

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	The Group		The Bank		
	31 March	31 December	31 March	31 December	
	2014	2013	2014	2013	
	RM'000	RM'000	RM'000	RM'000	
Assets					
Cash and short term funds	1	5,231,275	6,983,561	5,231,229	6,983,515
Deposits and placements with banks and other financial institutions	2	202,742	163,318	202,742	163,318
Financial assets held for trading	3	3,843,085	3,168,537	3,843,085	3,168,537
Financial investments available-for-sale	4	1,350,951	1,288,106	1,350,951	1,288,106
Financial investments held-to-maturity	5	664,030	602,177	664,030	602,177
Islamic derivative financial instruments	6	177,068	246,800	177,068	246,800
Financing, advances and other financing/loans	7	35,325,573	35,072,564	35,325,573	35,072,564
Other assets	8	123,918	283,094	123,918	283,094
Deferred taxation		27,093	22,449	27,093	22,449
Amount due from holding company		355,254	-	355,254	-
Amount due from related companies		395	418	395	418
Statutory deposits with Bank Negara Malaysia		1,411,669	1,436,747	1,411,669	1,436,747
Investment in subsidiaries		-	-	20	20
Property, plant and equipment		5,257	5,236	5,257	5,236
Intangible assets		13,352	14,197	13,352	14,197
Goodwill		136,000	136,000	136,000	136,000
Total assets		48,867,662	49,423,204	48,867,636	49,423,178
Liabilities					
Deposits from customers	9	37,773,950	38,466,874	37,773,950	38,466,874
Deposits and placements of banks and other financial institutions	10	6,196,736	6,571,911	6,196,736	6,571,911
Subordinated Sukuk	13	851,659	856,722	851,659	856,722
Other liabilities	11	591,763	287,768	591,763	287,768
Financial liabilities designated at fair value	12	195,384	146,216	195,384	146,216
Islamic derivative financial instruments	6	307,204	285,377	307,204	285,377
Provision for tax and Zakat		13,488	15,437	13,488	15,437
Amount due to holding company		-	115,538	-	115,538
Amount due to related companies		18,195	6,433	18,195	6,433
Total liabilities		45,948,379	46,752,276	45,948,379	46,752,276
Equity					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		1,699,283	1,600,928	1,699,257	1,600,902
		2,699,283	2,600,928	2,699,257	2,600,902
Perpetual preference shares		220,000	70,000	220,000	70,000
Total equity		2,919,283	2,670,928	2,919,257	2,670,902
Total equity and liabilities		48,867,662	49,423,204	48,867,636	49,423,178
Commitments and contingencies	20	28,537,475	27,126,133	28,537,475	27,126,133
Net assets per share (RM)		2.70	2.60	2.70	2.60

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

		The Group	
		1st Quarter Ended 31 March 2014 RM'000	3 Months Ended 31 March 2014 RM'000
Income derived from investment of depositors' funds and others	14	480,760	480,760
Income derived from investment of shareholder's funds	15	44,331	44,331
Net allowances of impairment for losses on financing	16	(5,736)	(5,736)
Allowances for other receivables		151	151
Total distributable income		<u>519,506</u>	<u>519,506</u>
Income attributable to depositors	17	(254,224)	(254,224)
Total net income		<u>265,282</u>	<u>265,282</u>
Personnel expenses	18	(19,529)	(19,529)
Other overheads and expenditures	19	(104,822)	(104,822)
Profit for the the period		<u>140,931</u>	<u>140,931</u>
Taxation		(35,644)	(35,644)
Net profit for the period		<u><u>105,287</u></u>	<u><u>105,287</u></u>

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

Profit for the period	105,287	105,287
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Revaluation reserve financial investments available-for-sale		
- Net loss from change in fair value	(8,051)	(8,051)
- Realised gain transferred to comprehensive income	(833)	(833)
- Income tax effects	2,221	2,221
Other comprehensive income for the period, net of tax	(6,663)	(6,663)
Total comprehensive income for the period	<u><u>98,624</u></u>	<u><u>98,624</u></u>
Earnings per share (sen)	10.53	10.53

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

		The Bank			
		1st Quarter Ended		3 Months Ended	
		31 March	31 March	31 March	31 March
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14	480,760	500,457	480,760	500,457
Income derived from investment of shareholder's funds	15	44,331	52,335	44,331	52,335
Allowances for losses on financing, advances and other financing/loans	16	(5,736)	(25,548)	(5,736)	(25,548)
Allowances for impairment losses on other receivables		151	(476)	151	(476)
Total distributable income		519,506	526,768	519,506	526,768
Income attributable to depositors	17	(254,224)	(295,269)	(254,224)	(295,269)
Total net income		265,282	231,499	265,282	231,499
Personnel expenses	18	(19,529)	(19,531)	(19,529)	(19,531)
Other overheads and expenditures	19	(104,822)	(106,731)	(104,822)	(106,731)
Profit for the period		140,931	105,237	140,931	105,237
Taxation		(35,644)	(26,689)	(35,644)	(26,689)
Net profit for the period		105,287	78,548	105,287	78,548

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

Profit for the period	105,287	78,548	105,287	78,548
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Other comprehensive income:
Items that may be reclassified subsequently to profit or loss

Revaluation reserve financial investments available-for-sale

- Net loss from change in fair value

- Realised gain transferred to comprehensive income

- Income tax effects

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

(8,051)	(92)	(8,051)	(92)
(833)	(1,364)	(833)	(1,364)
2,221	364	2,221	364
(6,663)	(1,092)	(6,663)	(1,092)
98,624	77,456	98,624	77,456

Earnings per share (sen)

10.53

7.85

10.53

7.85

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014

The Bank	← Non-distributable							→ Distributable		Total RM'000
	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
31 March 2014										
At 1 January 2014	1,000,000	70,000	746,312	(16,396)	(2,457)	458	230,088	606	642,291	2,670,902
Net profit for the financial period	-	-	-	-	-	-	-	-	105,287	105,287
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	(6,663)	-	-	-	-	-	(6,663)
Total comprehensive income for the period	-	-	-	(6,663)	-	-	-	-	105,287	98,624
Share-based payment expense	-	-	-	-	-	-	-	164	-	164
Transfer to regulatory reserve	-	-	-	-	-	-	16,740	-	(16,740)	-
Issuance new shares	-	150,000	-	-	-	-	-	-	-	150,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(433)	-	(433)
At 31 March 2014	1,000,000	220,000	746,312	(23,059)	(2,457)	458	246,828	337	730,838	2,919,257
31 March 2013										
At 1 January 2013	1,000,000	70,000	654,922	21,977	(2,457)	458	242,624	335	355,585	2,343,444
Net profit for the financial period	-	-	-	-	-	-	-	-	78,548	78,548
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	(1,092)	-	-	-	-	-	(1,092)
Total comprehensive income for the period	-	-	-	(1,092)	-	-	-	-	78,548	77,456
Share-based payment expense	-	-	-	-	-	-	-	99	-	99
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	9,374	-	(9,374)	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-
At 31 March 2013	1,000,000	70,000	654,922	20,885	(2,457)	458	251,998	434	424,759	2,420,999

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

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

	The Group	The Bank	
	31 March	31 March	31 March
	2014	2014	2013
	RM'000	RM'000	RM'000
Profit before taxation	140,931	140,931	105,237
Adjustments for non-cash items	58,116	58,116	19,993
Operating profit before changes in working capital	199,047	199,047	125,230
Net changes in operating assets	(1,178,967)	(1,178,967)	(2,025,955)
Net changes in operating liabilities	(754,129)	(754,129)	1,136,899
Tax paid	(39,935)	(39,935)	(55,195)
Net cash used in operating activities	(1,773,984)	(1,773,984)	(819,021)
Net cash flows used in investing activities	(114,028)	(114,028)	(192,568)
Net cash flows from/(used in) financing activities	135,727	135,727	(14,254)
Net change in cash and cash equivalents	(1,752,286)	(1,752,286)	(1,025,843)
Cash and cash equivalents at beginning of the financial period	6,983,561	6,983,515	6,296,329
Cash and cash equivalents at end of the financial period	5,231,275	5,231,229	5,270,486

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

EXPLANATORY NOTES

A. BASIS OF PREPARATION

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

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's 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 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 any material impact on the financial results of the Group and the Bank.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group 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.

B. CHANGES IN ESTIMATES

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

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

On 31 March 2014, the Bank issued RM150 million of Basel 3 Compliant Perpetual Preference Shares (“PPS”) to CIMB Bank Berhad pursuant to the approval received from CIMB Islamic's shareholder and Bank Negara Malaysia 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 1 capital ratio and Total capital ratio computation. The capital instrument issued is perpetual, only callable from 5 years onwards subject to conditions imposed and approval required by BNM.

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 31 March 2014.

E. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 31 March 2014 and the date of this announcement.

F. GROUP PERFORMANCE REVIEW

For the first quarter 31 March 2014, the Group registered a profit after tax of RM105.3 million.

For the first quarter 31 March 2014, , the Bank registered a profit after tax of RM105.3 million, an increase of 34% from a profit after tax of RM78.5 million in the previous year corresponding period.

G. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The operating environment remains relatively stable as a whole and the Bank's business activities will continue to expand in tandem with economic growth as well as increasing market share in targeted segments as the Group moves up the digitisation scale.

NOTES TO THE ACCOUNTS

	The Group		The Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
1 Cash and short-term funds				
Cash and balances with banks and other financial institutions	72,422	276,793	72,376	276,747
Money at call and deposit placements maturing within one month	5,158,853	6,706,768	5,158,853	6,706,768
	5,231,275	6,983,561	5,231,229	6,983,515
2 Deposits and placements with banks and other financial institutions				
Licensed Islamic banks	166,792	163,318	166,792	163,318
Licensed banks	35,950	-	35,950	-
	202,742	163,318	202,742	163,318
3 Financial assets held for trading				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Malaysian Government treasury bills	4,863	-	4,863	-
Bank Negara Monetary Notes	2,563,760	2,184,340	2,563,760	2,184,340
Islamic negotiable instruments of deposits	1,013,964	748,368	1,013,964	748,368
Government investment issues	15,856	27,647	15,856	27,647
	3,598,443	2,960,355	3,598,443	2,960,355
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	244,642	208,182	244,642	208,182
	3,843,085	3,168,537	3,843,085	3,168,537
4 Financial investments available-for-sale				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government investment issues	329,542	377,791	329,542	377,791
Islamic Cagamas bonds	25,388	25,491	25,388	25,491
Malaysian Government Securities	17,729	34,793	17,729	34,793
Khazanah bonds	15,869	-	15,869	-
	388,528	438,075	388,528	438,075
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	961,848	849,456	961,848	849,456
Placement with IBFIM	575	575	575	575
	1,350,951	1,288,106	1,350,951	1,288,106
5 Financial investments held-to-maturity				
Money market instruments				
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	664,013	602,177	664,013	602,177
Amortisation of premium less accretion of discount	17	-	17	-
	664,030	602,177	664,030	602,177

6 Islamic derivative financial instruments

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

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

The Group and the Bank	31 March 2014			31 December 2013		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	954,023	14,561	(4,171)	1,311,116	30,226	(5,215)
- Less than 1 year	293,239	4,839	(2,676)	650,332	21,019	(3,922)
- 1 year to 3 years	5,478	96	-	1,787	32	-
- More than 3 years	655,306	9,625	(1,494)	658,997	9,175	(1,293)
Currency swaps	3,237,516	13,902	(22,299)	2,891,197	30,675	(29,390)
- Less than 1 year	3,237,516	13,902	(22,299)	2,891,197	30,675	(29,390)
Currency spot	65,196	21	(81)	8,625	10	(5)
- Less than 1 year	65,196	21	(81)	8,625	10	(5)
Currency options	60,358	137	(128)	27,230	93	(93)
- Less than 1 year	60,358	137	(128)	27,230	93	(93)
Cross currency profit rate swaps	814,275	33,352	(32,900)	834,259	37,104	(36,600)
- Less than 1 year	73,875	4,136	(4,136)	93,859	4,878	(4,878)
- More than 3 years	740,400	29,216	(28,764)	740,400	32,226	(31,722)
	5,131,368	61,972	(59,578)	5,072,427	98,108	(71,303)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	10,001,389	88,288	(88,339)	8,360,308	89,938	(85,548)
- Less than 1 year	1,128,520	2,153	(1,463)	450,000	839	(455)
- 1 year to 3 years	1,977,970	5,689	(5,101)	1,335,090	3,993	(3,457)
- More than 3 years	6,894,899	80,446	(81,775)	6,575,218	85,106	(81,636)
<u>Equity related derivatives</u>						
Equity options	630,426	10,420	(10,420)	641,323	13,513	(13,513)
- Less than 1 year	107,147	2,594	(2,594)	-	-	-
- 1 year to 3 years	61,889	1,432	(1,432)	119,822	3,043	(3,043)
- More than 3 years	461,390	6,394	(6,394)	521,501	10,470	(10,470)
<u>Credit related contracts</u>						
Total return swaps	115,960	337	(337)	115,960	586	(586)
- More than 3 years	115,960	337	(337)	115,960	586	(586)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	6,915,080	16,051	(148,530)	6,930,427	44,655	(114,427)
- 1 year to 3 years	250,000	2,835	-	265,304	2,882	(320)
- More than 3 years	6,665,080	13,216	(148,530)	6,665,123	41,773	(114,107)
Total derivative assets/(liabilities)	22,794,223	177,068	(307,204)	21,120,445	246,800	(285,377)

7 **Financing, advances and other financing/loans**

(i) Financing by types and Shariah contracts

At amortised cost: 31 March 2014	The Group and the Bank			Total RM'000
	Bai' RM'000	Ijarah RM'000	Others RM'000	
Cash line	462,962	-	-	462,962
Term financing				
- House financing	8,646,669	593,182	-	9,239,851
- Syndicated financing	290,504	234,297	-	524,801
- Hire purchase receivables	-	6,020,582	-	6,020,582
- Other term financing	15,725,705	640,742	-	16,366,447
Bills receivable	2,363	-	-	2,363
Islamic trust receipts	19,184	-	-	19,184
Claims on customer under Islamic accepted bills	290,197	-	-	290,197
Credit card receivables	-	-	100,002	100,002
Revolving credits	2,617,844	-	-	2,617,844
Share purchase financing	11,784	-	-	11,784
Ar Rahnu	-	-	1,027	1,027
Gross financing, advances and other financing/loans	28,067,212	7,488,805	101,029	35,657,044
Fair value changes arising from fair value hedges				54,064
Less : Allowance for impairment losses				
- Individual impairment allowance				(22,268)
- Portfolio impairment allowance				(363,267)
Total net financing, advances and other financing/loans				<u>35,325,573</u>

31 December 2013

Cash line	478,132	-	-	478,132
Term financing				
- House financing	8,730,311	435,622	-	9,165,933
- Syndicated financing	276,330	226,666	-	502,995
- Hire purchase receivables	-	6,288,975	-	6,288,975
- Other term financing	15,714,558	609,684	-	16,324,242
Bills receivable	2,885	-	-	2,885
Islamic trust receipts	25,934	-	-	25,934
Claims on customer under Islamic accepted bills	370,754	-	-	370,754
Credit card receivables	-	-	104,449	104,449
Revolving credits	2,157,033	-	-	2,157,033
Share purchase financing	16,441	-	-	16,441
Ar Rahnu	-	-	892	892
Gross financing, advances and other financing/loans	27,772,378	7,560,947	105,341	35,438,666
Fair value changes arising from fair value hedges				40,548
Less : Allowance for impairment losses				
- Individual impairment allowance				(29,801)
- Portfolio impairment allowance				(376,849)
Total net financing, advances and other financing/loans				<u>35,072,564</u>

7 Financing, advances and other financing/loans (cont'd.)

(a) The Bank has undertaken fair value hedges on financing using Islamic profit rate swaps.

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

The fair value loss on Islamic profit rate swaps of the Group and the Bank in this hedge transaction as at 31 March 2014 were RM130 million (31 December 2013 : fair value loss of RM67 million).

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

As at 31 March 2014, the gross exposures to RPSIA financing is RM2,510 million (31 December 2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM11.2 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.

7 Financing, advances and other financing/loans (cont'd.)

	The Group		The Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
(ii) By geographical distribution:				
Malaysia	35,657,044	35,438,666	35,657,044	35,438,666
	35,657,044	35,438,666	35,657,044	35,438,666
(iii) By type of customer :				
Domestic non-bank financial institutions	1,539,686	1,505,087	1,539,686	1,505,087
Domestic business enterprises				
- Small medium enterprises	3,239,781	1,906,985	3,239,781	1,906,985
- Others	3,501,746	5,095,000	3,501,746	5,095,000
Government and statutory bodies	6,801,917	6,746,098	6,801,917	6,746,098
Individuals	19,653,833	19,920,730	19,653,833	19,920,730
Other domestic entities	808,894	31,022	808,894	31,022
Foreign entities	111,187	233,744	111,187	233,744
	35,657,044	35,438,666	35,657,044	35,438,666
(iv) By profit rate sensitivity :				
Fixed rate				
- House financing	211,425	225,098	211,425	225,098
- Hire purchase receivables	6,020,582	6,288,975	6,020,582	6,288,975
- Others	11,502,715	12,016,056	11,502,715	12,016,056
Variable rate				
- House financing	9,028,427	8,940,835	9,028,427	8,940,835
- Other financing	8,893,895	7,967,702	8,893,895	7,967,702
	35,657,044	35,438,666	35,657,044	35,438,666
(v) By economic purpose :				
Personal use	3,091,640	3,171,403	3,091,640	3,171,403
Credit card	100,002	104,449	100,002	104,449
Construction	2,341,348	1,929,558	2,341,348	1,929,558
Residential property	9,290,439	9,214,629	9,290,439	9,214,629
Non-residential property	3,284,907	3,206,670	3,284,907	3,206,670
Purchase of fixed assets other than land and building	255,919	270,074	255,919	270,074
Merger and acquisition	1,159	1,243	1,159	1,243
Purchase of securities	12,154	21,839	12,154	21,839
Purchase of transport vehicles	6,074,914	6,346,225	6,074,914	6,346,225
Working capital	8,441,202	8,225,496	8,441,202	8,225,496
Other purpose	2,763,360	2,947,080	2,763,360	2,947,080
	35,657,044	35,438,666	35,657,044	35,438,666
(vi) By residual contractual maturity :				
Within one year	3,644,614	3,308,386	3,644,614	3,308,386
One year to less than three years	1,233,430	1,162,098	1,233,430	1,162,098
Three years to less than five years	5,318,640	5,259,909	5,318,640	5,259,909
Five years and more	25,460,360	25,708,273	25,460,360	25,708,273
	35,657,044	35,438,666	35,657,044	35,438,666

7 **Financing, advances and other financing/loans (cont'd.)**

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(vii) Impaired financing by economic purpose :				
Personal use	26,150	25,081	26,150	25,081
Credit card	2,158	2,285	2,158	2,285
Construction	-	1,312	-	1,312
Residential property	87,343	76,714	87,343	76,714
Non-residential property	30,882	29,202	30,882	29,202
Purchased of fixed assets other than land & building	898	1,682	898	1,682
Purchase of securities	221	223	221	223
Purchase of transport vehicles	164,313	100,454	164,313	100,454
Working capital	70,520	64,953	70,520	64,953
Other purpose	386	8,245	386	8,245
	382,871	310,151	382,871	310,151
(viii) Impaired financing by geographical distribution:				
Malaysia	382,871	310,151	382,871	310,151
	382,871	310,151	382,871	310,151
(ix) Movement in impaired financing, advances and other financing/loans :				
As at 1 January	310,151	304,128	310,151	304,128
Classified as impaired during the financial year	189,755	414,409	189,755	414,409
Reclassified as non-impaired during the period/year	(61,591)	(175,388)	(61,591)	(175,388)
Amount written back in respect of recoveries	(17,968)	(85,628)	(17,968)	(85,628)
Amount written off	(37,476)	(147,370)	(37,476)	(147,370)
As at 31 March/31 December	382,871	310,151	382,871	310,151
Ratio of gross impaired financing to total financing advances, and other financing/loans	1.07%	0.88%	1.07%	0.88%
(x) Movements in allowance for impaired financing :				
Individual impairment allowance				
As at 1 January	29,801	60,925	29,801	60,925
Net allowance (written back)/made during the period/year	(45)	(20,744)	(45)	(20,744)
Amount written off	(7,488)	(10,380)	(7,488)	(10,380)
As at 31 March/31 December	22,268	29,801	22,268	29,801
Portfolio impairment allowance				
As at 1 January	376,849	347,704	376,849	347,704
Net allowance made during the period/year	16,406	163,420	16,406	163,420
Transfer from intercompany	-	2,715	-	2,715
Amount written off	(29,988)	(136,990)	(29,988)	(136,990)
As at 31 March/31 December	363,267	376,849	363,267	376,849
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.30%	2.30%	2.30%	2.30%

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
8 Other assets				
Deposits and prepayments	2,663	3,983	2,663	3,983
Sundry debtors	56,013	36,789	56,013	36,789
Credit Support Annex for derivative transactions	58,230	58,230	58,230	58,230
Clearing accounts	7,012	184,092	7,012	184,092
	123,918	283,094	123,918	283,094

9 Deposits from customers

(i) By type of deposit

Savings deposits	2,010,548	1,905,402	2,010,548	1,905,402
Wadiah	1,421,255	1,330,874	1,421,255	1,330,874
Mudharabah	589,293	574,528	589,293	574,528
Demand deposits	9,041,891	8,086,544	9,041,891	8,086,544
Wadiah	4,388,612	3,293,989	4,388,612	3,293,989
Qard	21,047	11,854	21,047	11,854
Mudharabah	4,632,232	4,780,701	4,632,232	4,780,701
Commodity Murabahah	5,092,857	5,397,061	5,092,857	5,397,061
Negotiable Islamic Debt Certificate (NIDC)	4,867,955	5,934,040	4,867,955	5,934,040
Mudharabah	417,244	414,592	417,244	414,592
Hybrid (Bai Bithamin Ajil and Bai al-Dayn)	4,450,711	5,519,448	4,450,711	5,519,448
Short term money market deposit-i	14,422,905	14,859,290	14,422,905	14,859,290
Wakalah	14,407,558	14,838,920	14,407,558	14,838,920
Wadiah	15,347	20,370	15,347	20,370
General investment account	2,136,924	2,083,240	2,136,924	2,083,240
Mudharabah	2,136,924	2,083,240	2,136,924	2,083,240
Specific investment account	177,098	175,870	177,098	175,870
Mudharabah	177,098	175,455	177,098	175,455
Murabahah	-	415	-	415
Term deposit	26,697,739	28,449,501	26,697,739	28,449,501
Others - Qard	23,772	25,427	23,772	25,427
	37,773,950	38,466,874	37,773,950	38,466,874

(ii) Maturity structures of term deposits

Due within six months	25,334,907	27,273,049	25,334,907	27,273,049
Six months to one year	788,034	553,838	788,034	553,838
One year to three years	126,202	67,032	126,202	67,032
Three years to five years	275,676	383,128	275,676	383,128
More than five years	172,920	172,454	172,920	172,454
	26,697,739	28,449,501	26,697,739	28,449,501

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
9 Deposits from customers (cont'd.)				
(iii) By type of customer				
Government and statutory bodies	4,344,469	4,827,079	4,344,469	4,827,079
Business enterprises	15,181,623	16,344,695	15,181,623	16,344,695
Individuals	5,247,329	4,214,843	5,247,329	4,214,843
Others	13,000,529	13,080,257	13,000,529	13,080,257
	37,773,950	38,466,874	37,773,950	38,466,874

10 Deposits and placements of banks and other financial institutions

Mudharabah

Licensed banks	2,548,172	2,475,265	2,548,172	2,475,265
Licensed investment banks	40,424	230	40,424	230
	2,588,596	2,475,495	2,588,596	2,475,495

Non-Mudharabah

Licensed Islamic banks	192,501	390,292	192,501	390,292
Licensed banks	3,175,503	3,670,014	3,175,503	3,670,014
Bank Negara Malaysia	55,574	-	55,574	-
Other financial institutions	184,562	36,111	184,562	36,111
	3,608,140	4,096,417	3,608,140	4,096,417
	6,196,736	6,571,911	6,196,736	6,571,911

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

Due within six months	5,930,268	6,066,486	5,930,268	6,066,486
Six months to one year	266,468	505,425	266,468	505,425
	6,196,736	6,571,911	6,196,736	6,571,911

11 Other liabilities

Accruals and other payables	283,544	76,281	283,544	76,281
Clearing accounts	301,364	195,545	301,364	195,545
Others	6,855	15,942	6,855	15,942
	591,763	287,768	591,763	287,768

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

12 Financial liabilities designated at fair value

Deposits from customers - structured investments	195,384	146,216	195,384	146,216
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

Included in the above are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM53,518,000 (2013: RM3,562,000), RM151,588,000 (2013: RM151,118,000) and RM4,013,000 (2013: nil) accordingly.

The carrying amount of the Group and the Bank as at 31 March 2014 of financial liabilities designated at fair value were RM13,735,000 (2013:RM8,464,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

13 Subordinated sukuk

The Group and the Bank

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

The Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

On 18 September 2012, the Bank had issued the third tranche of Sukuk of RM300 million at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
14 Income derived from investment of depositors funds and others				
The Group				
Income derived from investment of :				
a) General investment deposits	221,205	-	221,205	-
b) Specific investment deposits	28,210	-	28,210	-
c) Other deposits	231,345	-	231,345	-
	<u>480,760</u>	<u>-</u>	<u>480,760</u>	<u>-</u>
a) Income derived from investment of general investment deposits				
Financing, advances and other financing/loans				
- Profit income	190,413	-	190,413	-
- Unwinding income [^]	772	-	772	-
Financial assets held for trading	2,794	-	2,794	-
Financial investments available-for-sale	5,833	-	5,833	-
Financial investments held-to-maturity	3,358	-	3,358	-
Money at call and deposit with financial institutions	27,488	-	27,488	-
	<u>230,658</u>	<u>-</u>	<u>230,658</u>	<u>-</u>
Accretion of discount less amortisation of premium	(11,106)	-	(11,106)	-
Total finance income and hibah	<u>219,552</u>	<u>-</u>	<u>219,552</u>	<u>-</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	149	-	149	-
- unrealised loss	(328)	-	(328)	-
- Net gain from sale of financial investments available-for-sale	385	-	385	-
- Net gain from foreign exchange transactions	881	-	881	-
	<u>1,087</u>	<u>-</u>	<u>1,087</u>	<u>-</u>
Fee and commission income	566	-	566	-
	<u>221,205</u>	<u>-</u>	<u>221,205</u>	<u>-</u>
b) Income derived from investment of specific investment deposits				
Financing, advances and other financing/loans				
- Profit income	22,531	-	22,531	-
Money at call and deposit with financial institutions	5,679	-	5,679	-
	<u>28,210</u>	<u>-</u>	<u>28,210</u>	<u>-</u>

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

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

14 Income derived from investment of depositors funds and others (cont'd.)

c) Income derived from investment of other deposits

Financing, advances and other financing/loans				
- Profit income	199,143	-	199,143	-
- Unwinding income [^]	807	-	807	-
Financial assets held for trading	2,922	-	2,922	-
Financial investments available-for-sale	6,100	-	6,100	-
Financial investments held-to-maturity	3,512	-	3,512	-
Money at call and deposit with financial institutions	28,748	-	28,748	-
	<u>241,232</u>	-	<u>241,232</u>	-
Accretion of discount less amortisation of premium	(11,615)	-	(11,615)	-
Total finance income and hibah	<u>229,617</u>	-	<u>229,617</u>	-
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	156	-	156	-
- unrealised loss	(343)	-	(343)	-
- Net gain from sale of financial investments available-for-sale	402	-	402	-
- Net gain from foreign exchange transactions	922	-	922	-
	<u>1,137</u>	-	<u>1,137</u>	-
Fee and commission income	591	-	591	-
	<u>231,345</u>	-	<u>231,345</u>	-

The Bank

Income derived from investment of :

- General investment deposits	221,205	241,327	221,205	241,327
- Specific investment deposits	28,210	16,222	28,210	16,222
- Other deposits	231,345	242,908	231,345	242,908
	<u>480,760</u>	<u>500,457</u>	<u>480,760</u>	<u>500,457</u>

a) Income derived from investment of general investment deposits

Financing, advances and other financing/loans				
- Profit income	190,413	199,876	190,413	199,876
- Unwinding income [^]	772	711	772	711
Financial assets held for trading	2,794	5,500	2,794	5,500
Financial investments available-for-sale	5,833	13,776	5,833	13,776
Financial investments held-to-maturity	3,358	3,816	3,358	3,816
Money at call and deposit with financial institutions	27,488	16,103	27,488	16,103
	<u>230,658</u>	<u>239,782</u>	<u>230,658</u>	<u>239,782</u>
Accretion of discount less amortisation of premium	(11,106)	9,407	(11,106)	9,407
Total finance income and hibah	<u>219,552</u>	<u>249,189</u>	<u>219,552</u>	<u>249,189</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	149	117	149	117
- unrealised loss	(328)	(576)	(328)	(576)
- Net gain from sale of financial investments available-for-sale	385	647	385	647
- Net gain from sale of financial investments held-to-maturity	-	117	-	117
- Net gain/(loss) from foreign exchange transactions	881	(8,389)	881	(8,389)
	<u>1,087</u>	<u>(8,084)</u>	<u>1,087</u>	<u>(8,084)</u>
Fee and commission income	566	222	566	222
	<u>221,205</u>	<u>241,327</u>	<u>221,205</u>	<u>241,327</u>

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

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

14 Income derived from investment of depositors funds and others (cont'd.)

b) Income derived from investment of specific investment deposits

The Bank

Financing, advances and other financing/loans				
- Profit income	22,531	10,196	22,531	10,196
Money at call and deposit with financial institutions	5,679	6,026	5,679	6,026
	28,210	16,222	28,210	16,222

c) Income derived from investment of other deposits

Financing, advances and other financing/loans				
- Profit income	199,143	201,182	199,143	201,182
- Unwinding income [^]	807	715	807	715
Financial assets held for trading	2,922	5,536	2,922	5,536
Financial investments available-for-sale	6,100	13,866	6,100	13,866
Financial investments held-to-maturity	3,512	3,841	3,512	3,841
Money at call and deposit with financial institutions	28,748	16,208	28,748	16,208
	241,232	241,348	241,232	241,348
Accretion of discount less amortisation of premium	(11,615)	9,469	(11,615)	9,469
Total finance income and hibah	229,617	250,817	229,617	250,817
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	156	118	156	118
- unrealised loss	(343)	(579)	(343)	(579)
- Net gain from sale of financial investments available-for-sale	402	651	402	651
- Net gain from sale of financial investments held-to-maturity	-	118	-	118
- Net gain/(loss) from foreign exchange transactions	922	(8,441)	922	(8,441)
	1,137	(8,133)	1,137	(8,133)
Fee and commission income	591	224	591	224
	231,345	242,908	231,345	242,908

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

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
15 Income derived from investment of shareholder's funds				
The Group				
Financing, advances and other financing/loans				
- Profit income	22,785	-	22,785	-
- Unwinding income^	92	-	92	-
Financial assets held for trading	334	-	334	-
Financial investments available-for-sale	698	-	698	-
Financial investments held-to-maturity	402	-	402	-
Money at call and deposit with financial institutions	3,289	-	3,289	-
	<u>27,600</u>	-	<u>27,600</u>	-
Accretion of discount less amortisation of premium	(1,329)	-	(1,329)	-
Total finance income and hibah	<u>26,271</u>	-	<u>26,271</u>	-
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain	18	-	18	-
- unrealised loss	(39)	-	(39)	-
- Net gain from sale of financial investments available-for-sale	46	-	46	-
- Net gain from foreign exchange transactions	105	-	105	-
- Net loss arising from hedging activities	(543)	-	(543)	-
Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	(588)	-	(588)	-
- unrealised gain	5,272	-	5,272	-
- Net gain/(loss) arising from derivative financial instrument	-	-	-	-
- realised gain	24,319	-	24,319	-
- unrealised loss	(28,796)	-	(28,796)	-
	<u>(206)</u>	-	<u>(206)</u>	-
Fee and commission income	17,783	-	17,783	-
Less : fee and commission expense	(769)	-	(769)	-
Net fee and commission income	<u>17,014</u>	-	<u>17,014</u>	-
Other income				
- Sundry income	1,252	-	1,252	-
	<u>44,331</u>	-	<u>44,331</u>	-

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
15 Income derived from investment of shareholder's funds (cont'd.)				
The Bank				
Financing, advances and other financing/loans				
- Profit income	22,785	19,975	22,785	19,975
- Unwinding income [^]	92	71	92	71
Financial assets held for trading	334	550	334	550
Accretion of discount less amortisation of premium	698	1,377	698	1,377
Total finance income and hibah	402	381	402	381
Money at call and deposit with financial institutions	3,289	1,609	3,289	1,609
	<u>27,600</u>	<u>23,963</u>	<u>27,600</u>	<u>23,963</u>
Accretion of discount less amortisation of premium	(1,329)	940	(1,329)	940
Total finance income and hibah	<u>26,271</u>	<u>24,903</u>	<u>26,271</u>	<u>24,903</u>
Other operating income				
- Net gain/(loss) from sale of financial investments held for trading				
- realised gain	18	12	18	12
- unrealised loss	(39)	(58)	(39)	(58)
- Net gain from sale of financial investments available-for-sale	46	65	46	65
- Net gain from sale of financial investments held-to-maturity	-	12	-	12
- Net loss from foreign exchange transactions	105	(838)	105	(838)
- Net loss arising from hedging activities	(543)	329	(543)	329
Net gain/(loss) arising from financial liabilities designated at fair value				
- realised gain/(loss)	(588)	-	(588)	-
- unrealised gain/(loss)	5,272	1,572	5,272	1,572
- Net gain/(loss) arising from derivative financial instrument				
- realised gain	24,319	21,815	24,319	21,815
- unrealised loss	(28,796)	(12,277)	(28,796)	(12,277)
	<u>(206)</u>	<u>10,632</u>	<u>(206)</u>	<u>10,632</u>
Fee and commission income	17,783	16,647	17,783	16,647
Less : fee and commission expense	(769)	(494)	(769)	(494)
Net fee and commission income	<u>17,014</u>	<u>16,153</u>	<u>17,014</u>	<u>16,153</u>
Other income				
- Sundry income	1,252	647	1,252	647
	<u>44,331</u>	<u>52,335</u>	<u>44,331</u>	<u>52,335</u>

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

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

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

The Group

Individual impairment allowance				
- Written back	(45)	-	(45)	-
Portfolio impairment allowance				
- Made during the period	16,406	-	16,406	-
Impaired financing :				
- recovered	(11,193)	-	(11,193)	-
- written off	568	-	568	-
	<u>5,736</u>	-	<u>5,736</u>	-

The Bank

Individual impairment allowance				
- Written back	(45)	(12,590)	(45)	(12,590)
Portfolio impairment allowance				
- Made during the period	16,406	50,569	16,406	50,569
Impaired financing :				
- recovered	(11,193)	(12,431)	(11,193)	(12,431)
- written off	568	-	568	-
	<u>5,736</u>	<u>25,548</u>	<u>5,736</u>	<u>25,548</u>

17 Income attributable to depositors

The Group

Deposits from customers

- Mudharabah	27,554	-	27,554	-
- Non-Mudharabah	162,489	-	162,489	-
Others (Financial liabilities designated at fair value)	1,448	-	1,448	-

Deposits and placements of banks and other financial institutions

- Mudharabah	25,428	-	25,428	-
- Non-Mudharabah	27,878	-	27,878	-
Subordinated Sukuk	9,427	-	9,427	-
	<u>254,224</u>	-	<u>254,224</u>	-

The Bank

Deposits from customers

- Mudharabah	27,554	28,779	27,554	28,779
- Non-Mudharabah	162,489	169,179	162,489	169,179
- Financial liabilities designated at fair value	1,448	764	1,448	764

Deposits and placements of banks and other financial institutions

- Mudharabah	25,428	18,750	25,428	18,750
- Non-Mudharabah	27,878	68,388	27,878	68,388
Subordinated Sukuk	9,427	9,409	9,427	9,409
	<u>254,224</u>	<u>295,269</u>	<u>254,224</u>	<u>295,269</u>

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
18 Personnel expenses				
The Group				
Salaries, allowances and bonuses	16,837	-	16,837	-
Pension cost (defined contribution plan)	748	-	748	-
Training fees	28	-	28	-
Overtime	29	-	29	-
Others	1,887	-	1,887	-
	19,529	-	19,529	-
The Bank				
Salaries, allowances and bonuses	16,837	16,977	16,837	16,977
Pension cost (defined contribution plan)	748	732	748	732
Training fees	28	10	28	10
Overtime	29	24	29	24
Others	1,887	1,788	1,887	1,788
	19,529	19,531	19,529	19,531
19 Other overheads and expenditures				
The Group				
Establishment				
Rental	383	-	383	-
Depreciation of property, plant and equipment	538	-	538	-
Outsourcing expenses	2	-	2	-
Others	1,332	-	1,332	-
Total	2,256	-	2,256	-
Marketing				
Advertisement and publicity	1,376	-	1,376	-
Others	424	-	424	-
	1,799	-	1,799	-
General expenses				
Auditor's remuneration-statutory audit	98	-	98	-
Amortisation of intangible assets	1,030	-	1,030	-
Professional fees	472	-	472	-
Others	4,851	-	4,851	-
	6,451	-	6,451	-
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	94,316	-	94,316	-
	104,822	-	104,822	-

	1st Quarter Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
19 Other overheads and expenditures (cont'd.)				
The Bank				
Establishment				
Rental	383	320	383	320
Depreciation of property, plant and equipment	538	482	538	482
Outsourcing expenses	2	142	2	142
Others	1,332	947	1,332	947
	2,256	1,891	2,256	1,891
Marketing				
Advertisement and publicity	1,376	2,467	1,376	2,467
Others	424	408	424	408
	1,799	2,875	1,799	2,875
General expenses				
Auditor's remuneration-statutory audit	98	30	98	30
Amortisation of intangible assets	1,030	530	1,030	530
Professional fees	472	1,001	472	1,001
Others	4,851	6,311	4,851	6,311
	6,451	7,872	6,451	7,872
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	94,316	94,093	94,316	94,093
	104,822	106,731	104,822	106,731

20 Commitments and contingencies

	31 March 2014	31 December 2013
	Principal amount	Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	150,255	153,960
Certain transaction-related contingent items	388,997	390,323
Short-term self-liquidating trade-related contingencies	50,069	19,725
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,479,458	4,383,087
- maturity exceeding one year	1,573,144	868,416
Miscellaneous commitments and contingencies	101,329	190,176
Total credit-related commitments and contingencies	<u>5,743,252</u>	<u>6,005,687</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	3,730,184	3,671,244
- one year to less than five years	509,159	505,478
- more than five years	892,025	895,706
Profit rate related contracts :		
- less than one year	1,128,520	450,000
- one year to less than five years	9,163,424	8,208,201
- more than five years	6,624,525	6,632,534
Equity related contracts :		
- less than one year	107,147	-
- one year to less than five years	179,648	249,221
- more than five years	343,631	392,102
Credit related contracts:		
- more than five years	115,960	115,960
Total treasury-related commitments and contingencies	<u>22,794,223</u>	<u>21,120,446</u>
	<u>28,537,475</u>	<u>27,126,133</u>

21 Capital Adequacy

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

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

31 March 2014 - Basel III

(a) The capital adequacy ratios of the Group and Bank are as follows:	The Group	The Bank
	31 March 2014	31 March 2014
Common equity tier 1 ratio	9.700%	9.700%
Tier 1 ratio	10.656%	10.656%
Total capital ratio	<u>14.034%</u>	<u>14.034%</u>
(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:	31 March 2014	31 March 2014
	RM'000	RM'000
Credit risk	19,120,776	19,121,003
Market risk	536,621	536,621
Operational risk	1,898,490	1,898,475
Total risk-weighted assets	<u>21,555,887</u>	<u>21,556,099</u>
(c) Components of Common Equity Tier I, Additional Tier I and Tier II capital are as follows:	31 March 2014	31 March 2014
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	1,610,735	1,610,709
Common Equity Tier I capital before regulatory adjustments	<u>2,610,735</u>	<u>2,610,709</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(10,032)	(10,032)
Deferred tax assets	(30,414)	(30,414)
Others	(343,307)	(343,308)
Common Equity Tier I capital after regulatory adjustments	<u>2,090,983</u>	<u>2,090,955</u>
Additional Tier I capital		
Perpetual preference shares	206,000	206,000
Additional Tier I capital before regulatory adjustments	<u>206,000</u>	<u>206,000</u>
<u>Less: Regulatory adjustments</u>		
Additional Tier I capital after regulatory adjustments	<u>206,000</u>	<u>206,000</u>
Total Tier I capital	<u>2,296,983</u>	<u>2,296,955</u>
Tier II capital		
Subordinated notes	680,000	680,000
Portfolio impairment allowance and regulatory reserves ^	48,162	48,165
Total Tier II capital	<u>728,162</u>	<u>728,165</u>
Total capital	<u>3,025,145</u>	<u>3,025,120</u>

21 Capital Adequacy (Continued)

31 December 2013 - Basel III

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

	The Group	The Bank
	31 December 2013	31 December 2013
Common equity tier 1 ratio	9.905%	9.905%
Tier 1 ratio	10.201%	10.201%
Total capital ratio	14.020%	14.020%

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

	31 December 2013	31 December 2013
	RM'000	RM'000
Credit risk	18,769,386	18,769,614
Market risk	620,945	620,945
Operational risk	1,866,607	1,866,592
Total risk-weighted assets	21,256,938	21,257,151

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

	31 December 2013	31 December 2013
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	1,600,928	1,600,902
Common Equity Tier I capital before regulatory adjustments	2,600,928	2,600,902
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(11,080)	(11,080)
Deferred tax assets	(25,566)	(25,566)
Others	(322,811)	(322,814)
Common Equity Tier I capital after regulatory adjustments	2,105,471	2,105,442
Additional Tier I capital		
Perpetual preference shares	63,000	63,000
Additional Tier I capital before regulatory adjustments	63,000	63,000
Additional Tier I capital after regulatory adjustments	63,000	63,000
Total Tier I capital	2,168,471	2,168,442
Tier II capital		
Subordinated notes	765,000	765,000
Portfolio impairment allowance and regulatory reserves ^	46,854	46,857
Total Tier II capital	811,854	811,857
Total capital	2,980,325	2,980,299

^ The capital base of the Group and the Bank as at 31 March 2014 have excluded portfolio impairment allowance on impaired financings restricted from Tier II capital of RM26.6 million (31 December 2013: RM24.9 million) respectively.

22 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

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.

22 Fair Value Estimation (Continued)

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

The Group and the Bank	Fair Value							
	Carrying amount	31 March 2014			Carrying amount	31 December 2013		
		Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total		Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total
Financial assets								
Financial assets held for trading								
-Money market instruments	3,598,443	3,598,443	-	3,598,443	2,960,355	2,960,355	-	2,960,355
-Quoted securities				-				-
-Unquoted securities	244,642	244,642	-	244,642	208,182	208,182	-	208,182
Financial investments available-for-sale								
-Money market instruments	388,528	388,528	-	388,528	438,075	438,075	-	438,075
-Quoted securities				-				-
-Unquoted securities	962,423	961,848	575	962,423	850,031	849,456	575	850,031
Derivative financial instruments								
-Trading derivatives	161,017	161,017	-	161,017	202,145	202,145	-	202,145
-Hedging derivatives	16,051	16,051	-	16,051	44,655	44,655	-	44,655
Total	5,371,104	5,370,529	575	5,371,104	4,703,443	4,702,868	575	4,703,443
Financial liabilities								
Derivative financial instruments								
Trading derivatives	158,674	158,674	-	158,674	170,950	170,950	-	170,950
Hedging derivatives	148,530	148,530	-	148,530	114,427	114,427	-	114,427
Financial liabilities designated at fair value	195,384	195,384	-	195,384	146,216	146,216	-	146,216
Total	502,588	502,588	-	502,588	431,593	431,593	-	431,593

23 Change in accounting policies

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

24 Comparative

There is no comparative figure for the Group as the first set of consolidated group financial statements were prepared in financial period ended 30 September 2013.