,561,143 | 4,754,199 |
| | <u>4,930,767</u> | <u>5,166,518</u> | <u>4,796,382</u> | <u>5,012,438</u> |
| | <u>26,015,300</u> | <u>26,392,392</u> | <u>22,246,989</u> | <u>22,246,603</u> |
| | | | | |
| Allowance for impairment losses: | | | | |
| Private debt securities | (65,416) | (67,110) | (65,416) | (67,110) |
| Private equity funds | (47,242) | (33,126) | (43,758) | (29,493) |
| Unquoted shares | (95,639) | (95,841) | (73,821) | (73,821) |
| Loan stocks | (10,433) | (10,433) | (10,433) | (10,433) |
| Unit trusts | (382) | (386) | - | - |
| | <u>(219,112)</u> | <u>(206,896)</u> | <u>(193,428)</u> | <u>(180,857)</u> |
| Total financial investments available-for-sale | <u>25,796,188</u> | <u>26,185,496</u> | <u>22,053,561</u> | <u>22,065,746</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Money market instruments | | | | |
| Unquoted: | | | | |
| Malaysian Government Securities | 981,220 | 802,446 | 981,220 | 802,446 |
| Malaysian Government Investment Issue | 2,309,836 | 808,104 | 2,302,269 | 808,104 |
| Other Government securities | 774,638 | 780,810 | 774,638 | 780,810 |
| Cagamas bonds | 185,965 | 160,997 | 185,965 | 160,997 |
| Khazanah bonds | 245,511 | 66,736 | 232,707 | 66,736 |
| | <u>4,497,170</u> | <u>2,619,093</u> | <u>4,476,799</u> | <u>2,619,093</u> |
| Quoted securities: | | | | |
| <u>Outside Malaysia</u> | | | | |
| Private debt securities | 2,265,734 | 1,637,403 | - | - |
| | <u>2,265,734</u> | <u>1,637,403</u> | <u>-</u> | <u>-</u> |
| Unquoted securities: | | | | |
| <u>In Malaysia</u> | | | | |
| Loans stocks | 27,388 | 27,388 | - | - |
| Private debt securities | 6,028,260 | 4,477,636 | 5,371,078 | 3,876,918 |
| | <u>6,055,648</u> | <u>4,505,024</u> | <u>5,371,078</u> | <u>3,876,918</u> |
| <u>Outside Malaysia</u> | | | | |
| Private debt securities | 1,031,626 | 1,117,503 | 1,030,643 | 1,116,501 |
| Accretion of discount net of amortisation of premium | (31,310) | (22,698) | (29,247) | (21,985) |
| Less : Allowance for impairment losses | (27,518) | (27,519) | - | - |
| Total financial investments held-to-maturity | <u>13,791,350</u> | <u>9,828,806</u> | <u>10,849,273</u> | <u>7,590,527</u> |

Included in the financial investments held-to-maturity of the Group as at 30 June 2014 are 10-year promissory notes of THB9 million (2013: THB9 million) maturing between 2014 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. During the previous financial year, CIMB Bank Thai has recognised a gain of approximately RM113 million arising from the sharing agreement.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING

| | Group | | Bank | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| (i) By type of financing | | | | |
| At amortised cost | | | | |
| Overdrafts | 5,363,074 | 5,498,157 | 3,985,273 | 4,122,209 |
| Term loans/financing | | | | |
| - Housing loan/financing | 53,348,705 | 50,418,831 | 39,566,991 | 37,496,022 |
| - Syndicated term loan | 13,793,885 | 13,909,892 | 13,255,753 | 13,403,780 |
| - Other term loans/financing | 71,854,300 | 74,136,477 | 49,042,419 | 50,642,650 |
| - Factoring receivables | 19,660 | 22,312 | - | - |
| - Lease receivables | 44,685 | 52,638 | - | - |
| - Hire purchase receivables | 15,047,470 | 14,428,652 | 7,267,551 | 6,264,561 |
| Bills receivable | 10,249,336 | 9,198,490 | 7,161,834 | 6,327,629 |
| Trust receipts | 1,602,254 | 1,986,719 | 712,784 | 652,172 |
| Claim on customers under acceptance credit | 3,208,012 | 3,397,107 | 2,889,708 | 3,024,575 |
| Staff loans | 483,878 | 452,395 | 409,789 | 385,390 |
| Credit card receivables | 5,519,454 | 5,344,131 | 5,415,622 | 5,239,682 |
| Revolving credit | 11,127,312 | 9,424,452 | 9,039,534 | 7,239,751 |
| Share margin financing | 942,953 | 720,691 | 926,169 | 704,250 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |
| Fair value changes arising from fair value hedges | 146,329 | 140,453 | 94,051 | 102,195 |
| | <u>192,751,307</u> | <u>189,131,397</u> | <u>139,767,478</u> | <u>135,604,866</u> |
| Less: Allowance for impairment losses | | | | |
| - Individual impairment allowance | <u>(1,580,838)</u> | <u>(1,767,230)</u> | <u>(1,336,868)</u> | <u>(1,526,098)</u> |
| - Portfolio impairment allowance | <u>(1,918,339)</u> | <u>(1,933,552)</u> | <u>(1,248,765)</u> | <u>(1,245,458)</u> |
| | <u>(3,499,177)</u> | <u>(3,700,782)</u> | <u>(2,585,633)</u> | <u>(2,771,556)</u> |
| Total net loans, advances and financing | <u><u>189,252,130</u></u> | <u><u>185,430,615</u></u> | <u><u>137,181,845</u></u> | <u><u>132,833,310</u></u> |

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM53 million (2013: RM57 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,044 million (2013: RM8,182 million) and RM1,651 million (2013: RM1,788 million) respectively, using interest rate swaps.

| | Group | | Bank | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross loan hedged | 8,043,559 | 8,181,776 | 1,650,565 | 1,788,383 |
| Fair value changes arising from fair value hedges | 146,329 | 140,453 | 94,051 | 102,195 |
| | <u>8,189,888</u> | <u>8,322,229</u> | <u>1,744,616</u> | <u>1,890,578</u> |

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 30 June 2014 were RM115 million (2013: RM101 million) and RM33 million (2013: RM34 million) respectively.

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

As at 30 June 2014, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM1,653 million (2013: RM2,476 million) and RM6.8 million (2013: RM11.3 million) respectively.

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

| | Group | | Bank | |
|--|---------------------------|--------------------|---------------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (ii) By type of customers | | | | |
| Domestic banking institutions | 1,656,267 | 1,707,606 | 1,628,083 | 1,673,733 |
| Domestic non-bank financial institutions | | | | |
| - Stockbroking companies | 10,023 | 10,210 | 10,023 | 10,210 |
| - others | 2,519,956 | 2,572,679 | 758,497 | 811,748 |
| Domestic business enterprises | | | | |
| - small medium enterprises | 13,441,895 | 12,439,147 | 9,319,566 | 9,552,603 |
| - others | 35,573,536 | 35,983,520 | 23,957,193 | 21,941,915 |
| Government and statutory bodies | 8,827,900 | 11,885,181 | 2,080,107 | 5,133,700 |
| Individuals | 103,768,895 | 98,484,803 | 75,860,881 | 71,021,672 |
| Other domestic entities | 837,893 | 223,211 | 366,931 | 117,820 |
| Foreign entities | 25,968,613 | 25,684,587 | 25,692,146 | 25,239,270 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| (iii) By interest/profit rate sensitivity | | | | |
| Fixed rate | | | | |
| - Housing loans/ financing | 1,715,046 | 1,697,993 | 966,146 | 918,107 |
| - Hire purchase receivables | 15,032,842 | 14,414,001 | 7,243,185 | 6,242,650 |
| - Other fixed rate loans | 28,055,581 | 32,187,877 | 15,282,092 | 18,864,708 |
| Variable rate | | | | |
| - BLR plus | 84,167,718 | 79,352,093 | 70,387,979 | 66,094,967 |
| - Cost-plus | 29,842,653 | 27,402,289 | 24,273,331 | 21,269,784 |
| - Other variable rates | 33,791,138 | 33,936,691 | 21,520,694 | 22,112,455 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |
| (iv) By economic purpose | | | | |
| Personal use | 7,579,483 | 7,931,464 | 2,820,008 | 3,114,867 |
| Credit cards | 5,519,454 | 5,344,131 | 5,415,622 | 5,239,682 |
| Purchase of consumer durables | 355,651 | 170,389 | 337,853 | 152,394 |
| Construction | 6,461,510 | 7,139,816 | 3,797,698 | 3,590,808 |
| Residential property (housing) | 54,329,058 | 50,780,646 | 40,444,035 | 37,761,385 |
| Non-residential property | 19,104,218 | 17,775,165 | 15,770,145 | 14,568,495 |
| Purchase of fixed assets other than land and buildings | 2,823,051 | 2,915,178 | 2,316,515 | 2,371,977 |
| Mergers and acquisitions | 3,803,457 | 5,410,650 | 3,802,384 | 5,409,407 |
| Purchase of securities | 15,546,705 | 14,336,939 | 15,529,570 | 14,315,100 |
| Purchase of transport vehicles | 15,192,834 | 14,489,405 | 7,540,987 | 6,455,672 |
| Working capital | 48,428,109 | 47,207,201 | 35,447,774 | 34,205,710 |
| Other purposes | 13,461,448 | 15,489,960 | 6,450,836 | 8,317,174 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |
| (v) By geographical distribution | | | | |
| Malaysia | 142,970,211 | 140,617,289 | 108,375,051 | 104,944,286 |
| Indonesia | 2,360,238 | 1,886,152 | 2,348,996 | 1,833,295 |
| Thailand | 18,662,384 | 17,731,310 | 965,487 | 568,534 |
| Singapore | 18,569,684 | 18,551,524 | 18,569,684 | 18,551,524 |
| United Kingdom | 600,368 | 1,152,021 | 600,368 | 1,152,021 |
| Hong Kong | 557,299 | 636,761 | 557,299 | 636,761 |
| China | 6,085,906 | 5,672,236 | 6,085,906 | 5,672,236 |
| Other countries | 2,798,888 | 2,743,651 | 2,170,636 | 2,144,014 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |
| (vi) By residual contractual maturity | | | | |
| Within one year | 43,853,584 | 43,412,675 | 35,258,930 | 34,549,208 |
| One year to less than three years | 12,092,321 | 14,945,686 | 9,258,975 | 12,151,916 |
| Three years to less than five years | 22,464,378 | 23,436,171 | 15,350,759 | 16,211,287 |
| Five years and more | 114,194,695 | 107,196,412 | 79,804,763 | 72,590,260 |
| Gross loans, advances and financing | <u>192,604,978</u> | <u>188,990,944</u> | <u>139,673,427</u> | <u>135,502,671</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| (vii) Impaired loans, advances and financing by economic purpose | | | | |
| Personal use | 168,233 | 150,886 | 63,177 | 57,152 |
| Credit cards | 63,220 | 79,870 | 60,766 | 77,585 |
| Purchase of consumer durables | 24,149 | 128 | 24,073 | 56 |
| Construction | 1,023,366 | 1,068,220 | 1,012,434 | 1,057,328 |
| Residential property (housing) | 893,102 | 853,432 | 650,475 | 658,753 |
| Non-residential property | 168,295 | 167,774 | 135,461 | 138,572 |
| Purchase of fixed assets other than land and buildings | 3,460 | 12,402 | 2,013 | 5,980 |
| Purchase of securities | 143,800 | 151,740 | 143,594 | 151,517 |
| Purchase of transport vehicles | 435,335 | 288,377 | 206,372 | 146,097 |
| Working capital | 981,885 | 1,163,152 | 778,176 | 980,032 |
| Other purposes | 296,142 | 338,962 | 49,009 | 58,227 |
| Gross impaired loans | <u>4,200,987</u> | <u>4,274,943</u> | <u>3,125,550</u> | <u>3,331,299</u> |
| (viii) Impaired loans, advances and financing by geographical distribution | | | | |
| Malaysia | 3,229,827 | 3,329,154 | 2,832,688 | 3,001,533 |
| Indonesia | 98,973 | 101,192 | 98,973 | 101,192 |
| Thailand | 660,289 | 598,558 | - | 615 |
| Singapore | 33,888 | 41,788 | 33,888 | 41,788 |
| United Kingdom | 2,519 | 3,636 | 2,519 | 3,636 |
| China | 87,966 | 111,869 | 87,966 | 111,869 |
| Other countries | 87,525 | 88,746 | 69,516 | 70,666 |
| Gross impaired loans | <u>4,200,987</u> | <u>4,274,943</u> | <u>3,125,550</u> | <u>3,331,299</u> |
| (ix) Movements in impaired loans, advances and financing | | | | |
| At 1 January | 4,274,943 | 4,541,316 | 3,331,299 | 3,692,842 |
| Classified as impaired during the financial period/year | 1,530,424 | 2,677,680 | 960,032 | 1,818,887 |
| Reclassified as not impaired during the financial period/year | (715,532) | (1,190,196) | (505,347) | (879,878) |
| Amount written back in respect of recoveries | (396,424) | (950,462) | (317,583) | (725,958) |
| Amount written off | (480,149) | (849,993) | (336,507) | (599,489) |
| Reclassification from unwinding income | - | 21,266 | - | - |
| Exchange fluctuation | (12,275) | 25,332 | (6,344) | 24,895 |
| At 30 June/31 December | <u>4,200,987</u> | <u>4,274,943</u> | <u>3,125,550</u> | <u>3,331,299</u> |
| Ratio of gross impaired loans to total loans, advances and financing | <u>2.18%</u> | <u>2.26%</u> | <u>2.24%</u> | <u>2.46%</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| <u>Individual impairment allowance</u> | | | | |
| At 1 January | 1,767,230 | 1,902,985 | 1,526,098 | 1,652,134 |
| Net allowance made/(written-back) during the financial period/year | 3,347 | 104,894 | (10,373) | 113,315 |
| Allowance written-back and charged to deferred assets | (2,769) | (959) | (2,769) | (959) |
| Amount written off | (180,313) | (284,604) | (171,142) | (260,011) |
| Amount transferred from portfolio impairment allowance | 442 | 1,043 | - | - |
| Unwinding income | - | 21,266 | - | - |
| Exchange fluctuation | (7,099) | 22,605 | (4,946) | 21,619 |
| At 30 June/31 December | <u>1,580,838</u> | <u>1,767,230</u> | <u>1,336,868</u> | <u>1,526,098</u> |
| <u>Portfolio impairment allowance</u> | | | | |
| At 1 January | 1,933,552 | 1,841,225 | 1,245,458 | 1,255,788 |
| Net allowance made during the financial period/year | 284,057 | 652,951 | 169,437 | 330,086 |
| Allowance made and charged to deferred assets | 106 | 258 | 106 | 258 |
| Amount written off | (294,671) | (557,542) | (165,844) | (339,965) |
| Amount transferred to individual impairment allowance | (442) | (1,043) | - | - |
| Amount transferred to a subsidiary | - | - | - | (2,715) |
| Exchange fluctuation | (4,263) | (2,297) | (392) | 2,006 |
| At 30 June/31 December | <u>1,918,339</u> | <u>1,933,552</u> | <u>1,248,765</u> | <u>1,245,458</u> |
| Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance | <u>2.1%</u> | <u>2.1%</u> | <u>2.1%</u> | <u>2.1%</u> |

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

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Deferred assets | 70,597 | 83,017 | 70,597 | 83,017 |
| Foreclosed properties | 137,303 | 136,348 | - | - |
| Option premium receivables | 193,059 | 193,721 | 193,059 | 193,721 |
| Collateral pledged for derivative transactions | 1,543,677 | 1,582,685 | 1,401,478 | 1,269,613 |
| Other debtors, deposits and prepayments | 3,588,895 | 1,485,468 | 2,903,360 | 1,000,429 |
| | <u>5,533,531</u> | <u>3,481,239</u> | <u>4,568,494</u> | <u>2,546,780</u> |

A12. DEPOSITS FROM CUSTOMERS

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| (i) By type of deposit | | | | |
| Demand deposits | 51,796,982 | 50,785,507 | 42,595,182 | 42,008,751 |
| Saving deposits | 21,309,748 | 20,732,042 | 15,368,532 | 14,660,351 |
| Fixed deposits | 87,777,061 | 86,918,072 | 58,797,631 | 59,716,950 |
| Negotiable instruments of deposit | 6,230,609 | 6,434,760 | 655,031 | 529,467 |
| Others | 58,123,247 | 55,377,309 | 39,552,277 | 39,199,512 |
| | <u>225,237,647</u> | <u>220,247,690</u> | <u>156,968,653</u> | <u>156,115,031</u> |
| (ii) By type of customer | | | | |
| Government and statutory bodies | 8,677,291 | 9,634,958 | 5,149,888 | 4,775,912 |
| Business enterprises | 92,514,770 | 87,597,022 | 58,977,392 | 57,113,656 |
| Individuals | 74,759,331 | 74,352,611 | 59,073,480 | 59,370,640 |
| Others | 49,286,255 | 48,663,099 | 33,767,893 | 34,854,823 |
| | <u>225,237,647</u> | <u>220,247,690</u> | <u>156,968,653</u> | <u>156,115,031</u> |
| (iii) Maturity structure of fixed deposits and negotiable instruments of deposit | | | | |
| Due within six months | 77,869,705 | 76,680,516 | 48,715,784 | 49,568,805 |
| Six months to less than one year | 14,107,677 | 14,416,673 | 9,069,404 | 9,279,737 |
| One year to less than three years | 1,520,197 | 1,749,805 | 1,185,763 | 921,019 |
| Three years to less than five years | 316,895 | 203,474 | 288,515 | 174,492 |
| Five years and more | 193,196 | 302,364 | 193,196 | 302,364 |
| | <u>94,007,670</u> | <u>93,352,832</u> | <u>59,452,662</u> | <u>60,246,417</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | Bank | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Licensed banks | 15,933,966 | 16,528,562 | 27,363,112 | 27,221,840 |
| Licensed finance companies | 472,089 | 223,121 | 20,680 | 26,044 |
| Licensed investment banks | 381,209 | 785,337 | 229,554 | 785,107 |
| Bank Negara Malaysia | 2,725,994 | 795,996 | 2,724,710 | 795,996 |
| Other financial institutions | 2,379,460 | 1,666,817 | 2,048,067 | 1,588,721 |
| | 21,892,718 | 19,999,833 | 32,386,123 | 30,417,708 |

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

| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Due within six months | 19,511,264 | 17,581,373 | 28,979,531 | 26,860,150 |
| Six months to less than one year | 1,294,926 | 1,399,598 | 2,004,806 | 2,514,835 |
| One year to less than three years | 45,995 | 34,574 | 361,253 | 58,435 |
| Three years to less than five years | 336,186 | 357,080 | 336,186 | 357,080 |
| Five years and more | 704,347 | 627,208 | 704,347 | 627,208 |
| | 21,892,718 | 19,999,833 | 32,386,123 | 30,417,708 |

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

| | Group | | Bank | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers - structured investments | 2,391,082 | 2,132,170 | 2,194,780 | 1,985,954 |

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

Included in the above are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM2,468,489,000 (2013: RM2,253,559,000) and RM151,617,000 (2013: RM151,118,000) and RM4,014,000 (2013: RMNil) respectively for the Group, and RM2,414,964,000 (2013: RM2,249,997,000) individual customers deposits for the Bank.

The carrying amount of the Group and the Bank at 30 June 2014 of financial liabilities designated at fair value were RM233,038,000 (2013: RM272,507,000) and RM220,184,000 (2013: RM264,043,000) respectively lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

| | Group | | Bank | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Due to brokers and clients | 27,949 | 40,757 | 27,949 | 40,757 |
| Accrued employee benefits | 18,939 | 19,847 | 18,923 | 17,688 |
| Post employment benefit obligations | 152,135 | 135,791 | 40,413 | 26,031 |
| Sundry creditors | 3,242,645 | 907,577 | 3,021,898 | 890,844 |
| Expenditure payable | 967,849 | 1,169,113 | 794,975 | 974,302 |
| Allowance for commitments and contingencies | 11,736 | 13,824 | 664 | 2,492 |
| Provision for legal claims | 81,430 | 81,970 | 63,812 | 63,536 |
| Credit card expenditure payable | 104,388 | 91,183 | 102,673 | 91,183 |
| Call deposit borrowing | 639,213 | 926,272 | 625,603 | 787,817 |
| Others | 413,591 | 592,330 | 274,213 | 283,291 |
| | 5,659,875 | 3,978,664 | 4,971,123 | 3,177,941 |

PART A - EXPLANATORY NOTES (CONTINUED)**A16. INTEREST INCOME**

| Group | 2nd Quarter Ended | | Six Months Ended | |
|--|--------------------------|---------------------|-------------------------|---------------------|
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Loans and advances | | | | |
| - interest income | 1,931,556 | 1,702,143 | 3,820,631 | 3,321,033 |
| - unwinding income [^] | 13,443 | 13,352 | 26,446 | 29,495 |
| Money at call and deposits with financial institutions | 94,651 | 126,275 | 208,203 | 255,979 |
| Reverse repurchase agreements | 32,859 | 72,366 | 68,467 | 144,253 |
| Financial assets held for trading | 122,791 | 110,416 | 241,318 | 213,043 |
| Financial investments available-for-sale | 226,286 | 217,967 | 452,314 | 420,783 |
| Financial investments held-to-maturity | 175,573 | 69,630 | 263,451 | 144,736 |
| Others | - | 1,373 | - | 3,385 |
| | 2,597,159 | 2,313,522 | 5,080,830 | 4,532,707 |
| Accretion of discount less amortisation of premium | 806 | 14,236 | (1,700) | 42,094 |
| | 2,597,965 | 2,327,758 | 5,079,130 | 4,574,801 |
| Bank | | | | |
| Loans and advances | | | | |
| - interest income | 1,609,140 | 1,416,512 | 3,180,139 | 2,764,632 |
| - unwinding income [^] | 12,147 | 12,207 | 24,349 | 26,759 |
| Money at call and deposits with financial institutions | 124,449 | 191,510 | 284,624 | 391,225 |
| Reverse repurchase agreements | 31,629 | 69,043 | 61,027 | 135,213 |
| Financial assets held for trading | 117,487 | 105,747 | 230,053 | 204,727 |
| Financial investments available-for-sale | 210,946 | 206,899 | 419,563 | 401,885 |
| Financial investments held-to-maturity | 158,730 | 53,097 | 232,059 | 109,140 |
| Others | - | 1,373 | - | 3,385 |
| | 2,264,528 | 2,056,388 | 4,431,814 | 4,036,966 |
| Accretion of discount less amortisation of premium | 3,554 | 14,661 | 1,728 | 42,761 |
| | 2,268,082 | 2,071,049 | 4,433,542 | 4,079,727 |

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

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

| | 2nd Quarter Ended | | Six Months Ended | |
|---|-------------------|------------------|------------------|------------------|
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Deposits and placements of banks and other financial institutions | 51,209 | 30,739 | 96,247 | 59,609 |
| Deposits from other customers | 832,269 | 811,371 | 1,644,437 | 1,600,340 |
| Repurchase agreements | 18,375 | 52,000 | 35,439 | 92,624 |
| Financial liabilities designated at fair value | 15,336 | 8,249 | 33,633 | 12,553 |
| Negotiable certificates of deposits | 26,269 | 27,130 | 60,317 | 53,696 |
| Bonds and debentures | 29,855 | 24,576 | 65,593 | 42,865 |
| Redeemable preference shares | 10,705 | 10,777 | 21,622 | 20,979 |
| Subordinated obligations | 95,036 | 80,229 | 180,095 | 176,774 |
| Other borrowings | 9,262 | 14,312 | 19,684 | 31,220 |
| | <u>1,088,316</u> | <u>1,059,384</u> | <u>2,157,067</u> | <u>2,090,659</u> |
| Bank | | | | |
| Deposits and placements of banks and other financial institutions | 71,170 | 50,200 | 140,830 | 94,069 |
| Deposits from other customers | 718,019 | 713,541 | 1,412,752 | 1,405,243 |
| Repurchase agreements | 14,493 | 49,315 | 24,744 | 89,868 |
| Financial liabilities designated at fair value | 15,336 | 8,249 | 33,633 | 12,553 |
| Negotiable certificates of deposits | 24,215 | 26,568 | 55,856 | 52,568 |
| Bonds and debentures | 10,185 | 7,854 | 20,438 | 14,485 |
| Subordinated obligations | 98,083 | 82,873 | 195,159 | 181,510 |
| Other borrowings | 7,760 | 9,506 | 16,237 | 19,662 |
| | <u>959,261</u> | <u>948,107</u> | <u>1,899,649</u> | <u>1,869,957</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

| Group | 2nd Quarter Ended | | Six Months Ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Net fee and commission income | | | | |
| Commissions | 84,191 | 52,174 | 149,538 | 101,923 |
| Fee on loans and advances | 88,973 | 100,318 | 243,487 | 215,533 |
| Service charges and fees | 124,837 | 110,032 | 235,009 | 213,376 |
| Guarantee fees | 23,450 | 17,279 | 40,722 | 29,102 |
| Other fee income | 46,957 | 56,925 | 121,095 | 109,290 |
| Fee and commission income | 368,408 | 336,728 | 789,851 | 669,224 |
| Fee and commission expense | (80,827) | (83,831) | (190,138) | (163,328) |
| Net fee and commission income | 287,581 | 252,897 | 599,713 | 505,896 |
| Gross dividend income from: | | | | |
| Financial assets held for trading | 11,361 | 5,634 | 14,404 | 8,492 |
| Financial investments available-for-sale | 3,323 | 6,461 | 9,548 | 15,309 |
| | 14,684 | 12,095 | 23,952 | 23,801 |
| Net gain/(loss) arising from financial assets held for trading: | | | | |
| - realised (loss)/gain | (32,532) | 4,253 | (85,346) | (10,413) |
| - unrealised gain/(loss) | 62,679 | (78,696) | 147,542 | (126,253) |
| | 30,147 | (74,443) | 62,196 | (136,666) |
| Net gain arising from derivative financial instrument | | | | |
| - realised gain | 97,125 | 167,198 | 76,506 | 453,152 |
| - unrealised (loss)/gain | (96,240) | (165,854) | 284,507 | (216,005) |
| | 885 | 1,345 | 361,013 | 237,147 |
| Net gain arising from financial liabilities designated at fair value | | | | |
| - realised loss | (6,363) | (11,170) | (21,075) | (11,345) |
| - unrealised gain | 16,438 | 52,758 | 38,544 | 105,835 |
| | 10,075 | 41,587 | 17,469 | 94,490 |
| Net loss arising from hedging derivatives | (7,979) | (11,732) | (3,071) | (24,900) |
| Net gain from sale of financial investments available-for-sale | 23,092 | 86,213 | 54,648 | 146,562 |
| Net gain from sale of financial investments held-to-maturity | 18 | 2 | 2,614 | 44,666 |
| Other non-interest income | | | | |
| Foreign exchange gain/(loss) | 47,470 | 161,236 | (132,587) | 139,950 |
| Rental income | 2,287 | 3,041 | 4,966 | 5,611 |
| Gain/(loss) on disposal of property, plant and equipment/assets held for sale | 637 | 9,055 | (748) | 11,030 |
| Loss on disposal of foreclosed properties | (16,404) | (5,956) | (31,737) | (12,817) |
| Others | 20,509 | 14,680 | 37,571 | 31,411 |
| | 54,499 | 182,056 | (122,535) | 175,185 |
| | 413,002 | 490,020 | 995,999 | 1,066,181 |

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

| | 2nd Quarter Ended | | Six Months Ended | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Bank | | | | |
| Net fee and commission income | | | | |
| Commissions | 77,448 | 44,661 | 130,702 | 87,680 |
| Fee on loans and advances | 88,951 | 100,300 | 243,443 | 215,494 |
| Service charges and fees | 107,040 | 96,492 | 203,560 | 185,806 |
| Guarantee fees | 20,801 | 12,938 | 34,994 | 21,951 |
| Other fee income | 49,460 | 42,872 | 91,512 | 76,943 |
| Fee and commission income | 343,700 | 297,263 | 704,211 | 587,874 |
| Fee and commission expense | (87,931) | (77,606) | (172,863) | (153,244) |
| Net fee and commission income | 255,769 | 219,657 | 531,348 | 434,630 |
| Gross dividend income from: | | | | |
| Financial assets held for trading | 11,361 | 5,634 | 14,404 | 8,492 |
| Financial investments available-for-sale | 1,609 | 5,999 | 6,076 | 6,626 |
| Subsidiary | 21,161 | 9,917 | 21,161 | 9,917 |
| | 34,131 | 21,550 | 41,641 | 25,035 |
| Net gain/(loss) arising from financial assets held for trading | | | | |
| - realised (loss)/gain | (34,320) | 3,716 | (95,400) | (14,012) |
| - unrealised gain/(loss) | 63,254 | (76,854) | 149,723 | (124,544) |
| | 28,934 | (73,138) | 54,323 | (138,556) |
| Net (loss)/gain arising from derivative financial instrument | | | | |
| - realised gain | 100,433 | 165,160 | 87,871 | 427,413 |
| - unrealised (loss)/gain | (121,309) | (189,285) | 208,768 | (191,681) |
| | (20,876) | (24,124) | 296,639 | 235,732 |
| Net gain arising from financial liabilities designated at fair value | | | | |
| - realised loss | (6,363) | (11,170) | (21,075) | (11,345) |
| - unrealised gain | 16,438 | 52,758 | 38,544 | 105,835 |
| | 10,075 | 41,587 | 17,469 | 94,490 |
| Net loss arising from hedging derivatives | | | | |
| | (8,260) | (10,777) | (3,178) | (22,170) |
| Net gain from sale of financial investments available-for-sale | | | | |
| | 14,884 | 77,760 | 25,473 | 134,867 |
| Net gain from sale of financial investments held-to-maturity | | | | |
| | 18 | 2 | 2,614 | 44,616 |
| Other non-interest income | | | | |
| Foreign exchange gain/(loss) | 76,781 | 165,795 | (57,091) | 104,082 |
| Rental income | 1,609 | 2,318 | 3,515 | 4,034 |
| Gain on disposal of property, plant and equipment | 374 | 9,041 | 423 | 10,969 |
| Others | 12,644 | 9,743 | 23,790 | 20,630 |
| | 91,408 | 186,897 | (29,363) | 139,715 |
| | 406,083 | 439,414 | 936,966 | 948,359 |

PART A - EXPLANATORY NOTES (CONTINUED)

A19. OVERHEADS

| Group | 2nd Quarter Ended | | Six Months Ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 503,041 | 494,904 | 1,022,402 | 1,049,688 |
| - Pension costs (defined contribution plan) | 48,395 | 49,585 | 96,816 | 100,423 |
| - Pension costs (defined benefit plan) | 3,365 | 3,029 | 6,764 | 6,075 |
| - Overtime | 4,061 | 4,107 | 8,379 | 8,250 |
| - Staff incentives and other staff payments | 53,441 | 46,658 | 91,041 | 82,499 |
| - Medical expenses | 19,769 | 19,908 | 39,465 | 35,480 |
| - Others | 14,245 | 14,542 | 25,632 | 27,833 |
| | 646,317 | 632,733 | 1,290,499 | 1,310,248 |
| Establishment costs | | | | |
| - Depreciation of property, plant and equipment | 48,081 | 51,442 | 95,922 | 99,880 |
| - Amortisation of prepaid lease payments | 73 | 75 | 145 | 150 |
| - Rental | 56,940 | 53,418 | 111,900 | 109,282 |
| - Repair and maintenance | 62,378 | 61,504 | 136,072 | 139,851 |
| - Outsourced services | 36,703 | 38,129 | 73,218 | 78,037 |
| - Security expenses | 28,813 | 26,805 | 53,597 | 52,261 |
| - Others | 28,268 | 24,260 | 55,965 | 49,071 |
| | 261,256 | 255,633 | 526,819 | 528,532 |
| Marketing expenses | | | | |
| - Sales commission | 1,663 | 873 | 2,803 | 1,686 |
| - Advertisement | 28,490 | 39,821 | 63,742 | 73,949 |
| - Others | 6,099 | 4,525 | 12,573 | 10,112 |
| | 36,252 | 45,219 | 79,118 | 85,747 |
| Administration and general expenses | | | | |
| - Communication | 9,416 | 14,241 | 22,603 | 27,727 |
| - Consultancy and professional fees | 14,727 | 17,486 | 21,063 | 34,211 |
| - Legal expenses | 2,631 | 1,619 | 5,035 | 4,932 |
| - Stationery | 10,628 | 9,483 | 20,176 | 21,199 |
| - Amortisation and impairment of intangible assets | 43,389 | 29,714 | 90,062 | 180,085 |
| - Postages | 11,231 | 11,642 | 22,309 | 21,410 |
| - Administrative travelling and vehicle expenses | 9,356 | 8,698 | 17,912 | 16,653 |
| - Incidental expenses on banking operations | 9,092 | 6,240 | 18,275 | 14,403 |
| - Insurance | 30,898 | 26,271 | 62,843 | 53,022 |
| - Others | 30,364 | 20,419 | 58,792 | 59,329 |
| | 171,732 | 145,813 | 339,070 | 432,971 |
| Shared service cost | 60,012 | 56,192 | 122,785 | 110,442 |
| | 1,175,569 | 1,135,590 | 2,358,291 | 2,467,940 |

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

| | 2nd Quarter Ended | | Six Months Ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30 June 2014 RM'000 | 30 June 2013 RM'000 | 30 June 2014 RM'000 | 30 June 2013 RM'000 |
| Bank | | | | |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 395,865 | 396,107 | 806,254 | 853,199 |
| - Pension costs (defined contribution plan) | 43,452 | 44,824 | 86,954 | 90,704 |
| - Overtime | 2,442 | 2,827 | 5,282 | 5,651 |
| - Staff incentives and other staff payments | 47,046 | 39,907 | 79,582 | 70,099 |
| - Medical expenses | 18,572 | 18,473 | 37,567 | 33,023 |
| - Others | 12,509 | 12,909 | 22,052 | 24,493 |
| | 519,886 | 515,047 | 1,037,691 | 1,077,169 |
| Establishment costs | | | | |
| - Depreciation of property, plant and equipment | 35,828 | 37,660 | 71,390 | 72,857 |
| - Rental | 45,992 | 42,866 | 89,593 | 86,977 |
| - Repair and maintenance | 56,159 | 56,069 | 123,500 | 129,308 |
| - Outsourced services | 55,351 | 59,360 | 109,425 | 119,592 |
| - Security expenses | 29,911 | 27,635 | 55,946 | 54,220 |
| - Others | 22,835 | 18,344 | 44,462 | 37,328 |
| | 246,076 | 241,934 | 494,316 | 500,282 |
| Marketing expenses | | | | |
| - Sales commission | 531 | - | 1,067 | 242 |
| - Advertisement | 24,123 | 34,291 | 55,563 | 63,442 |
| - Others | 2,949 | 2,714 | 6,263 | 6,590 |
| | 27,603 | 37,005 | 62,893 | 70,274 |
| Administration and general expenses | | | | |
| - Communication | 7,890 | 12,368 | 19,468 | 24,448 |
| - Consultancy and professional fees | 13,530 | 12,381 | 18,642 | 26,335 |
| - Legal expenses | 1,295 | 976 | 2,445 | 3,638 |
| - Stationery | 8,190 | 7,454 | 15,782 | 17,151 |
| - Amortisation and impairment of intangible assets | 36,911 | 25,077 | 79,758 | 170,784 |
| - Postages | 8,378 | 8,777 | 16,362 | 15,545 |
| - Administrative travelling and vehicle expenses | 6,553 | 6,255 | 12,639 | 11,939 |
| - Incidental expenses on banking operations | 5,342 | 2,422 | 10,587 | 7,226 |
| - Insurance | 8,017 | 6,422 | 16,707 | 13,311 |
| - Others | 11,761 | 1,413 | 20,819 | 22,142 |
| | 107,867 | 83,545 | 213,209 | 312,519 |
| Shared service cost | (30,734) | (46,386) | (62,279) | (86,228) |
| | 870,698 | 831,145 | 1,745,830 | 1,874,016 |

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

| | 2nd Quarter Ended | | Six Months Ended | |
|---|--------------------------|---------------------|-------------------------|---------------------|
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Allowances for impaired loans and financing : | | | | |
| Net allowance (written-back)/made during the financial period | | | | |
| - Individual impairment allowance | 4,773 | 15,198 | 3,347 | 7,496 |
| - Portfolio impairment allowance | 129,408 | 98,264 | 284,057 | 253,926 |
| Impaired loans and advances : | | | | |
| - recovered | (64,605) | (76,990) | (135,958) | (164,211) |
| - written off | 5,893 | 8,330 | 11,365 | 8,767 |
| | <u>75,469</u> | <u>44,802</u> | <u>162,811</u> | <u>105,978</u> |
| Bank | | | | |
| Allowances for bad and doubtful debts and financing : | | | | |
| Net allowance (written-back)/made during the financial period | | | | |
| - Individual impairment allowance | 9,333 | 17,797 | (10,373) | 21,350 |
| - Portfolio impairment allowance | 63,994 | 48,072 | 169,437 | 121,652 |
| Impaired loans and advances : | | | | |
| - recovered | (41,242) | (50,303) | (86,456) | (110,457) |
| - written off | 3,317 | 4,766 | 7,157 | 4,824 |
| | <u>35,402</u> | <u>20,332</u> | <u>79,765</u> | <u>37,369</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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

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

(i) Derivative financial instruments

| At 30 June 2014 | The Group Fair values | | | The Bank Fair values | | |
|-------------------------------------|--------------------------|------------------|-----------------------|-------------------------|------------------|-----------------------|
| | Principal RM'000 | Assets RM'000 | Liabilities RM'000 | Principal RM'000 | Assets RM'000 | Liabilities RM'000 |
| <u>Trading derivatives</u> | | | | | | |
| <u>Foreign exchange derivatives</u> | | | | | | |
| Currency forward | 15,947,546 | 119,567 | (181,070) | 12,651,101 | 107,862 | (174,735) |
| - Up to 1 year | 13,000,143 | 101,038 | (101,973) | 9,819,726 | 94,292 | (88,951) |
| - More than 1 year to 3 years | 1,545,972 | 12,056 | (23,356) | 1,496,400 | 10,257 | (23,356) |
| - More than 3 years | 1,401,431 | 6,473 | (55,741) | 1,334,975 | 3,313 | (62,428) |
| Currency swaps | 102,189,632 | 491,979 | (393,162) | 66,355,465 | 371,538 | (258,556) |
| - Up to 1 year | 100,943,152 | 458,213 | (386,249) | 65,278,766 | 339,350 | (252,109) |
| - More than 1 year to 3 years | 879,931 | 16,869 | (3,096) | 776,190 | 18,424 | (4,014) |
| - More than 3 years | 366,549 | 16,897 | (3,817) | 300,509 | 13,764 | (2,433) |
| Currency spots | 9,894,464 | 2,532 | (3,933) | 9,314,941 | 2,217 | (3,713) |
| - Up to 1 year | 9,894,464 | 2,532 | (3,933) | 9,314,941 | 2,217 | (3,713) |
| Currency options | 6,339,342 | 44,724 | (41,241) | 5,389,010 | 28,610 | (29,088) |
| - Up to 1 year | 5,509,132 | 22,303 | (19,393) | 4,978,806 | 17,455 | (17,937) |
| - More than 1 year to 3 years | 510,906 | 10,295 | (10,295) | 252,441 | 5,111 | (5,111) |
| - More than 3 years | 319,304 | 12,126 | (11,553) | 157,763 | 6,044 | (6,040) |
| Cross currency interest rate swaps | 35,915,982 | 782,340 | (550,411) | 26,393,999 | 667,457 | (416,012) |
| - Up to 1 year | 6,633,391 | 80,506 | (70,944) | 3,435,313 | 61,207 | (47,156) |
| - More than 1 year to 3 years | 11,175,836 | 181,634 | (200,365) | 8,278,003 | 145,150 | (145,230) |
| - More than 3 years | 18,106,755 | 520,200 | (279,102) | 14,680,683 | 461,100 | (223,626) |
| | 170,286,966 | 1,441,142 | (1,169,817) | 120,104,516 | 1,177,684 | (882,104) |
| <u>Interest rate derivatives</u> | | | | | | |
| Interest rate swaps | 293,901,496 | 1,936,222 | (1,496,880) | 242,658,331 | 1,626,782 | (1,217,149) |
| - Up to 1 year | 93,961,053 | 115,499 | (116,767) | 76,176,621 | 88,256 | (84,793) |
| - More than 1 year to 3 years | 95,606,866 | 457,729 | (419,434) | 78,152,565 | 343,984 | (308,796) |
| - More than 3 years | 104,333,577 | 1,362,994 | (960,679) | 88,329,145 | 1,194,542 | (823,560) |
| Interest rate futures | 3,662,844 | 4,118 | (1,738) | 3,662,844 | 4,118 | (1,738) |
| - Up to 1 year | 2,898,134 | 3,721 | (1,727) | 2,898,134 | 3,721 | (1,727) |
| - More than 1 year to 3 years | 764,710 | 397 | (11) | 764,710 | 397 | (11) |
| Interest rate options | 509,274 | 1,431 | (4,038) | 509,274 | 1,431 | (4,038) |
| - Up to 1 year | 388,154 | 1,098 | (3,171) | 388,154 | 1,098 | (3,171) |
| - More than 1 year to 3 years | 121,120 | 333 | (867) | 121,120 | 333 | (867) |
| | 298,073,614 | 1,941,771 | (1,502,656) | 246,830,449 | 1,632,331 | (1,222,925) |
| <u>Equity related derivatives</u> | | | | | | |
| Equity swap | 918,879 | 213,973 | (209,870) | 918,879 | 213,973 | (209,870) |
| - Up to 1 year | 142,198 | 17,175 | (1,622) | 142,198 | 17,175 | (1,622) |
| - More than 1 year to 3 years | 293,647 | 44,698 | (205,206) | 293,647 | 44,698 | (205,206) |
| - More than 3 years | 483,034 | 152,100 | (3,042) | 483,034 | 152,100 | (3,042) |
| Equity options | 6,380,166 | 108,912 | (1,773,715) | 6,741,559 | 97,614 | (1,762,416) |
| - Up to 1 year | 2,693,947 | 79,155 | (990,140) | 2,801,598 | 76,302 | (987,285) |
| - More than 1 year to 3 years | 2,641,667 | 14,153 | (667,706) | 2,743,148 | 9,503 | (663,057) |
| - More than 3 years | 1,044,552 | 15,604 | (115,869) | 1,196,813 | 11,809 | (112,074) |
| Equity futures | 796,877 | 8,992 | (9,198) | 796,877 | 8,992 | (9,198) |
| - Up to 1 year | 796,877 | 8,992 | (9,198) | 796,877 | 8,992 | (9,198) |
| | 8,095,922 | 331,877 | (1,992,783) | 8,457,315 | 320,579 | (1,981,484) |

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

| At 30 June 2014 | The Group Fair values | | | The Bank Fair values | | |
|--|--------------------------|------------------|-----------------------|-------------------------|------------------|-----------------------|
| | Principal RM'000 | Assets RM'000 | Liabilities RM'000 | Principal RM'000 | Assets RM'000 | Liabilities RM'000 |
| <u>Commodity related derivatives</u> | | | | | | |
| Commodity swaps | 2,871,207 | 132,879 | (129,009) | 2,841,304 | 132,705 | (129,096) |
| - Up to 1 year | 2,601,059 | 109,921 | (107,369) | 2,571,156 | 109,747 | (107,456) |
| - More than 1 year to 3 years | 270,148 | 22,958 | (21,640) | 270,148 | 22,958 | (21,640) |
| - More than 3 years | - | - | - | - | - | - |
| Commodity options | 481,003 | 103,669 | (9,156) | 481,003 | 103,669 | (9,156) |
| - Up to 1 year | 319,556 | 7,032 | (7,032) | 319,556 | 7,032 | (7,032) |
| - More than 1 year to 3 years | 75,724 | 62,467 | (1,225) | 75,724 | 62,467 | (1,225) |
| - More than 3 years | 85,723 | 34,170 | (899) | 85,723 | 34,170 | (899) |
| | 3,352,210 | 236,548 | (138,165) | 3,322,307 | 236,374 | (138,252) |
| <u>Credit related contract</u> | | | | | | |
| Credit default swaps | 7,714,084 | 38,025 | (100,352) | 7,655,144 | 37,796 | (100,123) |
| - Up to 1 year | 2,849,884 | 1,106 | (59,412) | 2,849,884 | 1,106 | (59,412) |
| - More than 1 year to 3 years | 2,753,249 | 16,111 | (17,912) | 2,753,249 | 16,111 | (17,912) |
| - More than 3 years | 2,110,951 | 20,808 | (23,028) | 2,052,011 | 20,579 | (22,799) |
| <u>Hedging derivatives</u> | | | | | | |
| Cross currency interest rate swaps | 2,462,940 | 8,842 | (18,348) | 2,462,940 | 8,842 | (18,997) |
| - Up to 1 year | 70,751 | - | (2,358) | 70,751 | - | (2,358) |
| - More than 1 year to 3 years | 1,948,470 | 7,846 | (1,544) | 1,948,470 | 7,846 | (1,544) |
| - More than 3 years | 443,719 | 996 | (14,446) | 443,719 | 996 | (15,095) |
| Interest rate swaps | 21,583,889 | 120,770 | (238,145) | 28,439,373 | 240,052 | (273,191) |
| - Up to 1 year | 19,324 | - | (13) | 19,324 | - | (13) |
| - More than 1 year to 3 years | 4,345,140 | 56,286 | (18,262) | 4,582,328 | 56,201 | (19,958) |
| - More than 3 years | 17,219,425 | 64,484 | (219,870) | 23,837,721 | 183,851 | (253,220) |
| Total derivatives assets/(liabilities) | 511,569,625 | 4,118,975 | (5,160,266) | 417,272,044 | 3,653,658 | (4,617,076) |

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

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

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

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

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2014, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM4,119 million and RM3,654 million respectively (31 December 2013: RM4,719 million and RM3,909 million respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies

| | 30 June 2014 | 31 Dec 2013 |
|---|---------------------|--------------------|
| | Principal | Principal |
| | RM'000 | RM'000 |
| The Group | | |
| <u>Credit-related</u> | | |
| Direct credit substitutes | 2,946,897 | 2,373,416 |
| Transaction-related contingent items | 4,288,008 | 4,575,789 |
| Short-term self-liquidating trade-related contingencies | 4,497,134 | 4,027,282 |
| Obligations under underwriting agreement | 145,000 | 163,500 |
| Irrevocable commitments to extend credit : | | |
| - maturity not exceeding one year | 43,489,272 | 49,940,987 |
| - maturity exceeding one year | 21,291,743 | 8,604,067 |
| Miscellaneous commitments and contingencies | 4,212,633 | 2,412,227 |
| Total credit-related commitments and contingencies | <u>80,870,687</u> | <u>72,097,268</u> |
| <u>Treasury-related</u> | | |
| Foreign exchange related contracts : | | |
| - up to one year | 136,051,033 | 97,264,923 |
| - more than one year to five years | 29,072,137 | 26,360,999 |
| - more than five years | 7,626,736 | 7,177,397 |
| | 172,749,906 | 130,803,319 |
| Interest rate related contracts : | | |
| - up to one year | 97,266,665 | 75,872,197 |
| - more than one year to five years | 184,857,138 | 184,470,911 |
| - more than five years | 37,533,700 | 25,829,063 |
| | 319,657,503 | 286,172,171 |
| Equity related contracts: | | |
| - up to one year | 3,633,022 | 2,833,547 |
| - more than one year to five years | 3,477,392 | 3,732,189 |
| - more than five years | 985,508 | 1,609,134 |
| | 8,095,922 | 8,174,870 |
| Credit related contracts: | | |
| - up to one year | 2,849,884 | 3,423,416 |
| - more than one year to five years | 3,708,520 | 4,238,782 |
| - more than five years | 1,155,680 | 1,389,628 |
| | 7,714,084 | 9,051,826 |
| Commodity related contracts: | | |
| - up to one year | 2,920,615 | 1,924,754 |
| - more than one year to five years | 431,595 | 275,545 |
| | 3,352,210 | 2,200,299 |
| Total treasury-related commitments and contingencies | <u>511,569,625</u> | <u>436,402,485</u> |
| | <u>592,440,312</u> | <u>508,499,753</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

| | 30 June 2014 | 31 Dec 2013 |
|---|---------------------|--------------------|
| | Principal | Principal |
| | RM'000 | RM'000 |
| The Bank | | |
| <u>Credit-related</u> | | |
| Direct credit substitutes | 2,750,297 | 2,113,500 |
| Transaction-related contingent items | 2,953,224 | 3,164,293 |
| Short-term self-liquidating trade-related contingencies | 4,234,716 | 3,684,877 |
| Obligations under underwriting agreement | 145,000 | 163,500 |
| Irrevocable commitments to extend credit : | | |
| - maturity not exceeding one year | 38,091,413 | 43,737,047 |
| - maturity exceeding one year | 19,200,682 | 7,712,497 |
| Miscellaneous commitments and contingencies | 2,111,159 | 1,496,974 |
| Total credit-related commitments and contingencies | <u>69,486,491</u> | <u>62,072,688</u> |
| <u>Treasury-related</u> | | |
| Foreign exchange related contracts : | | |
| - up to one year | 92,898,303 | 67,601,220 |
| - more than one year to five years | 23,198,942 | 21,830,276 |
| - more than five years | 6,470,211 | 5,272,274 |
| | <u>122,567,456</u> | <u>94,703,770</u> |
| Interest rate related contracts : | | |
| - up to one year | 79,482,233 | 63,941,743 |
| - more than one year to five years | 158,564,630 | 155,485,516 |
| - more than five years | 37,222,959 | 36,161,894 |
| | <u>275,269,822</u> | <u>255,589,153</u> |
| Equity related contracts: | | |
| - up to one year | 3,740,673 | 2,833,547 |
| - more than one year to five years | 3,627,574 | 3,482,968 |
| - more than five years | 1,089,068 | 1,217,032 |
| | <u>8,457,315</u> | <u>7,533,547</u> |
| Credit related contracts: | | |
| - up to one year | 2,849,884 | 3,423,416 |
| - more than one year to five years | 3,708,520 | 4,238,782 |
| - more than five years | 1,096,740 | 1,273,668 |
| | <u>7,655,144</u> | <u>8,935,866</u> |
| Commodity related contracts: | | |
| - up to one year | 2,890,712 | 1,924,834 |
| - more than one year to five years | 431,595 | 275,545 |
| | <u>3,322,307</u> | <u>2,200,379</u> |
| Total treasury-related commitments and contingencies | <u>417,272,044</u> | <u>368,962,715</u> |
| | <u>486,758,535</u> | <u>431,035,403</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

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

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

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

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

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

30 June 2014 - Basel III

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

| | The Group | The Bank* |
|----------------------------|------------------|------------------|
| | RM'000 | RM'000 |
| Common equity tier 1 ratio | 9.337% | 10.372% |
| Tier 1 ratio | 10.582% | 11.933% |
| Total capital ratio | <u>13.876%</u> | <u>14.097%</u> |

CIMB Group Holdings Berhad ("CIMB Group") recently completed its third Dividend Reinvestment Scheme ("DRS") of which RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM454 million into CIMB Bank via rights issue which was completed on 30 June 2014.

CIMB Group proposed to continue with DRS implementation for the first interim dividend in respect of the financial year ending 2014. Pursuant to the completion of DRS, CIMB Group intend to reinvest the excess cash dividend into the Bank which would increase the capital adequacy ratios of the Group and Bank above those stated ratios.

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

| | The Group | The Bank* |
|----------------------------------|--------------------|--------------------|
| | RM'000 | RM'000 |
| Credit risk | 152,897,373 | 115,703,006 |
| Market risk | 15,670,507 | 13,536,136 |
| Large exposure risk requirements | 515,568 | 515,568 |
| Operational risk | 15,227,666 | 11,519,572 |
| Total risk-weighted assets | <u>184,311,114</u> | <u>141,274,282</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 June 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 |
|--|---------------------|---------------------|
| Common Equity Tier I capital | | |
| Ordinary shares | 4,681,930 | 4,681,930 |
| Other reserves | 21,889,974 | 18,409,613 |
| Qualifying non-controlling interests | 237,520 | - |
| Less: Proposed dividends | <u>(857,000)</u> | <u>(857,000)</u> |
| Common Equity Tier I capital before regulatory adjustments | 25,952,424 | 22,234,543 |
| <u>Less: Regulatory adjustments</u> | | |
| Goodwill | (4,879,379) | (3,555,075) |
| Intangible assets | (936,635) | (915,584) |
| Deferred tax assets | (318,134) | (261,997) |
| Shortfall of eligible provisions to expected losses | (515,887) | (371,837) |
| Investment in capital instruments of unconsolidated financial and insurance/takaful entities | (138,350) | (765,837) |
| Others | <u>(1,955,801)</u> | <u>(1,711,043)</u> |
| Common Equity Tier I capital after regulatory adjustments | <u>17,208,238</u> | <u>14,653,170</u> |
| Additional Tier I capital | | |
| 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 | <u>47,010</u> | <u>-</u> |
| | 2,296,450 | 2,249,440 |
| <u>Less: Regulatory adjustments</u> | | |
| Investment in capital instruments of unconsolidated financial and insurance/takaful entities | <u>(54)</u> | <u>(44,054)</u> |
| Additional Tier I capital after regulatory adjustments | <u>2,296,396</u> | <u>2,205,386</u> |
| Total Tier I capital | <u>19,504,634</u> | <u>16,858,556</u> |
| Tier II capital | | |
| Subordinated notes | 6,050,000 | 6,050,000 |
| Redeemable preference shares | 29,740 | 29,740 |
| Qualifying capital instruments held by third parties | 40,568 | - |
| Portfolio impairment allowance and regulatory reserves ^ | <u>503,156</u> | <u>222,593</u> |
| Tier II capital before regulatory adjustments | 6,623,464 | 6,302,333 |
| <u>Less: Regulatory adjustments</u> | | |
| Investment in capital instruments of unconsolidated financial and insurance/takaful entities | <u>(553,613)</u> | <u>(3,245,041)</u> |
| Total Tier II capital | <u>6,069,851</u> | <u>3,057,292</u> |
| Total capital | <u>25,574,485</u> | <u>19,915,848</u> |

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

| | CIMB Islamic Bank | CIMB Thai Bank | CIMB Bank PLC |
|----------------------------|----------------------|-------------------|----------------|
| Common equity tier 1 ratio | 10.205% | 10.195% | N/A |
| Tier 1 ratio | 11.132% | 10.195% | N/A |
| Total capital ratio | <u>14.411%</u> | <u>13.537%</u> | <u>16.638%</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2013 - Basel III

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

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

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

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

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2013 - Basel III (Continued)

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

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

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

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

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM257 million (31 December 2013: RM245 million) and RM233 million (31 December 2013: RM220 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

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

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

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

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

Business segment reporting

Definition of segments:

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.

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.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2014

| | Consumer Banking | | Wholesale Banking | | | | Support and Others | Total |
|--|---------------------------------|---|--|---------------------------------|-----------------------|--|-----------------------|------------------|
| | Commercial Banking RM'000 | Retail Financial Services RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment Banking RM'000 | Investments RM'000 | Foreign Banking Operations RM'000 | | |
| Net interest income | | | | | | | | |
| - external income | 278,088 | 1,431,210 | 586,041 | 11,820 | 175,500 | 443,460 | (4,056) | 2,922,063 |
| - inter-segment | 130,814 | (262,202) | 152,260 | (7,808) | 5,870 | (73) | (18,861) | - |
| | 408,902 | 1,169,008 | 738,301 | 4,012 | 181,370 | 443,387 | (22,917) | 2,922,063 |
| Income from Islamic Banking operations | 101,863 | 296,554 | 205,918 | 65 | 44,697 | - | - | 649,097 |
| Net non-interest income | 97,861 | 441,043 | 303,218 | 9,728 | 14,424 | 113,582 | 16,143 | 995,999 |
| Net income | 608,626 | 1,906,605 | 1,247,437 | 13,805 | 240,491 | 556,969 | (6,774) | 4,567,159 |
| Overheads | (323,470) | (1,094,461) | (463,897) | (9,005) | (63,990) | (369,316) | (34,152) | (2,358,291) |
| of which: | | | | | | | | |
| Depreciation of property, plant and equipment | (14,251) | (49,558) | (9,992) | (56) | (615) | (21,450) | - | (95,922) |
| Amortisation of prepaid lease payments | - | - | - | - | - | (145) | - | (145) |
| Amortisation of intangible assets | (6,774) | (41,831) | (7,961) | (7) | (23,183) | (10,306) | - | (90,062) |
| Profit/(loss) before allowances | 285,156 | 812,144 | 783,540 | 4,800 | 176,501 | 187,653 | (40,926) | 2,208,868 |
| Allowances for impairment losses on loans, advances and financing written-back/(made) | 46,814 | (130,840) | 3,549 | (72) | 11,217 | (93,479) | - | (162,811) |
| Allowances for losses on other receivables | - | - | - | - | - | - | (547) | (547) |
| Allowances for commitments and contingencies written-back | 1,829 | - | - | - | - | - | - | 1,829 |
| Allowances for other impairment losses (made)/written-back | (30) | - | 94 | - | (13,528) | - | - | (13,464) |
| Segment result | 333,769 | 681,304 | 787,183 | 4,728 | 174,190 | 94,174 | (41,473) | 2,033,875 |
| Share of results of joint venture | - | 1,694 | - | - | - | - | - | 1,694 |
| Share of results of associates | - | - | - | - | (4,635) | 65,524 | - | 60,889 |
| Taxation | | | | | | | | (439,129) |
| Profit for the financial period | | | | | | | | 1,657,329 |

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2013

| | Consumer Banking | | Wholesale Banking | | | | | Total RM'000 |
|--|---------------------------------|---|--|---------------------------------|-----------------------|--|---------------------------------|------------------|
| | Commercial Banking RM'000 | Retail Financial Services RM'000 | Corporate Banking, Treasury and Markets RM'000 | Investment Banking RM'000 | Investments RM'000 | Foreign Banking Operations RM'000 | Support and Others RM'000 | |
| Net interest income | | | | | | | | |
| - external income | 166,852 | 1,145,226 | 608,485 | 9,947 | 185,829 | 367,540 | 263 | 2,484,142 |
| - inter-segment | 185,247 | (98,968) | (21,196) | (5,543) | (47,866) | - | (11,674) | - |
| | 352,099 | 1,046,258 | 587,289 | 4,404 | 137,963 | 367,540 | (11,411) | 2,484,142 |
| Income from Islamic Banking operations | 83,839 | 299,698 | 235,948 | 230 | 50,752 | - | - | 670,467 |
| Net non-interest income | 56,370 | 283,590 | 516,448 | 26,185 | 61,173 | 98,568 | 23,847 | 1,066,181 |
| Net income | 492,308 | 1,629,546 | 1,339,685 | 30,819 | 249,888 | 466,108 | 12,436 | 4,220,790 |
| Overheads | (307,698) | (1,123,087) | (404,427) | (18,818) | (228,634) | (333,063) | (52,213) | (2,467,940) |
| of which: | | | | | | | | |
| Depreciation of property, plant and equipment | (15,571) | (53,109) | (7,688) | (130) | (437) | (22,945) | - | (99,880) |
| Amortisation of prepaid lease payments | - | - | - | - | - | (150) | - | (150) |
| Amortisation and impairment of intangible assets | (5,299) | (34,672) | (7,954) | - | (119,669) | (12,491) | - | (180,085) |
| Profit/(loss) before allowances | 184,610 | 506,459 | 935,258 | 12,001 | 21,254 | 133,045 | (39,777) | 1,752,850 |
| Allowances for impairment losses on loans, advances and financing written-back/(made) | 41,780 | (45,125) | (33,184) | (216) | - | (69,233) | - | (105,978) |
| Allowances for losses on other receivables made | - | - | - | - | - | - | (569) | (569) |
| Allowances for commitments and contingencies written-back | - | - | 1,334 | - | - | - | - | 1,334 |
| Allowances for other impairment losses written-back/(made) | 1,425 | - | 2,421 | - | (3) | (926) | - | 2,917 |
| Segment result | 227,815 | 461,334 | 905,829 | 11,785 | 21,251 | 62,886 | (40,346) | 1,650,554 |
| Share of results of joint venture | - | 5,224 | - | - | - | - | - | 5,224 |
| Share of results of associates | - | - | - | - | 23,319 | 42,744 | - | 66,063 |
| Taxation | | | | | | | | (360,956) |
| Profit for the financial period | | | | | | | | 1,360,885 |

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 June 2014

| | Consumer Banking | | Wholesale Banking | | | Foreign Banking Operations | Total |
|-----------------------------|-----------------------|---------------------------------|---|------------------------|------------|----------------------------------|--------------------|
| | Commercial Banking | Retail Financial Services | Corporate Banking, Treasury and Markets | Investments Banking | Investment | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| Segment assets | 24,133,223 | 98,038,020 | 137,448,774 | 7,151,828 | 12,082,616 | 27,928,176 | 306,782,637 |
| Unallocated assets | | | | | | | 8,949,675 |
| Total assets | | | | | | | 315,732,312 |
| Segment liabilities | 33,781,605 | 75,325,868 | 132,278,080 | 8,077,010 | 10,038,291 | 23,669,700 | 283,170,554 |
| Unallocated liabilities | | | | | | | 5,423,290 |
| Total liabilities | | | | | | | 288,593,844 |
| Other segment items | | | | | | | |
| Capital expenditure | 44,982 | 158,095 | 16,769 | 44 | 176 | 17,498 | 237,564 |
| Investment in joint venture | - | 160,001 | - | - | - | - | 160,001 |
| Investment in associates | - | - | - | - | 93,564 | 659,300 | 752,864 |

Group

31 Dec 2013

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

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | | Group | | Bank | |
|---|-------------|---------------------|--------------------|---------------------|--------------------|
| | Note | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | |
| Cash and short-term funds | | 8,262,519 | 7,784,200 | 635,972 | 598,420 |
| Deposits and placements with banks and other financial institutions | | 399,107 | 231,893 | 660,969 | 73,466 |
| Financial assets held for trading | | 3,074,353 | 3,329,824 | 112,765 | 161,286 |
| Financial investments available-for-sale | | 1,956,363 | 1,671,430 | 334,990 | 359,700 |
| Financial investments held-to-maturity | | 1,001,588 | 928,623 | 322,586 | 326,446 |
| Islamic derivative financial instruments | | 189,895 | 247,882 | 3,924 | 1,082 |
| Financing, advances and other financing/loans | A24c | 35,459,644 | 36,101,287 | 1,395,317 | 1,028,723 |
| Other assets | | 622,085 | 285,555 | 2,780 | 2,461 |
| Deferred taxation | | 27,260 | 22,449 | - | - |
| Tax recoverable | | - | 1,761 | - | - |
| Amount due from conventional operations | | 1,332,791 | 1,175,807 | 1,814 | - |
| Amount due from related companies | | 2,056,925 | 2,208,664 | 2,056,530 | 2,208,246 |
| Statutory deposits with Bank Negara Malaysia | | 1,295,338 | 1,436,747 | - | - |
| Goodwill | | 136,000 | 136,000 | - | - |
| Intangible assets | | 12,760 | 14,225 | 86 | 27 |
| Property, plant and equipment | | 4,931 | 5,236 | 40 | - |
| Total assets | | 55,831,559 | 55,581,583 | 5,527,773 | 4,759,857 |
| Liabilities | | | | | |
| Deposits from customers | A24d | 41,041,530 | 39,283,843 | 941,941 | 810,501 |
| Deposits and placements of banks and other financial institutions | | 5,601,336 | 7,015,928 | 1,553,899 | 715,474 |
| Financial liabilities designated at fair value | A24e | 196,302 | 146,216 | - | - |
| Islamic derivative financial instruments | | 276,062 | 285,377 | 167 | - |
| Other liabilities | | 3,205,759 | 3,346,263 | 2,695,114 | 3,065,359 |
| Amount due to conventional operations | | - | 115,538 | - | - |
| Amount due to related company | | 347,875 | 670,788 | 241,664 | 95,797 |
| Provision for taxation and Zakat | | 27,189 | 15,437 | - | - |
| Subordinated Sukuk | | 855,835 | 856,722 | - | - |
| Total liabilities | | 51,551,888 | 51,736,112 | 5,432,785 | 4,687,131 |
| Equity | | | | | |
| Ordinary share capital | | 1,000,000 | 1,000,000 | - | - |
| Perpetual preference shares | | 220,000 | 70,000 | - | - |
| Reserves | | 3,059,671 | 2,775,471 | 94,988 | 72,726 |
| Total equity | | 4,279,671 | 3,845,471 | 94,988 | 72,726 |
| Total equity and liabilities | | 55,831,559 | 55,581,583 | 5,527,773 | 4,759,857 |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

**A24b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

| | Group | | | |
|--|-------------------|--------------|------------------|--------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 514,069 | 544,612 | 1,008,729 | 1,005,722 |
| Net income derived from investment of shareholders' funds | 26,467 | 28,802 | 71,217 | 130,174 |
| Allowance for impairment losses on financing, advances and other financing/loans | (23,779) | (6,834) | (29,515) | (32,499) |
| Allowance for losses on other receivables written-back/(made) | (12) | 313 | 139 | (163) |
| Total distributable income | 516,745 | 566,893 | 1,050,570 | 1,103,234 |
| Income attributable to depositors | (221,335) | (236,118) | (430,849) | (465,429) |
| Total net income | 295,410 | 330,775 | 619,721 | 637,805 |
| Other operating expenses | (118,246) | (136,851) | (243,403) | (263,255) |
| Profit before taxation | 177,164 | 193,924 | 376,318 | 374,550 |
| Taxation | (41,210) | (50,911) | (88,652) | (95,035) |
| Profit for the financial period | 135,954 | 143,013 | 287,666 | 279,515 |

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

| | Group | | | |
|---|-------------------|----------------|------------------|----------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the financial period | 135,954 | 143,013 | 287,666 | 279,515 |
| Other comprehensive (expense)/income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve of financial investments available-for-sale | (759) | (17,051) | (4,262) | (17,235) |
| - Net gain/(loss) from change in fair value | 1,578 | (9,244) | (2,388) | (4,556) |
| - Realised gain transferred to statement of income on disposal and impairment | (1,984) | (11,351) | (3,742) | (16,587) |
| - Income tax effects | (353) | 3,544 | 1,868 | 3,908 |
| Exchange fluctuation reserve | 745 | (2,463) | 914 | (3,052) |
| Other comprehensive expense for the financial period, net of tax | (14) | (19,514) | (3,348) | (20,287) |
| Total comprehensive income for the period | 135,940 | 123,499 | 284,318 | 259,228 |
| Total net income | 295,410 | 330,775 | 619,721 | 637,805 |
| Add: Allowance for impairment losses on financing, advances and other financing/loans | 23,779 | 6,834 | 29,515 | 32,499 |
| Add: Allowance for losses on other receivables (written-back)/made | 12 | (313) | (139) | 163 |
| Income from Islamic operations (per page 2) | 319,201 | 337,296 | 649,097 | 670,467 |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

**A24b. UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

| | Bank | | | |
|--|-------------------|----------------|------------------|----------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 13,761 | 5,592 | 26,477 | 17,173 |
| Net income/(loss) derived from investment of shareholders' funds | 619 | (773) | 926 | (3,620) |
| Allowance for impairment losses on financing, advances and other financing/loans | <u>(1,236)</u> | <u>(5,610)</u> | <u>(1,236)</u> | <u>(5,727)</u> |
| Total distributable income | 13,144 | (791) | 26,167 | 7,826 |
| Income attributable to depositors | <u>(2,622)</u> | <u>(3,836)</u> | <u>(4,801)</u> | <u>(6,633)</u> |
| Total net income/(loss) | 10,522 | (4,627) | 21,366 | 1,193 |
| Profit/(loss) for the financial period | <u>10,522</u> | <u>(4,627)</u> | <u>21,366</u> | <u>1,193</u> |

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

| | Bank | | | |
|--|-------------------|----------------|------------------|----------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(loss) for the financial period | 10,522 | (4,627) | 21,366 | 1,193 |
| Other comprehensive income/(expense): | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Revaluation reserve of financial investments available-for-sale | 141 | (4,965) | 3,323 | (4,057) |
| - Net gain/(loss) from change in fair value | 896 | (4,507) | 4,368 | 273 |
| - Realised gain transferred to statement of income on disposal and impairment | (755) | (458) | (1,045) | (4,330) |
| Exchange fluctuation reserve | <u>(814)</u> | <u>(358)</u> | <u>(896)</u> | <u>(146)</u> |
| Other comprehensive (expense)/income for the financial period, net of tax | <u>(673)</u> | <u>(5,323)</u> | <u>2,427</u> | <u>(4,203)</u> |
| Total comprehensive income/(expense) for the period | <u>9,849</u> | <u>(9,950)</u> | <u>23,793</u> | <u>(3,010)</u> |
| Total net income | 10,522 | (4,627) | 21,366 | 1,193 |
| Add: Allowances for impairment losses on financing, advances and other financing/loans | 1,236 | 5,610 | 1,236 | 5,727 |
| Income from Islamic operations (per page 4) | <u>11,758</u> | <u>983</u> | <u>22,602</u> | <u>6,920</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group

| | Qard | Bai' | Ijarah | Others | Total financing, advances and other financing/loans |
|---|--------|------------|-----------|-----------|---|
| At 30 June 2014 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash line ^ | 12,515 | 470,610 | - | - | 483,125 |
| Term financing | | | | | |
| - Housing financing | - | 8,629,747 | 749,242 | - | 9,378,989 |
| - Syndicated term financing | - | 300,880 | 234,200 | 29,561 | 564,641 |
| - Hire purchase receivables | - | - | 5,791,358 | - | 5,791,358 |
| - Other term financing | - | 15,625,575 | 47,740 | 1,132,229 | 16,805,544 |
| Credit card receivables | - | - | - | 103,832 | 103,832 |
| Bills receivable | 273 | 3,728 | - | - | 4,001 |
| Islamic trust receipts | - | 22,158 | - | 61,228 | 83,386 |
| Claim on customers under acceptance credit | - | 316,343 | - | - | 316,343 |
| Revolving credits | - | 2,166,743 | - | 65,220 | 2,231,963 |
| Share purchases financing | - | 16,784 | - | - | 16,784 |
| Ar Rahn | - | - | - | 1,219 | 1,219 |
| Other financing/loans | - | - | - | 2 | 2 |
| Gross financing, advances and other financing/loans | 12,788 | 27,552,568 | 6,822,540 | 1,393,291 | 35,781,187 |
| Fair value changes arising from fair value hedges | | | | | 54,770 |
| | | | | | 35,835,957 |
| Less: Allowance for impairment losses | | | | | |
| - Individual impairment allowance | | | | | (23,115) |
| - Portfolio impairment allowance | | | | | (353,198) |
| | | | | | (376,313) |
| | | | | | 35,459,644 |

| | Qard | Bai' | Ijarah | Others | Total financing, advances and other financing/loans |
|---|--------|------------|-----------|-----------|---|
| At 31 Dec 2013 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 |
| Ar Rahn | - | - | - | 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 allowance | | | | | (29,801) |
| - Portfolio impairment allowance | | | | | (376,849) |
| | | | | | (406,650) |
| | | | | | 36,101,287 |

^ Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

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

i) By type and Shariah contract (continued)

The Bank

| | Bai' | Others | Total financing, advances and other financing/loans |
|---|---------|-----------|---|
| | RM'000 | RM'000 | RM'000 |
| At 30 June 2014 | | | |
| Term financing | | | |
| - Syndicated term financing | - | 29,561 | 29,561 |
| - Other term financing | - | 1,132,229 | 1,132,229 |
| Islamic trust receipts | - | 61,228 | 61,228 |
| Revolving credits | 108,304 | 65,220 | 173,524 |
| Other financing/loans | - | 2 | 2 |
| Gross financing, advances and other financing/loans | 108,304 | 1,288,240 | 1,396,544 |
| Fair value changes arising from fair value hedges | | | - |
| | | | 1,396,544 |
| Less: Allowance for impairment losses | | | |
| - Individual impairment allowance | | | - |
| - Portfolio impairment allowance | | | (1,227) |
| | | | (1,227) |
| | | | 1,395,317 |

| | Bai' | Others | Total financing, advances and other financing/loans |
|---|--------|---------|---|
| | RM'000 | RM'000 | RM'000 |
| At 31 Dec 2013 | | | |
| 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 | 85,125 | 943,598 | 1,028,723 |
| Fair value changes arising from fair value hedges | | | - |
| | | | 1,028,723 |
| Less: Allowance for impairment losses | | | |
| - Individual impairment allowance | | | - |
| - Portfolio impairment allowance | | | - |
| | | | - |
| | | | 1,028,723 |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

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

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

| | Group | | Bank | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross financing hedged | 6,350,000 | 6,350,000 | - | - |
| Fair value changes arising from fair value hedges | 54,770 | 40,548 | - | - |
| | 6,404,770 | 6,390,548 | - | - |

The fair values loss on Islamic profit rate swaps in this hedge transaction as at 30 June 2014 was RM82 million (31 Dec 2013: RM 67 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 30 June 2014, the gross exposures to RPSIA financing is RM1,653 million (31 December 2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM6.8 million (31 December 2013: RM11.3 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Purpose and source of fund for Qard financing

| | The Group and the Bank | |
|---------------------------|-------------------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 |
| At 1 January | 2,006 | (4,159) |
| Sources of Qard fund: | | |
| Depositors' fund | (1,799) | - |
| Uses of Qard fund: | | |
| Personal use | 1,699 | 2,006 |
| Business use | 10,882 | - |
| As at 30 June/31 December | 12,788 | (2,153) |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

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

ii) By geographical distribution

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Malaysia | 34,492,947 | 35,523,791 | 108,304 | 85,125 |
| Indonesia | 61,228 | 40,681 | 61,228 | 40,681 |
| Singapore | 1,227,012 | 902,917 | 1,227,012 | 902,917 |
| Gross financing, advances and other financing/loans | <u>35,781,187</u> | <u>36,467,389</u> | <u>1,396,544</u> | <u>1,028,723</u> |

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

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Malaysia | 388,099 | 310,150 | - | - |
| Gross impaired financing, advances and other financing/loans | <u>388,099</u> | <u>310,150</u> | <u>-</u> | <u>-</u> |

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

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| At 1 January | 310,150 | 396,399 | - | 92,271 |
| Classified as impaired during the financial period/year | 356,921 | 414,409 | - | - |
| Reclassified as not impaired during the financial period/year | (154,839) | (175,390) | - | - |
| Amount written back in respect of recoveries | (43,290) | (127,800) | - | (42,172) |
| Amount written off | (80,843) | (204,044) | - | (56,675) |
| Exchange fluctuation | - | 6,576 | - | 6,576 |
| Balance as at 30 June/31 December | <u>388,099</u> | <u>310,150</u> | <u>-</u> | <u>-</u> |
| Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans | <u>1.08%</u> | <u>0.85%</u> | <u>0.00%</u> | <u>0.00%</u> |

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

| | Group | | Bank | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| Individual impairment allowance | | | | |
| At 1 January | 29,801 | 108,184 | - | 47,259 |
| Net allowance made/(written-back) during the financial period/year | 314 | (14,929) | - | 5,815 |
| Amount written off | (7,000) | (67,055) | - | (56,675) |
| Exchange fluctuation | - | 3,601 | - | 3,601 |
| Balance as at 30 June/31 December | <u>23,115</u> | <u>29,801</u> | <u>-</u> | <u>-</u> |
| Portfolio impairment allowance | | | | |
| At 1 January | 376,849 | 347,704 | - | - |
| Net allowance made during the financial period/year | 50,201 | 163,420 | 1,236 | - |
| Amount written off | (73,843) | (136,990) | - | - |
| Amount transferred to holding company | - | 2,715 | - | - |
| Exchange fluctuation | (9) | - | (9) | - |
| Balance as at 30 June/31 December | <u>353,198</u> | <u>376,849</u> | <u>1,227</u> | <u>-</u> |
| Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance | <u>2.18%</u> | <u>2.21%</u> | <u>-</u> | <u>-</u> |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24d. DEPOSITS FROM CUSTOMERS

| | Group | | Bank | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 | 30 June 2014 RM'000 | 31 Dec 2013 RM'000 |
| (i) By type of deposits | | | | |
| Savings deposit | | | | |
| Wadiah | 1,504,078 | 1,358,418 | 87,818 | 27,544 |
| Mudharabah | 579,959 | 574,528 | - | - |
| Demand deposit | | | | |
| Wadiah | 3,199,439 | 3,336,447 | 55,026 | 39,016 |
| Qard | 24,567 | 11,854 | - | - |
| Mudharabah | 5,190,868 | 4,780,701 | - | - |
| Term deposit | | | | |
| Commodity Murabahah | 5,341,990 | 5,652,819 | 257,886 | 255,758 |
| Islamic negotiable instruments | | | | |
| Mudharabah | 393,977 | 414,592 | - | - |
| Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn) | 5,087,038 | 5,519,448 | - | - |
| Short term money market deposit-i | | | | |
| Wakalah | 15,963,643 | 14,334,939 | - | - |
| Wadiah | 5,521 | - | 5,521 | - |
| Fixed Deposit-i | | | | |
| Wakalah | 654,173 | 507,007 | - | - |
| Wadiah | 544,255 | 502,921 | 535,690 | 482,551 |
| General investment account | | | | |
| Mudharabah | 2,351,165 | 2,088,871 | - | 5,631 |
| Specific investment account | | | | |
| Mudharabah | 177,417 | 175,455 | - | - |
| Murabahah | - | 415 | - | - |
| Others - Qard | 23,440 | 25,428 | - | 1 |
| | 41,041,530 | 39,283,843 | 941,941 | 810,501 |
| (ii) By maturity structures of term deposits | | | | |
| Due within six months | 29,021,293 | 28,020,015 | 799,097 | 743,940 |
| Six months to less than one year | 942,059 | 553,838 | - | - |
| One year to less than three years | 141,351 | 67,032 | - | - |
| Three years to less than five years | 241,930 | 383,128 | - | - |
| Five years and more | 172,546 | 172,454 | - | - |
| | 30,519,179 | 29,196,467 | 799,097 | 743,940 |
| (iii) By type of customer | | | | |
| Government and statutory bodies | 3,515,125 | 4,827,079 | - | - |
| Business enterprises | 16,359,661 | 17,081,689 | 750,308 | 730,526 |
| Individuals | 5,594,800 | 4,291,361 | 186,017 | 76,518 |
| Others | 15,571,944 | 13,083,714 | 5,616 | 3,457 |
| | 41,041,530 | 39,283,843 | 941,941 | 810,501 |

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24e. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

| | Group | | Bank | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits from customers - structured investments | 196,302 | 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.

Included in the above are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM53,525,000 (2013: RM3,562,000) and RM151,617,000 (2013: RM151,118,000) and RM4,014,000 (2013: RMNil) respectively.

The carrying amount of the Group as at 30 June 2014 of financial liabilities designated at fair value was RM12,854,000 (31 December 2013: RM8,464,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation. The validation includes an assessment of the stability of models in terms of performance over a variety of conditions and back-testing of the model outputs;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee and Board for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- Any material uncertainty arising from the modeling and market inputs shall be disclosed to the Group Risk Committee;
- Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Chief Risk Officer or / and Group Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodology. Group Risk Management Quantitative Analysts shall perform model verification at least once a year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value; and
- Back testing of valuation models to assess the accuracy of the models is to be carried out for a period of one year or where 250 data points have been collected, whichever is later.

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

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

| | Fair Value 30 June 2014 | | | | | The Group Fair Value 31 December 2013 | | | | |
|--|------------------------------|--|---|--|-------------------|---|---|---|--|-------------------|
| | Carrying amount RM'000 | Quoted market prices (Level 1) RM'000 | Observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 | Carrying amount RM'000 | Quoted market prices (Level 1) RM'000 | Observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 |
| Recurring fair value measurements | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Financial assets held for trading | | | | | | | | | | |
| -Money market instruments | 12,791,818 | - | 12,791,818 | - | 12,791,818 | 11,086,646 | - | 11,086,646 | - | 11,086,646 |
| -Quoted securities | 3,809,535 | 2,756,216 | 1,053,319 | - | 3,809,535 | 2,561,422 | 1,532,268 | 1,029,154 | - | 2,561,422 |
| -Unquoted securities | 8,295,128 | - | 8,220,646 | 74,482 | 8,295,128 | 8,189,800 | - | 8,116,752 | 73,048 | 8,189,800 |
| Financial investments available-for-sale | | | | | | | | | | |
| -Money market instruments | 4,055,043 | - | 4,055,043 | - | 4,055,043 | 4,018,822 | - | 4,018,822 | - | 4,018,822 |
| -Quoted securities | 2,010,676 | 72,150 | 1,938,526 | - | 2,010,676 | 2,691,227 | 72,370 | 2,618,857 | - | 2,691,227 |
| -Unquoted securities | 19,730,469 | - | 18,578,226 | 1,152,243 | 19,730,469 | 19,475,447 | - | 18,267,255 | 1,208,192 | 19,475,447 |
| Derivative financial instruments | | | | | | | | | | |
| -Trading derivatives | 3,989,363 | 16,541 | 3,906,904 | 65,918 | 3,989,363 | 4,532,830 | 12,418 | 4,470,737 | 49,675 | 4,532,830 |
| -Hedging derivatives | 129,612 | - | 129,612 | - | 129,612 | 186,517 | - | 186,517 | - | 186,517 |
| Non-financial assets | | | | | | | | | | |
| Investment Properties | 4,000 | - | 4,000 | - | 4,000 | 4,000 | - | 4,000 | - | 4,000 |
| Non-recurring fair value measurements | | | | | | | | | | |
| Non-financial assets | | | | | | | | | | |
| Non-current assets/disposal groups held for sale | 19,501 | - | 19,501 | - | 19,501 | 21,589 | - | 21,589 | - | 21,589 |
| Total | 54,835,145 | 2,844,907 | 50,697,595 | 1,292,643 | 54,835,145 | 52,768,300 | 1,617,056 | 49,820,329 | 1,330,915 | 52,768,300 |
| Recurring fair value measurements | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | |
| - Trading derivatives | 4,903,773 | 52,523 | 3,792,946 | 1,058,304 | 4,903,773 | 5,532,202 | 954 | 4,588,097 | 943,151 | 5,532,202 |
| - Hedging derivatives | 256,493 | - | 256,493 | - | 256,493 | 262,511 | - | 262,511 | - | 262,511 |
| Financial liabilities designated at fair values | 2,391,082 | - | 2,391,082 | - | 2,391,082 | 2,132,170 | - | 2,132,170 | - | 2,132,170 |
| Total | 7,551,348 | 52,523 | 6,440,521 | 1,058,304 | 7,551,348 | 7,926,883 | 954 | 6,982,778 | 943,151 | 7,926,883 |

| | Fair Value 30 June 2014 | | | | | The Bank Fair Value 31 December 2013 | | | | |
|--|------------------------------|--|---|--|-------------------|--|---|---|--|-------------------|
| | Carrying amount RM'000 | Quoted market prices (Level 1) RM'000 | Observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 | Carrying amount RM'000 | Quoted market prices (Level 1) RM'000 | Observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 |
| Recurring fair value measurements | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Financial assets held for trading | | | | | | | | | | |
| -Money market instruments | 10,043,476 | - | 10,043,476 | - | 10,043,476 | 8,126,289 | - | 8,126,289 | - | 8,126,289 |
| -Quoted securities | 2,756,216 | 2,756,216 | - | - | 2,756,216 | 1,532,268 | 1,532,268 | - | - | 1,532,268 |
| -Unquoted securities | 8,014,624 | - | 8,007,884 | 6,740 | 8,014,624 | 7,916,616 | - | 7,909,900 | 6,716 | 7,916,616 |
| Financial investments available-for-sale | | | | | | | | | | |
| -Money market instruments | 3,631,910 | - | 3,631,910 | - | 3,631,910 | 3,580,747 | - | 3,580,747 | - | 3,580,747 |
| -Quoted securities | - | - | - | - | - | 27 | 27 | - | - | 27 |
| -Unquoted securities | 18,421,651 | - | 17,387,577 | 1,034,074 | 18,421,651 | 18,484,972 | - | 17,414,269 | 1,070,703 | 18,484,972 |
| Derivative financial instruments | | | | | | | | | | |
| -Trading derivatives | 3,404,764 | 16,541 | 3,322,305 | 65,918 | 3,404,764 | 3,608,245 | 12,418 | 3,546,152 | 49,675 | 3,608,245 |
| -Hedging derivatives | 248,894 | - | 248,894 | - | 248,894 | 300,945 | - | 300,945 | - | 300,945 |
| Non-financial assets | | | | | | | | | | |
| Non-current assets/disposal groups held for sale | 7,742 | - | 7,742 | - | 7,742 | 3,429 | - | 3,429 | - | 3,429 |
| Total | 46,529,277 | 2,772,757 | 42,649,788 | 1,106,732 | 46,529,277 | 43,553,538 | 1,544,713 | 40,881,731 | 1,127,094 | 43,553,538 |
| Recurring fair value measurements | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | |
| -Trading derivatives | 4,324,888 | 52,522 | 3,214,062 | 1,058,304 | 4,324,888 | 4,572,110 | 954 | 3,628,005 | 943,151 | 4,572,110 |
| -Hedging derivatives | 292,188 | - | 292,188 | - | 292,188 | 307,527 | - | 307,527 | - | 307,527 |
| Financial liabilities designated at fair values | 2,194,780 | - | 2,194,780 | - | 2,194,780 | 1,985,954 | - | 1,985,954 | - | 1,985,954 |
| Total | 6,811,856 | 52,522 | 5,701,030 | 1,058,304 | 6,811,856 | 6,865,591 | 954 | 5,921,486 | 943,151 | 6,865,591 |

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 30 June 2014 and 31 December 2013 for the Group and the Bank :

| | Financial Assets | | | Total | Financial Liabilities | |
|---|-----------------------------------|--|----------------------------------|-----------|----------------------------------|-----------------|
| | Financial assets held-for-trading | Financial investments available-for-sale | Derivative financial instruments | | Derivative financial instruments | Total |
| | Unquoted securities RM'000 | Unquoted securities RM'000 | Trading derivatives RM'000 | | Trading derivatives RM'000 | Total RM'000 |
| The Group | | | | | | |
| 2014 | | | | | | |
| At 1 January | 73,048 | 1,208,192 | 49,675 | 1,330,915 | 943,151 | 943,151 |
| Total gain/(loss) recognised in statement of income | 2,838 | (10,153) | 5,647 | (1,668) | 117,995 | 117,995 |
| Total loss recognised in other comprehensive income | - | (7,285) | - | (7,285) | - | - |
| Purchases | - | 13,754 | 16,784 | 30,538 | 624,355 | 624,355 |
| Sales | - | (47,805) | (6,188) | (53,993) | (627,197) | (627,197) |
| Transfers out of Level 3 | - | (881) | - | (881) | - | - |
| Exchange fluctuation | (1,404) | (3,579) | - | (4,983) | - | - |
| At 30 June | 74,482 | 1,152,243 | 65,918 | 1,292,643 | 1,058,304 | 1,058,304 |
| Total gain/(loss) recognised in statement of income for financial period ended 30 June 2014 under "net non-interest income" | 2,838 | (10,153) | 5,647 | (1,668) | 117,995 | 117,995 |
| Total loss recognised in other comprehensive income for financial period ended 30 June 2014 under "revaluation reserves" | - | (7,285) | - | (7,285) | - | - |
| Change in unrealised gain recognised in statement of income relating to assets held on 30 June 2014 under "net non-interest income" | 2,838 | - | 5,684 | 8,522 | 58,495 | 58,495 |

| | 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 |
| The Group | | | | | | |
| 2013 | | | | | | |
| At 1 January | 66,313 | 1,105,586 | - | 1,171,899 | - | - |
| Total gains/(loss) recognised in statement of income | 2,387 | (40,530) | 251 | (37,892) | 195 | 195 |
| Total gains recognised in other comprehensive income | - | 72,374 | - | 72,374 | - | - |
| Purchases | - | 77,008 | 49,424 | 126,432 | 943,051 | 943,051 |
| Sales | - | (19,914) | - | (19,914) | (95) | (95) |
| Settlements | - | (4,270) | - | (4,270) | - | - |
| Transfers out of Level 3 | - | (5,780) | - | (5,780) | - | - |
| Exchange fluctuation | 4,348 | 23,718 | - | 28,066 | - | - |
| At 31 December | 73,048 | 1,208,192 | 49,675 | 1,330,915 | 943,151 | 943,151 |
| Total gains/(loss) recognised in statement of income for financial year ended 31 December 2013 under "net non-interest income" | 2,612 | (21,387) | 251 | (18,524) | 195 | 195 |
| Total gains recognised in other comprehensive income for financial year ended 31 December 2013 under "revaluation reserves" | - | 72,374 | - | 72,374 | - | - |
| Change in unrealised gain recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income" | 2,387 | - | 251 | 2,638 | 195 | 195 |

During the financial period, the transfer out of Level 3 of RM881,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 30 June 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 |
| The Bank | | | | | | |
| 2014 | | | | | | |
| At 1 January | 6,716 | 1,070,703 | 49,675 | 1,127,094 | 943,151 | 943,151 |
| Total gain/(loss) recognised in statement of income | 24 | (13,575) | 5,647 | (7,904) | 117,995 | 117,995 |
| Total gain recognised in other comprehensive income | - | (4,478) | - | (4,478) | - | - |
| Purchases | - | 10,081 | 16,784 | 26,865 | 624,355 | 624,355 |
| Sales | - | (26,480) | (6,188) | (32,668) | (627,197) | (627,197) |
| Transfers out of Level 3 | - | (881) | - | (881) | - | - |
| Exchange fluctuation | - | (1,296) | - | (1,296) | - | - |
| At 30 June | 6,740 | 1,034,074 | 65,918 | 1,106,732 | 1,058,304 | 1,058,304 |

Total gain/(loss) recognised in statement of income for financial period ended 30 June 2014 under "net non-interest income"

| | | | | | |
|----|----------|-------|---------|---------|---------|
| 24 | (13,575) | 5,647 | (7,904) | 117,995 | 117,995 |
|----|----------|-------|---------|---------|---------|

Total loss recognised in other comprehensive income for financial period ended 30 June 2014 under "revaluation reserves"

| | | | | | |
|---|---------|---|---------|---|---|
| - | (4,478) | - | (4,478) | - | - |
|---|---------|---|---------|---|---|

Change in unrealised gain recognised in statement of income relating to assets held on 30 June 2014 under "net non-interest income"

| | | | | | |
|----|---|-------|-------|--------|--------|
| 24 | - | 5,684 | 5,707 | 58,495 | 58,495 |
|----|---|-------|-------|--------|--------|

| | 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 |
| The Bank | | | | | | |
| 2013 | | | | | | |
| At 1 January | 6,544 | 968,397 | - | 974,941 | - | - |
| Total gains/(loss) recognised in statement of income | 172 | (37,422) | 251 | (36,999) | 195 | 195 |
| Total gains recognised in other comprehensive income | - | 84,416 | - | 84,416 | - | - |
| Purchases | - | 61,374 | 49,424 | 110,798 | 943,051 | 943,051 |
| Sales | - | (11,233) | - | (11,233) | (95) | (95) |
| Settlements | - | (4,270) | - | (4,270) | - | - |
| Transfers out of Level 3 | - | (5,780) | - | (5,780) | - | - |
| Exchange fluctuation | - | 15,221 | - | 15,221 | - | - |
| At 31 December | 6,716 | 1,070,703 | 49,675 | 1,127,094 | 943,151 | 943,151 |

Total gains/(loss) recognised in statement of income for financial year ended 31 December 2013 under "net non-interest income"

| | | | | | |
|-----|----------|-----|----------|-----|-----|
| 397 | (28,314) | 251 | (27,666) | 195 | 195 |
|-----|----------|-----|----------|-----|-----|

Total gains recognised in other comprehensive income for financial year ended 31 December 2013 under "revaluation reserves"

| | | | | | |
|---|--------|---|--------|---|---|
| - | 84,416 | - | 84,416 | - | - |
|---|--------|---|--------|---|---|

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

| | | | | | |
|-----|---|-----|-----|-----|-----|
| 172 | - | 251 | 423 | 195 | 195 |
|-----|---|-----|-----|-----|-----|

During the financial period, the transfer out of Level 3 of RM881,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

| | The Group | | The Bank | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2014 | 31 Dec 2013 | 30 June 2014 | 31 Dec 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Outstanding credit exposures with connected parties | 12,082,905 | 9,788,021 | 11,243,517 | 9,233,372 |
| Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures | 3.8% | 3.3% | 4.3% | 3.7% |
| Percentage of outstanding credit exposures with connected parties which is impaired or in default | 0.0% | 0.0% | 0.0% | 0.0% |

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

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM2,096.5 million for the six months period ended 30 June 2014, RM374.6 million or 21.8% higher as compared to the pre-tax profit of RM1,721.8 million registered in the previous corresponding period.

Net interest income increased by 17.6% to RM2,922.1 million, mainly due to higher interest income from loans and advances as a result of loans growth, while net non-interest income reduced by 6.6% to RM996.0 million. Overheads reduced by RM109.6 million mainly due to non-recurring expenses comprising the provision for Mutual Separation Scheme and write-off of intangible made in the previous corresponding period.

Allowances for impairment losses on loans, advances and financing increased by RM56.8 million while allowances made for other impairment losses increased by RM16.4 million as compared to the previous corresponding period.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Malaysia should have a steady second half, while CIMB Singapore continues to grow strongly. With the improving economic outlook for Thailand, the Group is optimistic on the outlook for CIMB Thai. While the capital markets remain relatively weak presently, our strengthened market shares in treasury markets and investment banking should position CIMB Bank well for the eventual improvement in market volumes and volatility.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

| | Group | | | |
|---|-------------------|--------------|------------------|--------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period after non-controlling interests (RM '000) | 804,077 | 768,286 | 1,649,457 | 1,355,718 |
| Weighted average number of ordinary shares in issue - proforma ('000) | 4,343,440 | 3,764,469 | 4,343,440 | 3,764,469 |
| Basic earnings per share (expressed in sen per share) | 18.51 | 20.41 | 37.98 | 36.01 |

| | Bank | | | |
|--|-------------------|--------------|------------------|--------------|
| | 2nd Quarter Ended | | Six Months Ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period (RM '000) | 650,748 | 554,662 | 1,317,866 | 983,665 |
| Weighted average number of ordinary shares in issue - proforma ('000) | 4,343,440 | 3,764,469 | 4,343,440 | 3,764,469 |
| Basic earnings per share (expressed in sen per share) | 14.98 | 14.73 | 30.34 | 26.13 |

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2014 and 30 June 2013.