

**CIMB GROUP HOLDINGS BERHAD**

*(Company Number 50841-W)*

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Note	The Group	
		31 December 2014 RM'000	31 December 2013 RM'000
<b>ASSETS</b>			
Cash and short-term funds		33,462,817	33,678,882
Reverse repurchase agreements		4,758,286	8,260,504
Deposits and placements with banks and other financial institutions		4,238,988	3,789,019
Financial assets held for trading	A8	23,803,771	23,403,280
Derivative financial instruments	A22	7,182,759	5,020,453
Financial investments available-for-sale	A9	32,286,522	30,334,058
Financial investments held-to-maturity	A10	18,261,561	10,821,493
Loans, advances and financing	A11	258,014,859	228,431,705
Other assets	A12	12,511,211	7,990,355
Tax recoverable		45,483	64,578
Deferred tax assets		272,587	357,250
Statutory deposits with central banks		6,841,165	6,361,648
Investment in associates and joint ventures		1,086,389	1,013,482
Property, plant and equipment		1,466,634	1,546,783
Investment properties		4,000	4,000
Prepaid lease payments		136,419	147,901
Goodwill		7,911,160	7,877,463
Intangible assets		1,850,419	1,760,225
		<b>414,135,030</b>	<b>370,863,079</b>
Non-current assets held for sale		21,326	49,718
<b>TOTAL ASSETS</b>		<b>414,156,356</b>	<b>370,912,797</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A13	282,068,787	263,004,302
Deposits and placements of banks and other financial institutions	A14	32,149,798	20,727,845
Repurchase agreements		5,735,839	5,922,788
Financial liabilities designated at fair value	A15	3,690,701	2,132,170
Derivative financial instruments	A22	7,712,794	6,009,608
Bills and acceptances payable		2,998,134	4,713,219
Other liabilities	A16	10,816,798	8,562,039
Current tax liabilities		231,276	384,800
Deferred tax liabilities		51,569	50,327
Bonds and debentures	B7	7,666,048	7,490,265
Other borrowings	B7	9,290,807	7,772,727
Subordinated obligations	B7	12,582,494	12,066,700
Non-cumulative guaranteed and redeemable preference shares		770,188	847,447
<b>TOTAL LIABILITIES</b>		<b>375,765,233</b>	<b>339,684,237</b>
Ordinary share capital		8,423,751	7,729,346
Reserves		28,937,290	22,542,356
Less: Shares held under trust		(563)	(563)
Treasury shares, at cost		(42)	(41)
		<b>37,360,436</b>	<b>30,271,098</b>
Perpetual preference shares		200,000	200,000
Non-controlling interests		830,687	757,462
<b>TOTAL EQUITY</b>		<b>38,391,123</b>	<b>31,228,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>414,156,356</b>	<b>370,912,797</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A23	<b>702,740,799</b>	<b>526,572,598</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>4.44</b>	<b>3.92</b>

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

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

	Note	The Group			
		4th quarter ended		Twelve months ended	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Interest income	A17	4,222,245	3,786,734	16,059,003	14,677,300
Interest expense	A18	<b>(1,979,976)</b>	(1,738,406)	<b>(7,403,455)</b>	(6,723,154)
Net interest income		<b>2,242,269</b>	2,048,328	<b>8,655,548</b>	7,954,146
Income from Islamic Banking operations	A27(c)	<b>377,366</b>	450,148	<b>1,461,278</b>	1,592,863
Net non-interest income	A19	<b>975,526</b>	1,298,653	<b>3,931,128</b>	4,599,624
		<b>3,595,161</b>	3,797,129	<b>14,047,954</b>	14,146,633
Gain on disposal of subsidiaries and associates		<b>76,940</b>	89	<b>97,970</b>	525,202
		<b>3,672,101</b>	3,797,218	<b>14,145,924</b>	14,671,835
Overheads	A20	<b>(2,239,242)</b>	(2,136,560)	<b>(8,291,963)</b>	(8,457,870)
Profit before allowances		<b>1,432,859</b>	1,660,658	<b>5,853,961</b>	6,213,965
Allowance made for impairment losses on loans, advances and financing	A21	<b>(919,215)</b>	(308,491)	<b>(1,522,068)</b>	(660,607)
Allowance made for impairment losses on other receivables		<b>(7,018)</b>	(20,698)	<b>(26,072)</b>	(38,918)
Allowance written back for commitments and contingencies		<b>(1,976)</b>	-	<b>8,942</b>	1,334
Recoveries from investment management and securities services		-	11,932	<b>804</b>	11,932
Allowance made for other impairment losses		<b>(138,907)</b>	(35,836)	<b>(162,497)</b>	(39,915)
		<b>365,743</b>	1,307,565	<b>4,153,070</b>	5,487,791
Share of results of joint ventures		<b>609</b>	6,798	<b>(1,942)</b>	55,170
Share of results of associates		<b>18,586</b>	43,692	<b>125,295</b>	306,268
Profit before taxation		<b>384,938</b>	1,358,055	<b>4,276,423</b>	5,849,229
Taxation	B4	<b>(159,617)</b>	(301,405)	<b>(1,101,866)</b>	(1,240,407)
Profit for the period		<b>225,321</b>	1,056,650	<b>3,174,557</b>	4,608,822
Profit for the period attributable to :					
Owners of the Parent		<b>200,318</b>	1,038,267	<b>3,106,808</b>	4,540,403
Non-controlling interests		<b>25,003</b>	18,383	<b>67,749</b>	68,419
		<b>225,321</b>	1,056,650	<b>3,174,557</b>	4,608,822
Earnings per share (sen):					
- Basic	B9(a)	<b>2.4</b>	13.5	<b>37.5</b>	60.0
- Fully diluted	B9(b)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

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

**CIMB GROUP HOLDINGS BERHAD**

*(Company Number 50841-W)*

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	225,321	1,056,650	3,174,557	4,608,822
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial (gain)/loss	(16,287)	74,413	(16,368)	74,413
- Income tax effects	1,499	-	2,607	-
- Currency translation difference	(524)	2,011	(645)	2,011
	<b>(15,312)</b>	76,424	<b>(14,406)</b>	76,424
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(652)	(16,707)	188,535	(852,747)
- Net gain/(loss) from change in fair value	39,577	34,216	340,368	(778,348)
- Realised gain transferred to statement of income on disposal and impairment	(7,463)	(85,106)	(92,912)	(291,730)
- Income tax effects	(27,468)	5,297	(55,870)	194,369
- Currency translation difference	(5,298)	28,886	(3,051)	22,962
Net investment hedge	(269,029)	(677)	(248,380)	(130,221)
Hedging reserve - cash flow hedge	(3,583)	(523)	4,041	(10,885)
- Net loss from change in fair value	(5,758)	(3,476)	3,852	(13,838)
- Income tax effects	2,175	2,953	189	2,953
Exchange fluctuation reserve	949,701	(548,314)	941,601	(1,258,753)
Share of other comprehensive income of associates and joint ventures	10,909	(11,680)	7,164	(6,467)
	<b>687,346</b>	<b>(577,901)</b>	<b>892,961</b>	<b>(2,259,073)</b>
Total other comprehensive income/(expense) for the period, net of tax	672,034	(501,477)	878,555	(2,182,649)
Total comprehensive income for the period	897,355	555,173	4,053,112	2,426,173
Total comprehensive income for the period attributable to:				
Owners of the Parent	852,016	548,353	3,965,367	2,401,087
Non-controlling interests	45,339	6,820	87,745	25,086
	<b>897,355</b>	<b>555,173</b>	<b>4,053,112</b>	<b>2,426,173</b>

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

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

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

The Group 31 December 2014	← Attributable to owners of the Parent →															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2014	7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	3,106,808	3,106,808	-	67,749	3,174,557
Other comprehensive income (net of tax)	-	-	422	-	923,361	-	-	192,556	(258,795)	1,015	-	-	858,559	-	19,996	878,555
- financial investments available-for-sales	-	-	-	-	-	-	-	185,392	-	-	-	-	185,392	-	3,143	188,535
- net investment hedge	-	-	-	-	-	-	-	-	(248,380)	-	-	-	(248,380)	-	-	(248,380)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	3,991	-	-	-	3,991	-	50	4,041
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(14,406)	-	-	-	(14,406)	-	-	(14,406)
- currency translation difference	-	-	422	-	923,361	-	-	-	-	1,015	-	-	924,798	-	16,803	941,601
- share of other comprehensive income of associate and joint ventures	-	-	-	-	-	-	-	7,164	-	-	-	-	7,164	-	-	7,164
Total comprehensive income for the year	-	-	422	-	923,361	-	-	192,556	(258,795)	1,015	-	3,106,808	3,965,367	-	87,745	4,053,112
Dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(850,091)	(850,091)	-	-	(850,091)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(833,652)	(833,652)	-	-	(833,652)
- single tier interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,333)	(3,333)
Transfer to statutory reserve	-	-	717,246	-	-	-	-	-	-	-	-	(717,246)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	(1,150,088)	1,150,088	-	-	-	-
Arising from accretion/disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,069)	(10,069)	-	(21,303)	(31,372)
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,116	10,116
Purchase of treasury shares	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Share-based payment expense	-	-	-	-	-	-	-	-	-	114,494	-	-	114,494	-	-	114,494
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	93,830	(97,412)	-	-	(3,582)	-	-	(3,582)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(127,615)	-	-	-	(127,615)	-	-	(127,615)
Arising from staffs resigned under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(463)	(463)	-	-	(463)
Issuance of shares arising from:																
- dividend reinvestment scheme	194,405	1,099,011	-	-	-	-	-	-	-	-	-	-	1,293,416	-	-	1,293,416
- private placement	500,000	3,041,534	-	-	-	-	-	-	-	-	-	-	3,541,534	-	-	3,541,534
At 31 December 2014	8,423,751	9,973,065	5,650,713	137,104	(1,183,616)	(563)	(42)	149,847	(564,090)	119,739	593,795	14,060,733	37,360,436	200,000	830,687	38,391,123

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

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

	← Attributable to owners of the Parent →															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013	7,432,775	4,192,596	4,306,464	137,104	(876,172)	(563)	(32)	800,965	(149,444)	59,459	1,173,577	11,216,265	28,292,994	200,000	773,325	29,266,319
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	4,540,403	4,540,403	-	68,419	4,608,822
Other comprehensive income (net of tax)	-	-	(297)	-	(1,230,805)	-	-	(843,674)	(65,193)	653	-	-	(2,139,316)	-	(43,333)	(2,182,649)
- financial investments available-for-sales	-	-	-	-	-	-	-	(837,207)	-	-	-	-	(837,207)	-	(15,540)	(852,747)
- net investment hedge	-	-	-	-	-	-	-	-	(130,221)	-	-	-	(130,221)	-	-	(130,221)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(11,396)	-	-	-	(11,396)	-	511	(10,885)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	76,424	-	-	76,424	76,424	-	-	76,424
- currency translation difference	-	-	(297)	-	(1,230,805)	-	-	-	-	653	-	-	(1,230,449)	-	(28,304)	(1,258,753)
- share of other comprehensive expense of associate and joint ventures	-	-	-	-	-	-	-	(6,467)	-	-	-	-	(6,467)	-	-	(6,467)
Total comprehensive income for the period	-	-	(297)	-	(1,230,805)	-	-	(843,674)	(65,193)	653	-	4,540,403	2,401,087	-	25,086	2,426,173
Dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(1,366,143)	(1,366,143)	-	-	(1,366,143)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,144)	(10,144)	
Transfer to statutory reserve	-	-	626,878	-	-	-	-	-	-	-	-	(626,878)	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	570,306	(570,306)	-	-	-	
Arising from (dilution)/accretion of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,369)	(39,369)	
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	8,564	8,564	
EOP for staff resigned	-	-	-	-	-	-	-	-	-	-	-	(1,631)	(1,631)	-	(1,631)	
Purchase of treasury shares	-	-	-	-	-	-	(9)	-	-	-	-	-	(9)	-	(9)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	97,493	-	-	97,493	-	97,493	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	61,460	(55,963)	-	-	5,497	-	5,497	
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(118,333)	-	-	-	(118,333)	-	(118,333)	
Issuance of shares pursuant to Dividend Reinvestment Plan	296,571	1,639,924	-	-	-	-	-	-	-	-	-	-	1,936,495	-	1,936,495	
At 31 December 2013	7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560

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

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Profit before taxation	4,276,423	5,849,229
Adjustments for non-operating and non-cash items	1,728,419	(377,064)
Operating profit before changes in working capital	6,004,842	5,472,165
Net changes in operating assets	(34,272,626)	(27,790,106)
Net changes in operating liabilities	33,085,976	27,042,835
	(1,186,650)	(747,271)
Cash flows generated from operations	4,818,192	4,724,894
Taxation paid	(1,150,390)	(1,565,509)
Net cash flows generated from operating activities	3,667,802	3,159,385
Net cash flows used in investing activities	(9,278,299)	(3,197,232)
Net cash flows from financing activities	3,872,006	2,695,164
Net (decrease)/increase in cash and cash equivalents during the financial period	(1,738,491)	2,657,317
Effects of exchange rate changes	1,522,426	261,666
Cash and short-term funds at beginning of the financial period	33,678,882	30,759,899
<b>Cash and short-term funds at end of the financial period</b>	<b>33,462,817</b>	<b>33,678,882</b>
Statutory deposits with Bank Indonesia*	(4,127,783)	(3,741,377)
Monies held in trust	(32,376)	(30,429)
<b>Cash and cash equivalents at end of the financial period</b>	<b>29,302,658</b>	<b>29,907,076</b>

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

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

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

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

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

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

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

- Amendment to MFRS 132 "Financial instruments: Presentation"
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment entities"
- Amendment to MFRS 139 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 "Levies"

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

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

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

### **A2. CHANGES IN ESTIMATES**

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

### **A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

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

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

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

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

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

(d) From 1 January 2014 to 31 December 2014 the Company purchased 200 of its own shares from the open market at an average price (including transaction costs) of RM7.16 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM1,432.

The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

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

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

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

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

The entitlement date pursuant to Single Tier Interim Dividend for financial year ending 31 December 2014 and the corresponding DRS was fixed for 15 September 2014. The Group had, on 29 October 2014, issued and allotted 87,228,960 new ordinary shares of RM1.00 each in New CIMB Shares. The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 30 October 2014. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 8,423,750,993 shares.

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

(i) On 28 May 2014, the Group settled the RM400 million 6-month Commercial Papers which had matured on 28 May 2014.

(j) On 28 May 2014, the Group issued RM100 million 6-month Commercial Papers ("CPs"). The CPs carry an interest rate of 3.6% per annum.

(k) On 7 July 2014, CIMB Thai Bank RM400 million 10-years non callable 5 years Basel 3 compliant Tier 2 subordinated notes ("RM400 million Notes") to their overseas investors. The RM400 million Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

The RM400 million Notes will mature on 5 July 2024. CIMB Thai Bank may exercise its right to early redeem the subordinated notes after 5 years subject to approval by the Bank of Thailand.

CIMB Thai Bank has an approval from Bank of Thailand to count the RM400 million Notes as Tier II capital according to the correspondence For Kor Kor. (02) 453/2557.

(l) On 25 September 2014, CIMB Bank Berhad issued AUD100million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

(m) On 20 November 2014, CIMB Bank Berhad issued HKD1,130 million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 12 November 2019 (subject to adjustment in accordance with the modified following business day convention). The Notes bear a coupon rate of 2.46% per annum payable quarterly in arrears.



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

(n) During the financial year, CIMB Thai Bank issued various unsecured structured debentures amounted to THB9.1 billion with embedded interest rates derivatives and early redemption option. The debentures will mature in 5 years from respective issuance dates. The debentures bear interest rates ranges from 0%-6.6% per annum variable to index of THBFIX 6 months, payable semi annually. CIMB Thai Bank has early redeemed structured debentures amounted to THB10.4 billion during the financial year.

Subsequent to financial year, CIMB Thai Bank issued various unsecured structured debentures amounting to THB370 million with embedded interest rates derivatives and early redemption option. The debentures will mature in 5 years from respective issuance dates. The debentures bear interest rates ranges from 0% - 3.5 % per annum variable to index of THBFIX 6 months, payable semi annually. CIMB Thai Bank has early redeemed structured debentures amounting to THB2.2 billion subsequent to the financial year.

During the financial year, CIMB Thai Bank has also issued various unsecured structured debentures amounted to THB340 million with embedded foreign exchange derivatives and early redemption option. The debentures will mature in 6 months to 1 year from respective issuance dates. The debentures bear interest rates ranges from 0% - 7.0 %, depending on the underlying foreign exchange rates movements. CIMB Thai Bank has early redeemed structured debentures amounted to THB30 million during the financial year.

### **A4. DIVIDENDS PAID AND PROPOSED**

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

A single tier first interim dividend of 10.00 sen per ordinary share, on 8,336,517,525 ordinary shares amounting to RM833,651,753 in respect of the financial year ending 31 December 2014 under DRS, was approved by the Board of Directors on 29 August 2014. The dividend consists of an electable portion of 10.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM242,239,404 was paid on 29 October 2014.

The Directors have proposed a single tier second interim dividend of 5.00 sen per ordinary share, on 8,423,746,385 ordinary shares amounting to RM421 million in respect of financial year ended 31 December 2014 under DRS.

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

### **A5. STATUS OF CORPORATE PROPOSAL**

(a) Bank Negara Malaysia (“BNM”) has, via its letter dated 10 July 2014, stated that it has no objection for CIMB Group and/or its nominees to commence negotiations with (i) RHB Capital and/or its nominees; and (ii) MBSB and/or its nominees for a proposed merger of their businesses and undertakings and the creation of an enlarged Islamic banking franchise (“Proposed Merger”). The approval to commence negotiations is valid for a period of 6 months from the date of BNM’s letter. (CIMB Group, RHB Capital and MBSB are collectively defined as the “Parties”)

Pursuant to BNM’s approval, the Parties have on the same day, entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions of the Proposed Merger for a period of ninety (90) days (unless otherwise agreed by the Parties) (“Exclusivity Period”). There will be an automatic extension of the Exclusivity Period upon submissions being made to BNM by the Parties on the Proposed Merger, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

On 8 October 2014, CIMB Group and RHB Capital, as well as their relevant subsidiaries, had made a joint application to BNM to seek the approval of BNM and/or the Minister of Finance (“MoF”) through BNM for, amongst others, the Proposed Merger.

The Proposed Merger is intended to encompass the following:

- The proposed disposal by CIMB Group of all its assets, liabilities, businesses and undertakings (“Assets and Liabilities”) to RHB Capital (“Proposed Disposal”);
- The proposed acquisition (an integral part of the Proposed Merger) by CIMB Islamic Bank Berhad (“CIMB Islamic”) of the assets and liabilities of RHB Islamic Bank Berhad (“RHB Islamic”) (“Proposed RHB Islamic Acquisition”); and
- The proposed merger of the assets and liabilities of CIMB Islamic, RHB Islamic and MBSB to create a mega Islamic bank (“Proposed Islamic Merger”).

The Proposed Disposal and Proposed RHB Islamic Acquisition are not conditional upon the Proposed Islamic Merger and vice versa, or any other transaction or proposal involving the Parties.

On 14 January 2015, the Board of Directors of CIMB Group decided to abort the Proposed Merger in light of current the economic conditions. With that, the Exclusivity Period pursuant to the exclusivity agreement between CIMB Group, RHB Capital and MBSB dated 10 July 2014 has expired.

#### **A5. STATUS OF CORPORATE PROPOSAL (Continued)**

(b) On 23 July 2014, CIMB-Principal Asset Management Company Limited (“CPAM Thailand”), a 60%-owned indirect subsidiary of CIMB Group, has entered into a conditional Share Purchase Agreement with Finansa Public Company Limited in relation to the proposed acquisition of entire issued and outstanding shares of Finansa Asset Management Limited (“FAM”), for a cash consideration of THB225 million. The proposed acquisition has been completed on 22 January 2015 .

(c) On 9 February 2015, the Group decided to close its offices in Sydney and Melbourne in Australia. This follows a strategic review of the Group's entire business and to align with its objective of reducing its Asia Pacific investment banking and equities operating cost by 30% in 2015.

#### **A6. EVENTS DURING THE REPORTING PERIOD**

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

(b) On 11 August 2014, CIMB Strategic Assets Sdn. Bhd., a wholly-owned subsidiary of CIMB Group has entered into a 50:50 joint venture with MC Emerging Capital Partners B.V., a wholly-owned subsidiary of Mitsubishi Corporation, in relation to the setting up of CIMB-MC Capital Ltd. (“Joint Venture”).

The Joint Venture will be incorporated in Cayman Islands and will act as an investment holding company dedicated to establishing and managing a private equity fund.

(c) CIG Berhad, a wholly-owned indirect subsidiary of CIMB Group Holdings Berhad (“CIMBGH”), has completed the disposal of 490,000 ordinary shares in its wholly-owned subsidiary CIMB Insurance Brokers Sdn. Bhd. (“CIB”), representing forty-nine per cent of its total issued and fully paid ordinary shares, to Howden. Approval from Bank Negara Malaysia in relation to the Disposal was received on 30 December 2014.

CIB currently operates the insurance broking business of CIMBGH and the Disposal is in line with CIMBGH’s aspirations to further streamline and focus on its core banking businesses. As part of the Disposal, Howden will assume management control of CIB and CIB will cease to be an indirect subsidiary of CIMBGH.

#### **A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

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

**PART A - EXPLANATORY NOTES**

**A8. FINANCIAL ASSETS HELD FOR TRADING**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	676,023	422,188
Cagamas bonds	9,970	14,891
Malaysian Government treasury bills	138,038	75,075
Bank Negara Malaysia Monetary Notes	3,662,375	3,638,918
Negotiable instruments of deposit	2,745,907	1,874,343
Bankers' acceptances and Islamic accepted bills	121,197	345,728
Credit-linked notes	-	49,347
Other Government's securities	5,081,737	4,197,517
Commercial papers	151,700	362,189
Government Investment Issues	151,724	106,451
	<b>12,738,671</b>	<b>11,086,647</b>
<b>Quoted securities:</b>		
<i><u>In Malaysia:</u></i>		
Shares	1,581,737	1,533,392
<i><u>Outside Malaysia:</u></i>		
Shares	1,566,627	114,456
Private debt securities	478,355	325,660
Other Government bonds	760,313	1,100,785
Bank Indonesia certificates	-	546,404
Investment linked funds	547,669	497,482
	<b>4,934,701</b>	<b>4,118,179</b>
<b>Unquoted securities:</b>		
<i><u>In Malaysia:</u></i>		
Private and Islamic debt securities	2,540,888	5,324,359
Shares	6,716	6,716
<i><u>Outside Malaysia:</u></i>		
Private and Islamic debt securities	3,447,364	2,791,654
Private equity funds	125,965	66,332
Unit trust	9,466	9,393
	<b>6,130,399</b>	<b>8,198,454</b>
<b>Total financial assets held for trading</b>	<b>23,803,771</b>	<b>23,403,280</b>

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	The Group	
	31 December 2014	31 December 2013
	RM'000	RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	527,247	621,477
Cagamas bonds	148,161	239,735
Khazanah bonds	553,937	322,874
Other Government securities	261,407	254,035
Other Government treasury bills	72,335	27,052
Government Investment Issues	2,519,145	2,518,856
Commercial papers	74,805	-
Malaysian Government Sukuk	19,750	34,793
	<b>4,176,787</b>	<b>4,018,822</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	135,882	221,771
Unit trusts	1,534	163,834
<i>Outside Malaysia:</i>		
Shares	83,154	27
Private and Islamic debt securities	1,771,630	1,586,488
Other Government bonds	5,116,797	4,611,523
Unit trusts	89,695	86,798
	<b>7,198,692</b>	<b>6,670,441</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	14,240,932	13,618,878
Shares	1,083,030	1,080,282
Loan stocks	10,433	10,433
Property funds	183	189
<i>Outside Malaysia:</i>		
Shares	50,722	51,720
Private equity and unit trust funds	615,448	384,807
Private and Islamic debt securities	5,171,761	4,764,628
Loan stocks	1,783	1,672
	<b>21,174,292</b>	<b>19,912,609</b>
	<b>32,549,771</b>	<b>30,601,872</b>
<b>Allowance for impairment loss:</b>		
Private debt securities	(64,924)	(70,743)
Private equity funds	(68,420)	(29,493)
Quoted shares	(15,988)	(15,988)
Quoted bonds	(5,565)	(5,650)
Unquoted shares	(97,528)	(135,121)
Unit trusts	(391)	(386)
Loan stocks	(10,433)	(10,433)
	<b>(263,249)</b>	<b>(267,814)</b>
Total financial investments available-for-sale	<b>32,286,522</b>	<b>30,334,058</b>

**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	The Group	
	31 December 2014	31 December 2013
	RM'000	RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	1,116,365	802,446
Cagamas bonds	201,076	160,997
Other government securities	796,713	780,810
Other government treasury bills	17,170	16,830
Bank Negara Malaysia Monetary Notes	9,732	9,845
Khazanah bonds	245,369	66,736
Government Investment Issues	3,091,812	808,104
	<b>5,478,237</b>	<b>2,645,768</b>
<b>Quoted securities</b>		
<i>Outside Malaysia</i>		
Private debt securities	2,742,483	1,930,753
Islamic bonds	122,495	6,789
Other Government bonds	1,059,133	501,824
Bank Indonesia certificates	158,898	155,219
	<b>4,083,009</b>	<b>2,594,585</b>
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private debt securities	7,625,544	4,479,105
Loan stocks	27,388	27,388
	<b>7,652,932</b>	<b>4,506,493</b>
<i>Outside Malaysia</i>		
Private debt securities	1,075,296	1,116,035
	<b>8,728,228</b>	<b>5,622,528</b>
	<b>18,289,474</b>	<b>10,862,881</b>
Accretion of discount, net of amortisation of premium	4,876	(8,516)
Less : Allowance for impairment losses	(32,789)	(32,872)
<b>Total financial investments held-to-maturity</b>	<b>18,261,561</b>	<b>10,821,493</b>

Included in the financial investments held-to-maturity of the Group as at 31 December 2014 are 10-year promissory notes of THB9 million (2013: THB9 million) maturing between 2014 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. During the previous financial year, CIMB Bank Thai has recognised a gain of approximately RM113 million arising from the sharing agreement.

## A11. LOANS, ADVANCES AND FINANCING

### (i) By type

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>		
Overdrafts	5,596,931	5,659,427
Term loans/financing		
- Housing loans/financing	64,424,328	57,246,140
- Syndicated term loans	14,610,622	13,911,828
- Hire purchase receivables	19,220,193	17,747,485
- Lease receivables	111,666	142,147
- Factoring receivables	25,529	22,312
- Other term loans/financing	96,324,632	86,032,550
Bills receivable	10,778,037	9,239,224
Trust receipts	1,395,282	2,077,961
Claims on customers under acceptance credits	4,573,768	4,942,558
Staff loans *	896,023	756,729
Credit card receivables	7,575,611	6,440,933
Revolving credits	37,354,876	28,830,969
Share margin financing	1,752,933	1,505,614
Other loans	3,658	1,665
Gross loans, advances and financing	264,644,089	234,557,542
Fair value changes arising from fair value hedge	136,079	140,453
	264,780,168	234,697,995
Less: Allowance for impairment losses		
- Individual impairment allowance	(3,591,249)	(3,005,066)
- Portfolio impairment allowance	(3,174,060)	(3,261,224)
	(6,765,309)	(6,266,290)
<b>Total net loans, advances and financing</b>	<b>258,014,859</b>	<b>228,431,705</b>

\* Included in staff loans of the Group are loans to Directors amounting to RM11,660,165 (2013: RM8,409,959).

(a) Included in the Group's loans, advances and financing balances are RM50 million (2013: RM57 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,120 million (2013: RM8,182 million), using interest rate swaps.

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Gross loan hedged	8,119,997	8,181,776
Fair value changes arising from fair value hedges	136,079	140,453
	8,256,076	8,322,229

The fair value loss of interest rate swaps in these hedge transaction as at 31 December 2014 was RM112 million (2013: RM101 million).

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	1,691,259	1,078,983
Domestic non-bank financial institutions		
- stockbroking companies	13,224	10,210
- others	3,189,524	2,572,679
Domestic business enterprises		
- small medium enterprises	44,009,610	31,258,050
- others	45,871,410	48,095,116
Government and statutory bodies	8,854,267	11,885,181
Individuals	125,997,751	111,963,768
Other domestic entities	2,589,715	2,020,750
Foreign entities	32,427,329	25,672,805
Gross loans, advances and financing	<b>264,644,089</b>	<b>234,557,542</b>

**(iii) By interest/profit rate sensitivity**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Fixed rate		
- Housing loans/financing	1,803,982	1,786,148
- Hire-purchase receivables	11,761,686	13,206,463
- Other fixed rate loans	39,630,807	41,358,703
Variable rate		
- BLR plus	135,903,034	115,338,808
- Cost plus	33,272,234	26,730,436
- Other variable rates	42,272,346	36,136,984
Gross loans, advances and financing	<b>264,644,089</b>	<b>234,557,542</b>

**(iv) By economic purpose**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Personal use	8,748,136	8,441,137
Credit card	7,575,611	6,440,933
Purchase of consumer durables	594,930	170,550
Construction	8,199,486	8,023,104
Residential property (Housing)	66,248,029	57,390,465
Non-residential property	20,636,518	17,866,777
Purchase of fixed assets other than land and building	15,761,176	14,251,738
Mergers and acquisitions	5,288,961	5,410,650
Purchase of securities	19,708,117	15,139,766
Purchase of transport vehicles	21,338,114	19,742,044
Working capital	74,273,300	65,766,696
Other purposes	16,271,711	15,913,682
Gross loans, advances and financing	<b>264,644,089</b>	<b>234,557,542</b>

**A11. LOANS, ADVANCES AND FINANCING (Continued)**
**(v) By geographical distribution**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	152,318,680	140,865,041
Indonesia	53,830,114	44,738,818
Thailand	22,799,411	18,534,877
Singapore	22,785,545	19,599,409
United Kingdom	931,230	1,195,767
Hong Kong	586,862	693,400
China	6,039,313	5,730,857
Other countries	5,352,934	3,199,373
Gross loans, advances and financing	<b>264,644,089</b>	<b>234,557,542</b>

**(vi) By residual contractual maturity**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Within one year	69,042,090	61,219,942
One year to less than three years	23,881,021	23,303,174
Three years to less than five years	33,216,713	31,614,934
Five years and more	138,504,265	118,419,492
Gross loans, advances and financing	<b>264,644,089</b>	<b>234,557,542</b>

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Personal use	312,471	252,938
Credit card	114,462	94,765
Purchase of consumer durables	5,657	289
Construction	1,222,102	1,180,289
Residential property (Housing)	1,479,522	1,540,293
Non-residential property	214,681	258,780
Purchase of fixed assets other than land and building	876,447	438,895
Purchase of securities	175,342	186,441
Purchase of transport vehicles	422,123	314,470
Working capital	2,565,699	2,373,246
Other purpose	794,183	752,863
Gross impaired loans, advances and financing	<b>8,182,689</b>	<b>7,393,269</b>

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	4,016,830	4,452,536
Indonesia	2,491,905	1,458,612
Thailand	1,437,752	1,219,287
Singapore	44,657	58,585
United Kingdom	2,518	3,636
China	95,775	111,869
Other countries	93,252	88,744
Gross impaired loans, advances and financing	<b>8,182,689</b>	<b>7,393,269</b>



**A11. LOANS, ADVANCES AND FINANCING (Continued)**

**(ix) Movements in impaired loans**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
At 1 January	7,393,269	7,927,817
Classified as impaired during the year	4,672,395	3,451,780
Reclassified as not impaired during the year	(1,782,815)	(1,591,922)
Amount written back in respect of recoveries	(873,740)	(1,223,557)
Amount written off	(1,461,339)	(1,239,233)
Reclassification from unwinding income	-	50,870
Exchange fluctuation	234,919	17,514
At 31 December	<b>8,182,689</b>	<b>7,393,269</b>
Ratio of gross impaired loans to gross loans, advances and financing	<b>3.09%</b>	<b>3.15%</b>

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<u>Individual impairment allowance</u>		
At 1 January	3,005,066	3,270,343
Net allowance made during the year	952,176	179,523
Amount written off	(458,740)	(440,126)
Allowance written back and charged to deferred assets	(2,735)	(959)
Amount transferred from portfolio impairment allowance	3,160	1,043
Unwinding income	(2,626)	46,595
Exchange fluctuation	94,948	(51,353)
At 31 December	<b>3,591,249</b>	<b>3,005,066</b>
<u>Portfolio impairment allowance</u>		
At 1 January	3,261,224	3,295,857
Net allowance made during the year	887,551	858,902
Amount transferred to individual impairment allowance	(3,160)	(1,043)
Amount written off	(982,482)	(735,157)
Allowance written back and charged to deferred assets	381	258
Unwinding income	(33,195)	(31,518)
Exchange fluctuation	43,741	(126,075)
At 31 December	<b>3,174,060</b>	<b>3,261,224</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	<b>1.49%</b>	<b>2.28%</b>

**A12. OTHER ASSETS**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
Due from brokers and clients net of allowance for doubtful debts	4,090,027	2,044,742
Other debtors, deposits and prepayments, net of allowance for doubtful debts	3,872,575	3,163,529
Due from joint ventures	1,189,074	1,059,473
Due from insurers, brokers and reinsurers	3,768	26,026
Option premium receivable	202,040	193,721
Deferred assets	-	83,018
Foreclosed properties net of allowance for impairment losses	356,826	187,787
Collateral pledged for derivative transactions	2,796,901	1,232,059
	<b>12,511,211</b>	<b>7,990,355</b>

**A13. DEPOSITS FROM CUSTOMERS**

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<u>By type of deposit</u>		
Demand deposits	64,732,253	60,469,052
Savings deposits	34,143,233	30,692,933
Fixed deposits	120,592,282	110,777,319
Negotiable instruments of deposit	3,486,878	6,419,989
Others	59,114,141	54,645,009
	<b>282,068,787</b>	<b>263,004,302</b>

<u>By type of customer</u>		
Government and statutory bodies	9,641,728	9,689,358
Business enterprises	109,294,880	109,298,049
Individuals	111,598,994	92,638,301
Others	51,533,185	51,378,594
	<b>282,068,787</b>	<b>263,004,302</b>

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

Due within six months	100,246,378	97,933,973
Six months to less than one year	18,498,227	15,849,808
One year to less than three years	3,107,205	1,850,649
Three years to less than five years	1,580,796	1,234,394
Five years and more	646,554	328,484
	<b>124,079,160</b>	<b>117,197,308</b>

**A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	28,034,956	16,745,660
Licensed finance companies	796,797	223,121
Licensed investment banks	469,185	755,900
Bank Negara Malaysia	491,349	795,996
Other financial institutions	2,357,511	2,207,168
	<b>32,149,798</b>	<b>20,727,845</b>

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

Due within six months	29,249,136	9,099,477
Six months to less than one year	1,979,195	6,788,703
One year to less than three years	392,932	2,404,567
Three years to less than five years	306,247	1,414,464
Five years and more	222,288	1,020,634
	<b>32,149,798</b>	<b>20,727,845</b>

**A15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	2,876,227	2,132,170
Bills payables	402,839	-
Debentures	411,635	-
	<b>3,690,701</b>	<b>2,132,170</b>

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

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

**A16. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	3,864,299	1,904,117
Expenditure payable	1,974,624	2,000,789
Provision for legal claims	90,974	82,783
Sundry creditors	1,349,922	1,367,197
Insurance fund - life and takaful insurance business	68,069	54,894
Allowance for commitments and contingencies	9,182	16,823
Post employment benefit obligations	352,216	279,160
Credit card expenditure payable	180,824	162,088
Call deposit borrowing	1,042,645	926,272
Unit link contract liabilities	547,669	492,485
Others	1,336,374	1,275,431
	<b>10,816,798</b>	<b>8,562,039</b>

**A17. INTEREST INCOME**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income	<b>3,455,646</b>	3,038,163	<b>12,959,181</b>	11,614,486
- Unwinding income <sup>^</sup>	<b>16,320</b>	15,703	<b>88,250</b>	97,301
Money at call and deposit placements with financial institutions	<b>106,322</b>	113,274	<b>455,385</b>	619,485
Reverse repurchase agreements	<b>33,218</b>	80,715	<b>149,032</b>	323,632
Financial assets held for trading	<b>92,618</b>	139,264	<b>519,141</b>	485,227
Financial investments available-for-sale	<b>317,443</b>	301,215	<b>1,193,931</b>	1,142,158
Financial investments held-to-maturity	<b>176,590</b>	100,716	<b>645,622</b>	350,604
Others	<b>13,974</b>	3,748	<b>37,366</b>	13,199
	<b>4,212,131</b>	3,792,798	<b>16,047,908</b>	14,646,092
Accretion of discounts, net of amortisation of premiums	<b>10,114</b>	(6,064)	<b>11,095</b>	31,208
	<b>4,222,245</b>	3,786,734	<b>16,059,003</b>	14,677,300

<sup>^</sup> Unwinding income is interest income earned on impaired financial assets

**A18. INTEREST EXPENSE**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>100,730</b>	36,940	<b>280,481</b>	160,130
Deposits from other customers	<b>1,469,228</b>	1,322,276	<b>5,574,600</b>	5,040,837
Repurchase agreements	<b>13,100</b>	40,676	<b>64,104</b>	189,930
Bonds and debentures	<b>55,772</b>	54,902	<b>246,483</b>	200,468
Subordinated obligations	<b>159,358</b>	132,961	<b>611,389</b>	582,840
Financial liabilities designated at fair value	<b>43,517</b>	15,167	<b>106,235</b>	40,368
Negotiable certificates of deposits	<b>35,994</b>	38,930	<b>118,187</b>	127,430
Other borrowings	<b>80,033</b>	80,162	<b>322,706</b>	304,877
Others	<b>22,244</b>	16,392	<b>79,270</b>	76,274
	<b>1,979,976</b>	1,738,406	<b>7,403,455</b>	6,723,154

**A19. NET NON-INTEREST INCOME**
**The Group**

	4th quarter ended		Twelve months ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
(a) Net fee income and commission income:				
Commissions	188,856	142,284	689,754	591,745
Fee on loans, advances and financing	126,472	127,021	523,127	463,767
Portfolio management fees	6,164	8,679	22,401	31,688
Service charges and fees	171,439	156,986	633,820	588,611
Corporate advisory fees	17,078	39,179	56,844	118,135
Guarantee fees	15,688	21,740	75,394	67,043
Other fee income	86,668	60,427	337,962	287,478
Placement fees	3,841	21,083	33,794	68,924
Underwriting commission	15,590	34,388	57,645	82,775
Fee and commission income	631,796	611,787	2,430,741	2,300,166
Fee and commission expense	(140,534)	(123,559)	(527,774)	(448,509)
Net fee and commission income	491,262	488,228	1,902,967	1,851,657
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	16,275	10,092	58,139	30,422
- Financial investments available-for-sale	188	1,803	16,565	12,834
<i>Outside Malaysia</i>				
- Financial assets held for trading	800	677	2,630	2,080
- Financial investments available-for-sale	3,360	1,509	7,100	17,072
	20,623	14,081	84,434	62,408
(c) Net loss arising from financial assets held for trading	(235,366)	(176,381)	(202,263)	(320,001)
- realised	(87,893)	(57,764)	(77,858)	(114,909)
- unrealised	(147,473)	(118,617)	(124,405)	(205,092)
(d) Net gain/(loss) arising from derivative financial instruments	536,682	121,697	1,003,765	544,755
- realised	563,194	301,089	772,391	807,702
- unrealised	(26,512)	(179,392)	231,374	(262,947)
(e) Net (loss)/gain arising from financial liability designated at fair value	(80,022)	51,810	(94,965)	220,810
- realised	(20,977)	(10,917)	(60,487)	(36,089)
- unrealised	(59,045)	62,727	(34,478)	256,899
(f) Net gain/(loss) arising from hedging activities	2,477	(15,498)	16,344	(36,839)
(g) Net gain from sale of financial investments available-for-sale	34,333	74,952	119,822	280,508
(h) Net gain from maturity of financial investment held-to-maturity	11	82,251	2,640	126,917
(i) Income from assets management and securities services	75,213	57,691	263,081	219,998
(j) Brokerage income	132,818	123,031	511,572	534,010
(k) Other non-interest income:				
Foreign exchange (loss)/gain	(140,085)	217,001	(14,910)	494,105
Rental income	4,559	3,836	16,882	14,951
Gain on disposal of property, plant and equipment/assets held for sale	66,357	24,982	68,875	38,300
Gain on disposal of leased assets	42	38	42	38
Gain on revaluation of investment properties	-	1,021	-	1,021
Underwriting surplus before management expenses	5,688	9,788	18,807	22,558
Share of gain from recovery of impaired loans	-	113,190	-	113,190
Loss on disposal of foreclosed properties	(12,997)	(16,759)	(61,557)	(40,827)
Other non-operating income	73,931	123,694	295,592	472,065
	(2,505)	476,791	323,731	1,115,401
Total other operating income	975,526	1,298,653	3,931,128	4,599,624

## A20. OVERHEADS

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	1,018,785	879,871	3,674,600	3,674,963
- Pension cost	84,415	71,771	334,998	324,685
- Mutual separation scheme	-	217,164	-	217,164
- Overtime	8,284	7,748	34,133	31,812
- Staff incentives and other staff payments	48,812	46,460	253,013	234,232
- Medical expenses	28,757	25,468	107,358	95,878
- Others	58,699	53,108	205,469	296,830
	<b>1,247,752</b>	<b>1,301,590</b>	<b>4,609,571</b>	<b>4,875,564</b>
Establishment costs				
- Depreciation of property, plant and equipment	70,491	74,462	322,108	343,360
- Amortisation of prepaid lease payments	2,359	2,849	11,364	11,802
- Rental	122,220	125,765	472,263	467,167
- Repair and maintenance	111,411	124,648	450,730	423,296
- Outsourced services	74,720	68,268	284,662	269,510
- Security expenses	29,843	27,090	129,305	103,929
- Others	77,014	46,822	250,239	209,950
	<b>488,058</b>	<b>469,904</b>	<b>1,920,671</b>	<b>1,829,014</b>
Marketing expenses				
- Sales commission	2,122	2,009	8,483	9,718
- Advertisement	71,136	64,194	260,151	282,607
- Others	34,046	33,774	102,928	100,688
	<b>107,304</b>	<b>99,977</b>	<b>371,562</b>	<b>393,013</b>
Administration and general expenses				
- Amortisation of intangible assets	85,259	(10,813)	323,477	277,305
- Legal and professional fees	53,627	39,845	172,114	161,809
- Stationery	15,412	19,167	63,519	68,155
- Communication	37,286	36,781	145,165	150,038
- Incidental expenses on banking operations	11,617	11,880	41,087	36,206
- Insurance	58,592	51,153	223,032	208,494
- Others	134,335	117,076	421,765	458,272
	<b>396,128</b>	<b>265,089</b>	<b>1,390,159</b>	<b>1,360,279</b>
	<b>2,239,242</b>	<b>2,136,560</b>	<b>8,291,963</b>	<b>8,457,870</b>

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

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	719,230	146,940	952,176	179,523
- Portfolio impairment allowance	286,315	245,393	887,551	858,902
Impaired loans, advances and financing:				
- recovered	(92,739)	(89,040)	(342,424)	(403,839)
- written off	6,409	5,198	24,765	26,021
	<b>919,215</b>	<b>308,491</b>	<b>1,522,068</b>	<b>660,607</b>

## A22. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
<b>At 31 December 2014</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>20,681,855</b>	<b>356,939</b>	<b>(357,014)</b>
- Up to 1 year	17,560,152	306,288	(153,902)
- More than 1 year to 3 years	1,916,948	49,694	(71,808)
- More than 3 years	1,204,755	957	(131,304)
Currency swaps	<b>142,878,690</b>	<b>1,304,368</b>	<b>(1,301,463)</b>
- Up to 1 year	141,722,647	1,229,142	(1,292,228)
- More than 1 year to 3 years	846,165	46,244	(6,942)
- More than 3 years	309,878	28,982	(2,293)
Currency spot	<b>6,177,249</b>	<b>2,995</b>	<b>(9,857)</b>
- Up to 1 year	6,177,249	2,995	(9,857)
Currency options	<b>5,317,174</b>	<b>47,724</b>	<b>(42,272)</b>
- Up to 1 year	4,645,415	34,516	(29,679)
- More than 1 year to 3 years	488,553	8,075	(8,073)
- More than 3 years	183,206	5,133	(4,520)
Cross currency interest rate swaps	<b>46,562,720</b>	<b>1,649,042</b>	<b>(1,663,874)</b>
- Up to 1 year	10,055,874	151,249	(347,397)
- More than 1 year to 3 years	16,542,367	640,308	(632,659)
- More than 3 years	19,964,479	857,485	(683,818)
	<b>221,617,688</b>	<b>3,361,068</b>	<b>(3,374,480)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>336,177,615</b>	<b>2,134,460</b>	<b>(1,734,357)</b>
- Up to 1 year	119,108,017	108,215	(123,630)
- More than 1 year to 3 years	108,492,608	510,567	(488,832)
- More than 3 years	108,576,990	1,515,678	(1,121,895)
Interest rate futures	<b>1,640,898</b>	<b>2,096</b>	<b>(180)</b>
- Up to 1 year	1,450,968	1,885	(180)
- More than 1 year to 3 years	189,930	211	-
Interest rate options	<b>456,065</b>	<b>1,222</b>	<b>(7,665)</b>
- Up to 1 year	351,298	964	(6,396)
- More than 1 year to 3 years	104,767	258	(1,269)
	<b>338,274,578</b>	<b>2,137,778</b>	<b>(1,742,202)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>1,367,538</b>	<b>8,795</b>	<b>(14,647)</b>
- Up to 1 year	1,367,538	8,795	(14,647)
Equity options	<b>7,114,019</b>	<b>233,718</b>	<b>(955,892)</b>
- Up to 1 year	4,234,877	55,788	(395,595)
- More than 1 year to 3 years	1,854,926	13,736	(529,323)
- More than 3 years	1,024,216	164,194	(30,974)
Equity swaps	<b>1,070,726</b>	<b>105,169</b>	<b>(28,543)</b>
- Up to 1 year	64,466	12,631	-
- More than 1 year to 3 years	416,592	65,317	(19,428)
- More than 3 years	589,668	27,221	(9,115)
	<b>9,552,283</b>	<b>347,682</b>	<b>(999,082)</b>
<u>Commodity related derivatives</u>			
Commodity swaps	<b>2,557,153</b>	<b>1,020,245</b>	<b>(1,014,696)</b>
- Up to 1 year	2,198,926	569,074	(567,433)
- More than 1 year to 3 years	358,227	451,171	(447,263)
Commodity futures	<b>10,656</b>	<b>34</b>	<b>(219)</b>
- Less than 1 year	10,656	34	(219)
Commodity options	<b>491,457</b>	<b>111,059</b>	<b>(22,839)</b>
- Up to 1 year	315,601	9,499	(9,499)
- More than 1 year to 3 years	175,856	101,560	(13,340)
	<b>3,059,266</b>	<b>1,131,338</b>	<b>(1,037,754)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>5,336,170</b>	<b>58,510</b>	<b>(76,765)</b>
- Up to 1 year	1,164,049	2,658	(3,431)
- More than 1 year to 3 years	2,926,168	48,011	(59,893)
- More than 3 years	1,245,953	7,841	(13,441)
<u>Hedging derivatives</u>			
Interest rate swaps	<b>21,394,899</b>	<b>90,151</b>	<b>(261,556)</b>
- Up to 1 year	1,459,768	33,704	(9,288)
- More than 1 year to 3 years	6,835,197	8,854	(27,804)
- More than 3 years	13,099,934	47,593	(224,464)
Currency forward	<b>18,055</b>	<b>-</b>	<b>(53)</b>
- Up to 1 year	18,055	-	(53)
Currency swaps	<b>5,054,260</b>	<b>36,426</b>	<b>(141,369)</b>
- Up to 1 year	5,054,260	36,426	(141,369)
Cross currency interest rate swaps	<b>3,483,815</b>	<b>19,806</b>	<b>(79,533)</b>
- Up to 1 year	162,380	1,436	(4,403)
- More than 1 year to 3 years	2,103,854	15,861	(39,871)
- More than 3 years	1,217,581	2,509	(35,259)
	<b>29,951,029</b>	<b>146,383</b>	<b>(482,511)</b>
Total derivative assets/(liabilities)	<b>607,791,014</b>	<b>7,182,759</b>	<b>(7,712,794)</b>

A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2013	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	15,577,551	238,332	(245,114)
- Up to 1 year	12,363,170	200,649	(132,059)
- More than 1 year to 3 years	1,127,084	19,349	(30,782)
- More than 3 years	2,087,297	18,334	(82,273)
Currency swaps	71,742,204	877,249	(942,586)
- Up to 1 year	70,957,502	834,915	(936,132)
- More than 1 year to 3 years	511,442	21,811	(3,928)
- More than 3 years	273,260	20,523	(2,526)
Currency spot	7,288,436	6,317	(12,801)
- Up to 1 year	7,288,436	6,317	(12,801)
Currency options	4,339,443	97,774	(88,128)
- Up to 1 year	3,363,279	31,849	(24,965)
- 1 year to 3 years	520,621	12,429	(12,424)
- More than 3 years	455,543	53,496	(50,739)
Cross currency interest rate swaps	33,750,246	1,098,021	(1,043,097)
- Up to 1 year	3,956,556	100,069	(144,281)
- More than 1 year to 3 years	11,377,099	200,737	(380,088)
- More than 3 years	18,416,591	797,215	(518,728)
	132,697,880	2,317,693	(2,331,726)
<u>Interest rate derivative</u>			
Interest rate swaps	266,135,599	2,062,009	(1,541,162)
- Up to 1 year	71,340,826	96,482	(109,312)
- More than 1 year to 3 years	86,434,963	411,848	(364,595)
- More than 3 years	108,359,810	1,553,679	(1,067,255)
Interest rate futures	4,652,882	12,418	(199)
- Up to 1 year	3,734,506	10,901	(162)
- More than 1 year to 3 years	918,376	1,517	(37)
Interest rate options	751,272	1,701	(7,776)
- Up to 1 year	510,866	108	(6,565)
- More than 1 year to 3 years	240,406	1,593	(1,211)
	271,539,753	2,076,128	(1,549,137)
<u>Equity related derivatives</u>			
Equity futures	43,473	-	(755)
- Up to 1 year	43,473	-	(755)
Equity options	7,293,279	103,031	(1,401,945)
- Up to 1 year	2,647,550	59,227	(823,089)
- More than 1 year to 3 years	1,983,267	15,312	(541,463)
- More than 3 years	2,662,462	28,492	(37,393)
Equity swaps	811,641	17,152	(172,288)
- Up to 1 year	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)
- More than 3 years	633,835	3,626	(3,636)
	8,148,393	120,183	(1,574,988)
<u>Commodity related derivatives</u>			
Commodity swaps	1,961,518	106,882	(105,681)
- Up to 1 year	1,850,789	79,803	(79,308)
- More than 1 year to 3 years	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)
Commodity options	238,781	158,512	(48,376)
- Up to 1 year	73,965	1,086	(944)
- More than 1 year to 3 years	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)
	2,200,299	265,394	(154,057)
<u>Credit related contract</u>			
Credit default swaps	7,705,463	38,265	(89,176)
- Up to 1 year	3,144,871	1,493	(63,846)
- More than 1 year to 3 years	2,179,290	15,731	(10,541)
- More than 3 years	2,381,302	21,041	(14,789)
<u>Hedging derivatives</u>			
Interest rate swaps	19,358,750	183,197	(219,736)
- Up to 1 year	21,358	41	(55)
- More than 1 year to 3 years	3,942,730	77,097	(25,010)
- More than 3 years	15,394,662	106,059	(194,671)
Currency forward	190,863	-	(4,646)
- Up to 1 year	190,863	-	(4,646)
Currency swaps	3,404,360	14,589	(42,302)
- Up to 1 year	3,404,360	14,589	(42,302)
Cross currency interest rate swaps	2,224,201	5,004	(43,840)
- Up to 1 year	326,652	-	(19,187)
- More than 1 year to 3 years	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)
	25,178,174	202,790	(310,524)
Total derivative assets/(liabilities)	447,469,962	5,020,453	(6,009,608)



## A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

### **Market Risk**

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

### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 December 2014, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM7,183 million (2013: RM5,020 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

## A23. COMMITMENTS AND CONTINGENCIES

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

<u>The Group</u>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>Principal</b>	<b>Principal</b>
	<b>Amount</b>	<b>Amount</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related</u>		
Direct credit substitutes	5,952,788	5,558,842
Certain transaction-related contingent items	5,746,700	5,673,446
Short-term self-liquidating trade-related contingencies	6,013,684	3,399,036
Obligations under underwriting agreement	140,000	163,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	49,895,290	53,478,618
- maturity exceeding one year	23,764,999	8,415,509
Miscellaneous commitments and contingencies	3,436,324	2,413,685
Total credit-related commitments and contingencies	<b>94,949,785</b>	<b>79,102,636</b>
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- up to one year	185,396,032	101,850,818
- more than one year to five years	36,662,043	29,489,087
- more than five years	8,115,743	7,177,397
	<b>230,173,818</b>	<b>138,517,302</b>
<u>Interest rate related contracts</u>		
- up to one year	122,370,051	74,862,031
- more than one year to five years	195,116,637	187,810,429
- more than five years	42,182,789	27,901,641
	<b>359,669,477</b>	<b>290,574,101</b>
<u>Equity related contracts</u>		
- up to one year	5,666,881	2,806,968
- more than one year to five years	3,241,558	3,732,191
- more than five years	643,844	1,609,237
	<b>9,552,283</b>	<b>8,148,396</b>
<u>Credit related contracts</u>		
- up to one year	1,164,049	3,144,871
- more than one year to five years	3,683,152	3,763,905
- more than five years	488,969	1,121,088
	<b>5,336,170</b>	<b>8,029,864</b>
<u>Commodity related contracts</u>		
- up to one year	2,525,183	1,924,754
- more than one year to five years	534,083	275,545
	<b>3,059,266</b>	<b>2,200,299</b>
Total treasury-related commitments and contingencies	<b>607,791,014</b>	<b>447,469,962</b>
	<b>702,740,799</b>	<b>526,572,598</b>

## A24. CAPITAL ADEQUACY

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

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

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

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

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

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

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

**A24. CAPITAL ADEQUACY (Continued)**

**31 December 2014**

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

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
<b>Before deducting proposed dividend</b>							
Common equity tier 1 ratio	11.688% # ^	11.448%	9.913%	10.493% # ^	28.765%	N/A	N/A
Tier 1 ratio	13.137% # ^	12.345%	9.913%	11.651% # ^	28.765%	13.395%	N/A
Total capital ratio	15.158% # ^	15.493%	14.977%	14.888% # ^	28.765%	15.390%	15.377%
<b>After deducting proposed dividend</b>							
Common equity tier 1 ratio	11.193% # ^	11.448%	9.913%	10.114% # ^	28.765%	N/A	N/A
Tier 1 ratio	12.642% # ^	12.345%	9.913%	11.272% # ^	28.765%	13.395%	N/A
Total capital ratio	14.663% # ^	15.493%	14.977%	14.509% # ^	28.765%	15.390%	15.377%

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	125,820,234	20,439,165	18,773,991	166,270,354	1,164,171	47,897,974	889,948
Market risk	13,831,101	498,080	2,349,855	16,080,788	52,221	359,844	-
Operational risk	11,971,135	2,011,728	1,354,827	15,851,297	697,657	5,996,868	-
Large exposure risk	502,139	-	-	502,139	-	-	-
	152,124,609	22,948,973	22,478,673	198,704,578	1,914,049	54,254,686	889,948

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
<b>Common Equity Tier I capital</b>							
Ordinary shares	4,787,023	1,000,000	1,120,508	4,787,023	100,000	454,434	157,343
Other reserves	19,193,658	1,991,444	1,192,964	23,197,846	507,156	6,924,126	(22,824)
Qualifying non-controlling interests	-	-	-	257,010	-	-	-
Common Equity Tier I capital before regulatory adjustments	23,980,681	2,991,444	2,313,472	28,241,879	607,156	7,378,560	134,519
<b>Less: Regulatory adjustments</b>							
Goodwill	(3,555,075)	(136,000)	-	(4,965,323)	(964)	-	-
Intangible assets	(844,072)	(89,744)	(7,567)	(949,186)	-	-	(889)
Deferred tax assets	(182,140)	(22,855)	(77,684)	(314,145)	(46,428)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(765,837)	-	-	(144,137)	(1,460)	(111,095)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(7,603)	-	-
Shortfall of eligible provisions to expected losses	(125,800)	(115,689)	-	(280,596)	-	-	-
Others	(728,079)	-	-	(738,239)	(118)	-	(4,075)
Common Equity Tier I capital after regulatory adjustments	17,779,678	2,627,156	2,228,221	20,850,253	550,583	7,267,465	129,555
<b>Additional Tier I capital</b>							
Perpetual preference shares	160,000	206,000	-	160,000	-	-	-
Non-innovative Tier I Capital	800,000	-	-	800,000	-	-	-
Innovative Tier I Capital	1,289,440	-	-	1,289,440	-	-	-
Qualifying capital instruments held by third parties	-	-	-	51,075	-	-	-
Additional Tier I capital before regulatory adjustments	2,249,440	206,000	-	2,300,515	-	-	-
<b>Less: Regulatory adjustments</b>							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(44,349)	-	-	(349)	-	-	-
Additional Tier I capital after regulatory adjustments	2,205,091	206,000	-	2,300,166	-	-	-
<b>Total Tier I Capital</b>	19,984,769	2,833,156	2,228,221	23,150,419	550,583	7,267,465	129,555
<b>Tier II capital</b>							
Subordinated notes	6,050,000	680,000	1,070,316	6,050,000	-	649,229	-
Redeemable preference shares	29,740	-	-	29,740	8	-	-
Qualifying capital instruments held by third parties	-	-	-	378,488	-	-	-
Portfolio impairment allowance & Regulatory reserve √	240,204	42,233	68,061	552,993	2,729	511,618	7,290
Others	-	-	-	-	-	32,358	-
Tier II capital before regulatory adjustments	6,319,944	722,233	1,138,377	7,011,221	2,737	1,193,205	7,290
<b>Less: Regulatory adjustments</b>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,245,289)	-	-	(577,946)	(10,340)	(111,095)	-
<b>Total Tier II capital</b>	3,074,655	722,233	1,138,377	6,433,275	-	1,082,110	7,290
<b>Total capital base</b>	23,059,424	3,555,389	3,366,598	29,583,694	550,583	8,349,575	136,845
<b>Less :</b>							
Proposed dividends	(753,000)	-	-	(753,000)	-	-	-
<b>Total capital base (net of proposed dividend)</b>	22,306,424	3,555,389	3,366,598	28,830,694	550,583	8,349,575	136,845

# The first interim dividend on Redeemable Preference Shares was paid on 2 September 2014.

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2014 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM223 million, RM198 million and RM25 million respectively.

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

^ On 30 October 2014, CIMBGH completed its fourth Dividend Reinvestment Scheme ("DRS") of which RM591 million was reinvested in to new CIMBGH shares. Pursuant to the completion of the DRS, CIMBGH reinvested cash dividend surplus of RM515 million into CIMB Bank via rights issue which was completed on 18 December 2014.

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 2014. Pursuant to the completion of DRS, CIMBGH intend to reinvest the excess cash dividend surplus into CIMB Bank which would increase the capital adequacy ratios of the Group and Bank above those stated ratios. The second interim dividend was approved by the Board and Bank Negara Malaysia on 30 January 2015 and 18 February 2015 respectively.

**A24. CAPITAL ADEQUACY (Continued)**

**31 December 2013**

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

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

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

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

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
<b>Common Equity Tier I capital</b>							
Ordinary shares	4,131,410	1,000,000	1,053,119	4,131,410	100,000	433,774	147,465
Other reserves	15,810,362	1,600,902	998,423	18,954,705	469,418	5,723,758	(21,440)
Qualifying non-controlling interests	-	-	-	243,991	-	-	-
Common Equity Tier I capital before regulatory adjustments	19,941,772	2,600,902	2,051,542	23,330,106	569,418	6,157,532	126,025
<b>Less: Regulatory adjustments</b>							
Goodwill	(3,555,075)	(136,000)	-	(4,890,179)	(964)	-	-
Intangible assets	(852,787)	(11,080)	-	(874,518)	-	-	(1,613)
Deferred tax assets	(212,431)	(25,566)	(91,698)	(263,926)	(48,914)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	-	-	-	(47,931)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(6,921)	-	-
Shortfall of eligible provisions to expected losses	(151,434)	(92,725)	-	(282,726)	-	-	-
Others	(1,584,536)	(230,089)	-	(1,811,720)	(271)	-	(710)
Common Equity Tier I capital after regulatory adjustments	13,585,509	2,105,442	1,959,844	15,207,037	512,348	6,109,601	123,702
<b>Additional Tier I capital</b>							
Perpetual preference shares	180,000	63,000	-	180,000	-	-	-
Non-innovative Tier I Capital	900,000	-	-	900,000	-	-	-
Innovative Tier I Capital	1,450,620	-	-	1,450,620	-	-	-
Qualifying capital instruments held by third parties	-	-	-	48,180	-	-	-
Additional Tier I capital before regulatory adjustments	2,530,620	63,000	-	2,578,800	-	-	-
Additional Tier I capital before and after regulatory adjustments	2,530,620	63,000	-	2,578,800	-	-	-
<b>Total Tier I Capital</b>	<b>16,116,129</b>	<b>2,168,442</b>	<b>1,959,844</b>	<b>17,785,837</b>	<b>512,348</b>	<b>6,109,601</b>	<b>123,702</b>
<b>Tier II capital</b>							
Subordinated notes	6,050,000	765,000	539,424	6,050,000	-	691,874	-
Redeemable preference shares	29,740	-	-	29,740	9	-	-
Qualifying capital instruments held by third parties	-	-	-	30,471	-	-	-
Portfolio impairment allowance & Regulatory reserve	207,315	46,857	61,837	486,766	1,996	446,988	4,380
Others	-	-	224,760	-	-	30,887	-
Tier II capital before regulatory adjustments	6,287,055	811,857	826,021	6,596,977	2,005	1,169,749	4,380
<b>Less: Regulatory adjustments</b>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,480,601)	-	-	(800,439)	(8,926)	(47,931)	-
<b>Total Tier II capital</b>	<b>1,806,454</b>	<b>811,857</b>	<b>826,021</b>	<b>5,796,538</b>	<b>-</b>	<b>1,121,818</b>	<b>4,380</b>
<b>Total capital base</b>	<b>17,922,583</b>	<b>2,980,299</b>	<b>2,785,865</b>	<b>23,582,375</b>	<b>512,348</b>	<b>7,231,419</b>	<b>128,082</b>
<b>Less :</b>							
Proposed dividends	(752,000)	-	-	(752,000)	-	-	-
<b>Total capital base (net of proposed dividend)</b>	<b>17,170,583</b>	<b>2,980,299</b>	<b>2,785,865</b>	<b>22,830,375</b>	<b>512,348</b>	<b>7,231,419</b>	<b>128,082</b>

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

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

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

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

CIMBGH proposed to continue with DRS implementation for the second interim dividend in respect of the financial year ended 20 13. Pursuant to the completion of DRS, CIMBGH intend to reinvest the excess cash dividend into the Bank which would increase the capital adequacy ratio of the Group and the Bank above those stated above. The second interim dividend was approved by the Board and Bank Negara Malaysia on 11 February 2014 and 21 February 2014 respectively.

## A25. SEGMENTAL REPORT

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

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

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

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

### Business segment reporting

#### Definition of segments:

#### ***Consumer Banking***

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

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

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

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

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

#### ***Wholesale Banking***

Wholesale Banking comprises Corporate Banking, Treasury & Markets, and Investment Banking

Corporate Banking, Treasury and Markets (CBTM) is responsible for corporate lending and deposit taking, transaction banking, treasury and markets activities. Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

Investment Banking includes client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and institutional clients.

Advisory offers financial advisory services to corporations, advising issuance of equity and equity-linked products, debts restructuring, initial public offerings, secondary offerings and general corporate advisory. Equities provide services including acting as underwriter, global co-ordinator, book runner or lead manager for equity and equity-linked transactions, originating, structuring, pricing and executing equity and equity-linked issues and executing programme trades, block trades and market making, as well as provides nominee services and stock broking services to retail and corporate clients.

## A25. SEGMENTAL REPORT (Continued)

### *Investment*

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

### *Support and others*

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

**A25. SEGMENTAL REPORT (Continued)**

	<b>Wholesale Banking</b>					<b>Total RM'000</b>
	<b>Consumer Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Corporate Banking, Treasury and Markets RM'000</b>	<b>Investment RM'000</b>	<b>Support and others RM'000</b>	
<b>31 December 2014</b>						
Net interest income						
- external income/(expense)	6,144,259	105,074	2,065,521	353,000	(12,306)	8,655,548
- inter-segment (expense)/income	(623,399)	(18,914)	378,738	287,469	(23,894)	-
	5,520,860	86,160	2,444,259	640,469	(36,200)	8,655,548
Income from Islamic Banking operations	895,814	12,646	449,533	94,127	9,158	1,461,278
Net non-interest income	1,777,696	1,001,800	867,808	220,478	63,346	3,931,128
Gain on disposal of subsidiaries and associates	-	-	-	97,970	-	97,970
Net income	8,194,370	1,100,606	3,761,600	1,053,044	36,304	14,145,924
Overheads	(5,164,256)	(1,108,327)	(1,383,271)	(599,803)	(36,306)	(8,291,963)
of which:						
- Depreciation of property, plant and equipment	(209,375)	(57,281)	(47,496)	(7,118)	(838)	(322,108)
- Amortisation of prepaid lease payments	(325)	(136)	-	(10,902)	(1)	(11,364)
- Amortisation and impairment of intangible assets	(152,957)	(11,799)	(22,904)	(114,472)	(21,345)	(323,477)
Profit/(loss) before allowances	3,030,114	(7,721)	2,378,329	453,241	(2)	5,853,961
Allowance (made)/written back for impairment losses on loans, advances and financing	(774,974)	97	(746,464)	(1,160)	433	(1,522,068)
Allowance (made)/written back for losses on other receivables	(10,791)	(13,197)	(2,388)	3,728	(3,424)	(26,072)
Allowance written back for commitments and contingencies	10,983	-	(2,041)	-	-	8,942
Recoveries written back from investment management and securities services	-	-	-	804	-	804
Allowance written back/(made) for other impairment losses	-	(127,881)	233	(34,809)	(40)	(162,497)
Segment results	2,255,332	(148,702)	1,627,669	421,804	(3,033)	4,153,070
Share of results of joint ventures	2,881	(174)	-	(4,649)	-	(1,942)
Share of results of associates	-	(288)	-	125,583	-	125,295
Profit before taxation	2,258,213	(149,164)	1,627,669	542,738	(3,033)	4,276,423
% of profit before taxation	52.8	(3.5)	38.1	12.7	(0.1)	100.0
Taxation						(1,101,866)
<b>Profit for the period</b>						<b>3,174,557</b>



**A25. SEGMENTAL REPORT (Continued)**

	<b>Wholesale Banking</b>					<b>Total RM'000</b>
	<b>Consumer Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Corporate Banking, Treasury and Markets RM'000</b>	<b>Investment RM'000</b>	<b>Support and others RM'000</b>	
<b>31 December 2013</b>						
Net interest income						
- external income/(expense)	5,298,996	86,781	2,209,494	362,455	(3,580)	7,954,146
- inter-segment (expense)/income	(182,480)	(15,099)	56,431	155,391	(14,243)	-
	5,116,516	71,682	2,265,925	517,846	(17,823)	7,954,146
Income from Islamic Banking operations	888,090	36,964	576,722	83,816	7,271	1,592,863
Net non-interest income	1,863,792	925,871	1,164,078	628,894	16,989	4,599,624
Gain on disposal of subsidiaries and associates	-	-	-	525,202	-	525,202
Net income	7,868,398	1,034,517	4,006,725	1,755,758	6,437	14,671,835
Overheads	(5,025,270)	(823,326)	(1,392,414)	(1,145,763)	(71,097)	(8,457,870)
of which:						
- Depreciation of property, plant and equipment	(248,725)	(42,762)	(39,823)	(9,747)	(2,303)	(343,360)
- Amortisation of prepaid lease payments	(318)	(147)	(19)	(11,315)	(3)	(11,802)
- Amortisation and impairment of intangible assets	(111,218)	(10,555)	(17,678)	(136,494)	(1,360)	(277,305)
Profit/(loss) before allowances	2,843,128	211,191	2,614,311	609,995	(64,660)	6,213,965
Allowance (made)/written back for impairment losses on loans, advances and financing	(557,748)	(77)	(105,096)	4,013	(1,699)	(660,607)
Allowance (made)/written back for losses on other receivables	(20,612)	(7,448)	(1,114)	(7,295)	(2,449)	(38,918)
Allowance written back for commitments and contingencies	-	-	1,334	-	-	1,334
Recoveries written back from investment management and securities services	-	-	-	11,932	-	11,932
Allowance written back/(made) for other impairment losses	-	22	4,328	(44,572)	307	(39,915)
Segment results	2,264,768	203,688	2,513,763	574,073	(68,501)	5,487,791
Share of results of joint ventures	4,750	504	-	49,916	-	55,170
Share of results of associates	-	649	-	305,619	-	306,268
Profit/(loss) before taxation	2,269,518	204,841	2,513,763	929,608	(68,501)	5,849,229
% of profit before taxation	38.8	3.5	43.0	15.9	(1.2)	100.0
Taxation						(1,240,407)
<b>Profit for the period</b>						<b>4,608,822</b>



## A26. FAIR VALUE ESTIMATION

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

### Determination of fair value and fair value hierarchy

#### Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

Quoted prices for similar assets and liabilities in active markets; or

Quoted prices for identical or similar assets and liabilities in non-active markets; or

Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

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

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

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

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

**A26. FAIR VALUE ESTIMATION (Continued)**

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

	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2014</b>					
<i>Recurring fair value measurements</i>					
<b><u>Financial assets</u></b>					
Financial assets held for trading					
- Money market instruments	12,738,671	-	12,738,671	-	12,738,671
- Quoted securities	4,934,701	3,727,154	1,207,547	-	4,934,701
- Unquoted securities	6,130,399	-	5,997,718	132,681	6,130,399
Financial investments available-for-sale					
- Money market instruments	4,176,787	-	4,176,787	-	4,176,787
- Quoted securities	7,176,748	272,102	6,904,646	-	7,176,748
- Unquoted securities	20,932,987	-	19,400,519	1,532,468	20,932,987
Derivative financial instruments					
- Trading derivatives	7,036,376	11,023	6,958,680	66,673	7,036,376
- Hedging derivatives	146,383	-	146,383	-	146,383
<b>Total</b>	<b>63,273,052</b>	<b>4,010,279</b>	<b>57,530,951</b>	<b>1,731,822</b>	<b>63,273,052</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	7,230,283	73,002	7,100,419	56,862	7,230,283
- Hedging derivatives	482,511	-	482,511	-	482,511
Financial liabilities designated at fair value	3,690,701	-	3,329,965	360,736	3,690,701
<b>Total</b>	<b>11,403,495</b>	<b>73,002</b>	<b>10,912,895</b>	<b>417,598</b>	<b>11,403,495</b>

	Carrying amount RM'000	Fair Value			Total RM'000
		Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2013</b>					
<i>Recurring fair value measurements</i>					
<b><u>Financial assets</u></b>					
Financial assets held for trading					
- Money market instruments	11,086,647	-	11,086,647	-	11,086,647
- Quoted securities	4,118,179	2,155,444	1,962,735	-	4,118,179
- Unquoted securities	8,198,454	-	8,125,406	73,048	8,198,454
Financial investments available-for-sale					
- Money market instruments	4,018,822	-	4,018,822	-	4,018,822
- Quoted securities	6,648,417	456,056	6,192,361	-	6,648,417
- Unquoted securities	19,666,819	-	18,387,885	1,278,934	19,666,819
Derivative financial instruments					
- Trading derivatives	4,817,663	12,418	4,755,570	49,675	4,817,663
- Hedging derivatives	202,790	-	202,790	-	202,790
<b>Total</b>	<b>58,757,791</b>	<b>2,623,918</b>	<b>54,732,216</b>	<b>1,401,657</b>	<b>58,757,791</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	5,699,084	2,314	4,753,619	943,151	5,699,084
- Hedging derivatives	310,524	-	310,524	-	310,524
Financial liabilities designated at fair value	2,132,170	-	2,132,170	-	2,132,170
<b>Total</b>	<b>8,141,778</b>	<b>2,314</b>	<b>7,196,313</b>	<b>943,151</b>	<b>8,141,778</b>

**A26. FAIR VALUE ESTIMATION (Continued)**

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

	Financial Assets				Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments	Total	Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>							
At 1 January	73,048	1,278,934	49,675	1,401,657	-	(943,151)	(943,151)
Total gains/(losses) recognised in Statement of Income	2,567	(3,044)	13,149	12,672	60,733	280,894	341,627
Total gains recognised in Other Comprehensive Income	-	68,299	-	68,299	-	-	-
Purchases	49,083	235,190	17,314	301,587	-	(1,224)	(1,224)
New issuances	-	18	-	18	(435,872)	-	(435,872)
Settlements	-	(25,664)	(13,465)	(39,129)	14,403	606,619	621,022
Transfers out of Level 3 to Level 1	-	(856)	-	(856)	-	-	-
Redemption	-	(1,128)	-	(1,128)	-	-	-
Disposal of subsidiaries	-	(1,192)	-	(1,192)	-	-	-
Exchange fluctuation	7,983	3,466	-	11,449	-	-	-
At 31 December	<b>132,681</b>	<b>1,532,468</b>	<b>66,673</b>	<b>1,731,822</b>	<b>(360,736)</b>	<b>(56,862)</b>	<b>(417,598)</b>
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December 2014 under:							
- net non-interest income	2,567	(3,044)	13,149	12,672	73,274	280,894	354,168
- interest expense	-	-	-	-	(12,541)	-	(12,541)
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2014 under "revaluation reserves"	-	68,299	-	68,299	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2014 under "net non-interest income"	2,567	(3,082)	14,778	14,263	73,274	91,097	164,371

**A26. FAIR VALUE ESTIMATION (Continued)**

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 December 2014 and 31 December 2013 for the Group (Continued)

	Financial Assets				Financial Liabilities	
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2013</b>						
At 1 January	66,313	1,175,188	-	1,241,501	-	-
Total gains/(losses) recognised in Statement of Income	2,387	(41,647)	251	(39,009)	(195)	(195)
Total gains recognised in Other Comprehensive Income	-	74,075	-	74,075	-	-
Purchases	-	77,566	49,424	126,990	(943,051)	(943,051)
Sales	-	(19,966)	-	(19,966)	-	-
Settlements	-	(4,270)	-	(4,270)	95	95
Transfers out of Level 3 to Level 1	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,768	-	28,116	-	-
At 31 December	73,048	1,278,934	49,675	1,401,657	(943,151)	(943,151)
Total gains/(losses) recognised in Statement of Income for financial year ended on 31 December 2013 under "net non-interest income"	2,387	(41,647)	251	(39,010)	(195)	(195)
Total gains recognised in Other Comprehensive Income for financial year ended 31 December 2013 under "revaluation reserves"	-	74,075	-	74,075	-	-
Change in unrealised gains recognised in Statement of Income relating to assets held on 31 December 2013 under "net non-interest income"	2,387	-	251	2,637	(195)	(195)

During the financial year, the transfer out of Level 3 of RM856,000 (2013: RM5,780,000) to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

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

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

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

Investment properties (Recurring)

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

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

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 31 December 2014, the property plant and equipment and investment properties held for sales that were stated at fair value less cost to sell was RM9,858,000 (2013: RM21,598,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

**A27. OPERATIONS OF ISLAMIC BANKING****A27a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Note	The Group	
		31 December 2014 RM'000	31 December 2013 RM'000
<b>ASSETS</b>			
Cash and short-term funds		6,549,105	8,558,114
Reverse repurchase agreements		-	18,645
Deposits and placements with banks and other financial institutions		742,096	730,415
Financial assets held for trading		3,723,913	3,329,824
Islamic derivative financial instruments		286,468	271,201
Financial investments available-for-sale		2,398,454	1,783,107
Financial investments held-to-maturity		1,165,553	1,040,933
Financing, advances and other financing/loans	A27(d)	40,600,338	37,851,664
Deferred tax assets		21,518	25,241
Amount due from conventional operations		3,824,466	3,391,843
Statutory deposits with Bank Negara Malaysia		1,297,654	1,436,747
Property, plant and equipment		13,169	9,485
Other assets		454,723	588,654
Goodwill		136,000	136,000
Intangible assets		91,937	14,225
<b>TOTAL ASSETS</b>		<b>61,305,394</b>	<b>59,186,098</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>			
Deposits from customers	A27(e)	44,345,984	41,186,141
Deposits and placements of banks and other financial institutions		5,812,183	7,296,029
Islamic derivative financial instruments		340,823	294,760
Financial liabilities designated at fair value	A27(f)	149,835	146,216
Amount due to conventional operations		623,717	786,600
Provision for taxation and zakat		26,805	17,978
Other liabilities		3,977,161	4,181,097
Subordinated Sukuk		856,026	856,722
<b>TOTAL LIABILITIES</b>		<b>56,132,534</b>	<b>54,765,543</b>
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,250	55,250
Perpetual preference shares		220,000	70,000
Reserves		3,887,440	3,285,874
		5,162,690	4,411,124
Non-controlling interests		10,170	9,431
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>5,172,860</b>	<b>4,420,555</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>61,305,394</b>	<b>59,186,098</b>

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

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	680,219	739,062	2,336,341	2,424,949
Net income derived from investment of shareholders' funds	158,345	73,309	337,853	337,601
Allowance made for impairment losses on financing, advances and other financing/loans	(63,117)	(59,267)	(159,762)	(147,768)
Allowance written back/(made) for impairment losses on other receivables	32	(301)	280	(565)
<b>Total distributable income</b>	<b>775,479</b>	<b>752,803</b>	<b>2,514,712</b>	<b>2,614,217</b>
Income attributable to depositors	(461,198)	(362,223)	(1,212,916)	(1,169,687)
<b>Total net income</b>	<b>314,281</b>	<b>390,580</b>	<b>1,301,796</b>	<b>1,444,530</b>
Other operating expenses	(146,129)	(138,521)	(550,287)	(580,501)
<b>Profit before allowances</b>	<b>168,152</b>	<b>252,059</b>	<b>751,509</b>	<b>864,029</b>
Allowance written back/(made) for impairment losses	-	493	124	(3,024)
<b>Profit before taxation</b>	<b>168,152</b>	<b>252,552</b>	<b>751,633</b>	<b>861,005</b>
Taxation	(38,249)	(58,872)	(170,205)	(205,422)
<b>Profit for the period</b>	<b>129,903</b>	<b>193,680</b>	<b>581,428</b>	<b>655,583</b>
Profit for the period attributable to:				
Owners of the Parent	130,045	194,234	580,829	655,278
Non-controlling interests	(142)	(554)	599	305
	<b>129,903</b>	<b>193,680</b>	<b>581,428</b>	<b>655,583</b>

**A27c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	129,903	193,680	581,428	655,583
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(9,060)	(9,948)	16,078	(40,545)
- Net (loss)/gain from change in fair value	(9,214)	3,143	22,424	(35,825)
- Realised gain transferred to income statement on disposal and impairment	(1,611)	(16,410)	(6,637)	(20,303)
- Income tax effects	1,765	3,319	291	15,583
Exchange fluctuation reserve	(113)	(2,079)	4,729	(7,787)
Other comprehensive (expense)/income for the period, net of tax	(9,173)	(12,027)	20,807	(48,332)
<b>Total comprehensive income for the period</b>	<b>120,730</b>	<b>181,653</b>	<b>602,235</b>	<b>607,251</b>
Total comprehensive income for the period attributable to:				
Owners of the Parent	120,695	181,692	602,095	607,342
Non-controlling interests	35	(39)	140	(91)
	<b>120,730</b>	<b>181,653</b>	<b>602,235</b>	<b>607,251</b>
<u>Income from Islamic operations (per page 2)</u>				
Total net income	314,281	390,580	1,301,796	1,444,530
Add: Allowance made for impairment losses on financing, advances and other financing/loans	63,117	59,267	159,762	147,768
Add: Allowance (written back)/made for impairment losses on other receivables	(32)	301	(280)	565
	<b>377,366</b>	<b>450,148</b>	<b>1,461,278</b>	<b>1,592,863</b>



A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

31 December 2014

At amortised cost	The Group					Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Qard RM'000	Others RM'000	
Cash line <sup>^</sup>	554,680	-	-	10,277	-	564,957
Term financing						
House Financing	9,206,917	992,267	-	-	-	10,199,184
Syndicated Financing	365,825	211,243	-	-	51,796	628,864
Hire purchase receivables	690,273	5,298,240	-	-	-	5,988,513
Other term financing	18,460,187	56,820	-	-	1,559,574	20,076,581
Bills receivable	2,939	-	-	-	-	2,939
Trust receipts	19,168	-	-	-	76,273	95,441
Claims on customers under acceptance credits	392,033	-	-	-	-	392,033
Staff financing	-	-	-	-	2	2
Revolving credits	2,507,687	-	-	-	288,107	2,795,794
Credit card receivables	-	-	-	-	140,705	140,705
Share margin financing	9,453	-	29,421	-	53,053	91,927
Ar Rahn	-	-	-	-	2,348	2,348
Other financing	-	13,256	-	-	13,562	26,818
Gross financing, advances and other financing/loans	32,209,162	6,571,826	29,421	10,277	2,185,420	41,006,106
Fair value changes arising from fair value hedge						57,272
						41,063,378
Less: Allowance for impairment losses						
- Individual impairment allowance						(88,336)
- Portfolio impairment allowance						(374,704)
						(463,040)
<b>Net financing, advances and other financing/loans</b>						<b>40,600,338</b>

31 December 2013

At amortised cost	The Group					Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Qard RM'000	Others RM'000	
Cash line <sup>^</sup>	476,126	-	-	2,006	-	478,132
Term financing						
House Financing	9,071,124	435,622	-	-	-	9,506,746
Syndicated Financing	276,330	226,666	-	-	-	502,996
Hire purchase receivables	785,834	6,288,975	-	-	-	7,074,809
Other term financing	16,151,926	609,684	-	-	759,112	17,520,722
Bills receivable	2,885	-	-	-	-	2,885
Trust receipts	25,934	-	-	-	40,681	66,615
Claims on customers under acceptance credits	370,754	-	-	-	-	370,754
Staff financing	-	-	-	-	2	2
Revolving credits	2,242,158	-	-	-	150,851	2,393,009
Credit card receivables	-	-	-	-	121,966	121,966
Share margin financing	16,441	-	39,714	-	144,782	200,937
Ar Rahn	-	-	-	-	5,081	5,081
Other financing	-	16,350	-	-	13,012	29,362
Gross financing, advances and other financing/loans	29,419,512	7,577,297	39,714	2,006	1,235,487	38,274,016
Fair value changes arising from fair value hedge						40,548
						38,314,564
Less: Allowance for impairment losses						
- Individual impairment allowance						(48,093)
- Portfolio impairment allowance						(414,807)
						(462,900)
<b>Net financing, advances and other financing/loans</b>						<b>37,851,664</b>

<sup>^</sup> Includes current account in excess

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

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

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross financing hedged	<b>6,350,000</b>	6,350,000
Fair value changes arising from fair value hedges	<b>57,272</b>	40,548
	<b>6,407,272</b>	6,390,548

The fair value loss on profit rate swaps in the hedge transaction as at 31 December 2014 were RM83 million (2013: 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 December 2014, the gross exposures to RPSIA financing is RM2,099 million (2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM6.4 million (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) Movement of Qard financing**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>2,006</b>	4,594
New disbursement	<b>11,424</b>	1,571
Repayment	<b>(1,810)</b>	(4,159)
At 31 December	<b>11,620</b>	2,006

**b) Sources and uses of Qard Financing****Sources of Qard fund:**

Depositors' fund	<b>10,928</b>	1,886
Shareholders' fund	<b>692</b>	120
	<b>11,620</b>	2,006

**Uses of Qard fund:**

Personal use	<b>1,156</b>	410
Business use	<b>10,464</b>	1,596
	<b>11,620</b>	2,006

**(ii) By geographical distribution**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>36,781,909</b>	35,523,792
Indonesia	<b>1,866,914</b>	1,847,307
Singapore	<b>1,633,620</b>	902,917
Other countries	<b>723,663</b>	-
Gross financing, advances and other financing/loans	<b>41,006,106</b>	38,274,016

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

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>457,861</b>	310,151
Indonesia	<b>82,059</b>	65,277
Gross impaired financing, advances and other financing/loans	<b>539,920</b>	375,428

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

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
At 1 January	375,428	443,673
Classified as impaired during the year	859,063	493,410
Reclassified as not impaired during the year	(375,431)	(192,703)
Amount recovered	(103,631)	(127,800)
Amount transferred to conventional operations	(38,104)	-
Amount written off	(182,722)	(237,366)
Exchange fluctuation	5,317	(3,786)
At 31 December	<b>539,920</b>	<b>375,428</b>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<b>1.32%</b>	<b>0.98%</b>

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

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<b>Individual impairment allowance</b>		
At 1 January	48,093	127,290
Allowance made/(written back) during the year	53,064	(12,569)
Amount written off	(9,105)	(100,377)
Amount transferred to conventional operations	(5,216)	-
Exchange fluctuation	1,500	33,749
At 31 December	<b>88,336</b>	<b>48,093</b>
<b>Portfolio impairment allowance</b>		
At 1 January	414,807	380,259
Allowance made during the year	154,030	205,711
Amount written off	(173,618)	(136,989)
Allowance transferred from conventional operations	-	2,715
Exchange fluctuation	(20,515)	(36,889)
At 31 December	<b>374,704</b>	<b>414,807</b>
Portfolio impairment allowance as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<b>1.16%</b>	<b>2.21%</b>

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

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Savings deposit		
Wadiah	2,742,201	1,734,338
Mudharabah	190,452	711,650
	<b>2,932,653</b>	<b>2,445,988</b>
Demand deposit		
Wadiah	7,377,966	3,439,690
Qard	61,320	11,854
Mudharabah	755,889	4,793,196
	<b>8,195,175</b>	<b>8,244,740</b>
Term deposit		
<i>Commodity Murabahah</i>	21,691,342	5,652,819
<i>Islamic negotiable instruments</i>	2,563,732	5,934,040
Mudharabah	389,915	414,592
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	2,173,817	5,519,448
<i>Short term money market deposit-i</i>	5,116,670	14,334,939
Wakalah	5,109,756	14,334,939
Wadiah	6,914	-
<i>Fixed Deposit-i</i>	1,067,331	1,009,928
Wakalah	608,700	507,007
Wadiah	458,631	502,921
<i>General investment account</i>	2,433,388	3,200,189
Mudharabah	2,433,388	3,200,189
<i>Specific investment account</i>	326,806	338,070
Mudharabah	326,806	337,655
Murabahah	-	415
	<b>33,199,269</b>	<b>30,469,985</b>
Others - Qard	18,887	25,428
	<b>44,345,984</b>	<b>41,186,141</b>
<b>(ii) By maturity structures of term deposit</b>		
Due within six months	31,429,164	29,055,401
Six months to one year	1,067,187	628,554
One year to three years	381,594	68,248
Three years to five years	436	383,128
More than five years	320,888	334,654
	<b>33,199,269</b>	<b>30,469,985</b>
<b>(iii) By type of customer</b>		
Government and statutory bodies	3,791,645	4,881,479
Business enterprises	17,899,026	17,828,677
Individuals	6,821,940	5,388,521
Others	15,833,373	13,087,464
	<b>44,345,984</b>	<b>41,186,141</b>

**A27f. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	<b>149,835</b>	146,216

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

The carrying amount of the Group as at 31 December 2014 of financial liabilities designated at fair value were RM8,551,000 (2013: RM8,464,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

**A28. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	<b>The Group</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>12,171,744</b>	9,815,718
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>3.66%</b>	3.24%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>0.00%</b>	0.00%

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

### **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

#### **CIMB CIMB Group Holdings (“CIMB Group”) Results**

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) reported a net profit of RM3.107 billion for Financial Year 2014 (“FY14”), equivalent to a net earnings per share (“EPS”) of 37.5sen. Excluding exceptional gains in both FY14 and FY13, the Group’s Business As Usual (“BAU”) FY14 net profit decreased by 24.6% year-on-year (“Y-o-Y”). The Group’s annualised FY14 net return on average equity (“ROE”) was 9.2%.

2014 was a difficult year for the Group, with profitability impacted by slower revenues and a sharp increase in provisions for corporate banking loans in CIMB Niaga as well as in Malaysia. This was partially exacerbated by the weakened Rupiah. Capital markets continued to be challenged by low volumes and volatility which affected the IB and Treasury & Markets operations. However, the Group remains heartened by positive performances at the Malaysian consumer bank and CIMB Bank Singapore, while CIMB Thai is showing operational traction.

#### **CIMB Group Y-o-Y Results**

For comparative purposes, the Y-o-Y performance is based on BAU numbers for both FY14 and FY13. CIMB Group’s FY14 operating income was 1.0% lower at RM14.019 billion. Net interest income rose 6.1% while non-interest income declined by 14.9%, attributed to an overall softening in both treasury and equity market activity as well as lower bancassurance fees in Indonesia. CIMB Niaga’s contribution to the Group was also impacted by an 8.9% (average rate) Y-o-Y foreign exchange depreciation in the Rupiah. Operating expenses were better controlled, rising 0.6% Y-o-Y. As such, the Group’s Pre Provision Operating Profit (“PPOP”) was 3.2% lower. However, the Group’s PBT declined by 23.0% at RM4.277 billion owing to a jump in corporate loan provisions from Indonesia and Malaysia.

The Group’s regional Consumer Bank PBT reduced by 0.6% Y-o-Y in FY14 to RM2.258 billion, making up 53% of Group PBT (from 41% in FY13). The stronger contributions from consumer operations in Malaysia, Singapore and Thailand were offset by a decline in Indonesia due to the effects from bancassurance regulations and currency translation. The Group’s Regional Wholesale Banking PBT declined by 40.9% Y-o-Y to RM1.606 billion attributed to increased corporate banking provisions and softer capital market conditions. Investments PBT was down 26.5% Y-o-Y. The overall contribution of the Group’s core corporate and consumer banking business has increased from 66% to 69% of total PBT.

Non-Malaysian PBT contribution to the Group was lower at 28% in FY14 compared to 38% in FY13, largely due to the 52.6% Y-o-Y decline in Indonesia’s BAU PBT to RM838 million from the lower CIMB Niaga earnings and the Rupiah’s depreciation. Thailand’s PBT contribution to the Group declined 37.2% Y-o-Y to RM213 million due to extraordinary gains accounted in FY13, increased provisions and weaker earnings at CIMB Securities (Thailand). Total PBT contribution from Singapore expanded by 40.4% to RM323 million underpinned by the 60.1% Y-o-Y PBT growth in CIMB Bank Singapore.

The Group’s total gross loans (excluding the declining bad bank loan book) expanded 13.2% Y-o-Y. Over the same period, total deposits grew 7.3% Y-o-Y. As such, the Group’s loan to deposit (“LDR”) ratio increased to 93.0% from 88.4% previously.

The Group’s gross impairment ratio improved to 3.1% as at December 2014 from 3.2% in December 2013, with allowance coverage of 82.7% as at December 2014. The Group’s BAU cost to income ratio was higher at 59.1% compared to 58.2% previously, owing to the lower operating income and higher operating expenses. The Group’s Net Interest Margins (“NIM”) were slightly lower at 2.81%.

As at 31 December 2014, CIMB Group’s total capital ratio stood at 15.1% while its Common Equity Tier 1 (“CET1”) capital ratio stood at 10.1%. This represents a significant strengthening of CET1 by 210bps compared to the 31 December 2013 CET1 ratio of 8.0%, on the back of the RM3.55 billion equity issue in 1QFY14, release of the regulatory reserves by Bank Negara Malaysia (“BNM”) in 4QFY14, as well as the continued Dividend Reinvestment Scheme (“DRS”).

#### **CIMB Group 4Q14 Y-o-Y Results**

The Group’s 4Q14 BAU operating income was 6.6% lower Y-o-Y at RM3.545 billion as the 6.7% increase in net interest income was offset by a 29.6% decline in non-interest income due to softer Treasury & Markets and lower fee-based income from CIMB Niaga. However, 4Q14 net profit was 76.0% lower Y-o-Y at RM252 million largely due to higher corporate banking loan impairments in Indonesia and Malaysia.

#### **CIMB Group 4Q14 Q-o-Q Results**

On a Q-o-Q basis, the 4Q14 operating income grew 0.5% to RM3.545 billion with the 2.6% growth in net interest income was partially offset by a 4.8% decline in non-interest income from slower capital market activity. However, 4Q14 net profit was 71.7% lower Y-o-Y at RM252 million largely due to higher corporate banking loan impairments in Indonesia and Malaysia.

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

### **CIMB Islamic**

CIMB Islamic's Y-o-Y PBT increased by 7.1% to RM526 million due to improved Islamic capital markets activity. CIMB Islamic's gross financing assets increased by 3.4% Y-o-Y, accounting for 13.8% of total Group loans. Total deposits grew by 7.3% Y-o-Y to RM41.3billion.

### **Other Highlights**

On the M&A front, CIMB Group decided to abort the proposed merger discussions with RHB Capital Berhad and Malaysia Building Society Berhad in light of the economic conditions.

In FY14, CIMB Group commenced CIMB Bank branch operations in Hong Kong and Shanghai to facilitate transaction banking requirements of our ASEAN corporate customers. CIMB Thai opened its branch in Laos in July 2014.

### **Target 18 ("T18") And Key Organisation Changes**

On 26 February 2015, Tengku Dato' Zafrul Tengku Abdul Aziz was appointed as Group CEO. Dato' Sri Nazir Razak had taken over as Chairman of CIMB Group on 1 September 2014.

On 6 February 2015, CIMB Group Holdings outlined its new T18 plans and key organization changes, with a mid-term target of achieving an ROE of 15%, CET1 ratio of over 11%, a cost to income ratio of below 50% and a 60% consumer banking income contribution by end-2018. The reorganisation exercise will see the creation of new regional divisions, key management changes across the Group, several retirements and will entail forthcoming appointments of a new CEOs at CIMB Niaga and Group Asset Management & Investments and a Group Chief Compliance Officer.

As part of the T18 initiative, the Group announced its decision to close its offices in Sydney and Melbourne in Australia. This follows a strategic review of the Group's entire business and to align with its objective of reducing its Asia Pacific investment banking and equities operating cost by 30% in 2015.

## **B2. CORPORATE DEVELOPMENTS**

### **Capital Management**

- On 13 January 2014, CIMB Group undertook a private placement of 500 million new ordinary shares at an issue price of RM7.10 per share. The issuance represented 6.08% of the enlarged issued and paid-up share capital of CIMB Group and raised a total amount of RM3.55 billion. The new shares were listed and quoted on the Main Market of Bursa Securities on 23 January 2014.
- On 31 March 2014, CIMB Islamic Bank completed its first issuance of a RM150 million Basel III compliant Perpetual Preference Shares to CIMB Bank.
- On 23 April 2014, CIMB Group issued and allotted 107,176,094 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS arising from the Single Tier Second Interim Dividend announcement for FY13. The new shares were listed and quoted on the Main Market of Bursa Securities on 24 April 2014.
- On 7 July 2014, CIMB Thai issued RM400 million of 10-year non-callable 5-year Basel 3 compliant Tier 2 subordinated notes.
- On 29 October 2014, CIMB Group issued and allotted 87,228,960 new ordinary shares of RM1 each in new CIMB Group shares pursuant to the DRS arising from the Single Tier First Interim Dividend announcement for FY14. The new shares were listed and quoted on the Main Market of Bursa Securities on 30 October 2014.

### **Mergers and Acquisitions**

- On 10 July 2014, CIMB Group, RHB Capital and Malaysia Building Society ("MBSB") announced the approval from BNM to commence discussions with the aim of merging the businesses of both RHB and CIMB as well as creating an enlarged Islamic Banking franchise with MBSB. On 8 October 2014, all three parties made a joint application to seek BNM approval for the proposed merger, which encompasses: i) the proposed disposal by CIMB Group of all its assets, liabilities, business and undertakings to RHB Capital for new RHB Capital shares; ii) the proposed acquisition by CIMB Islamic Bank of the assets and liabilities of RHB Islamic Bank for new ordinary shares in CIMB Islamic; and iii) the proposed merger of the assets and liabilities of CIMB Islamic, RHB Islamic and MBSB to create a mega Islamic Bank, which includes the acquisition by CIMB Islamic of all the assets and liabilities of MBSB in consideration for new redeemable convertible preference shares in CIMB Islamic. On 14 January 2015, CIMB Group announced the Board of Directors had decided to abort the proposed merger in light of the economic conditions.



## **B2. CORPORATE DEVELOPMENTS (continued)**

- On 23 July 2014, CIMB-Principal Asset Management Company Limited (“CPAM Thailand”) entered into a conditional S&P agreement with Finansa Public Company Limited for the proposed acquisition of Finansa Asset Management Limited for THB225 million cash. On 22 January 2015, CIMB Group announced that the proposed acquisition was completed.
- On 30 December 2014, CIG Berhad, a subsidiary of CIMB Group, received BNM approval for the disposal of its 49%-interest in CIMB Insurance Brokers Sdn Bhd.

### **Others**

- On 12 January 2014, Moody's affirmed CIMB Niaga's bank financial strength rating (“BFSR”) of D, which maps to ‘ba2’ baseline credit assessment and ‘ba1’ adjusted baseline credit assessment. Moody’s affirmed CIMB Niaga’s issuer rating and long-term bank deposits rating at Baa3/P3 and short-term bank deposits rating at P-3. The outlook is stable.
- On 25 February 2014, CIMB Group announced the abortion of its proposed dual listing on the Stock Exchange of Thailand.
- On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s long-term issuer default rating and national long-term rating at ‘BBB’ and ‘AA-(tha)’ respectively, both with stable outlook. Short-term issuer default rating and national rating are affirmed at ‘F3’ and ‘F1+(tha)’ respectively. Fitch also assigned a bb- and 2 for CIMB Thai’s viability and support ratings respectively. The outlook is stable.
- On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s THB10bn Unsecured Subordinated Short-term Debenture Programme at ‘F1+(tha)’ and THB3bn 5.35% and THB3bn 4.80% Subordinated Lower Tier 2 at ‘A+(tha)’.
- On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s long-term issuer default rating at ‘BBB’ and national rating at ‘AAA(idn)’, both with stable outlook. Fitch also assigned ‘F3’ and ‘F1+(idn)’ for Niaga’s short-term issuer default rating and national rating respectively. (Rating for unsecured bonds is repeated below)
- On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s IDR1.6 trillion 10.85% Subordinated Debt II and IDR1.38 trillion 11.3% Subordinated Debt at ‘AA(idn)’, and IDR8 trillion Senior Unsecured Debt Programme and Senior Unsecured Bonds at ‘AAA(idn)’. Fitch also assigned bb and 2 for CIMB Niaga’s viability and support ratings respectively. The outlook is stable.
- On 11 June 2014, Moody’s affirmed CIMB IB’s long-term issuer ratings at A3 and the short-term issuer ratings at P-2. The outlook is stable.
- On 3 July 2014, CIMB Group announced a leadership transition plan effective 1 September 2014. Tan Sri Md Nor Yusof, Chairman of CIMB Group, will retire from the Board of Directors. Dato’ Sri NazirRazak will take over as Chairman of CIMB Group. On 29 August 2014, CIMB Group announced that TengkuDato’ZafrulTengku Abdul Aziz will be Acting Group CEO effective 1 September 2014. On 25 February, CIMB Group announced the appointment of Tengku Dato’Zafrul Tengku Abdul Aziz as Group CEO.
- On 22 July 2014, Moody’s affirmed CIMBGH’s long-term and short-term issuer ratings at ‘A3’ and ‘P-2’ respectively. The outlook is stable.
- On 6 August 2014, Moody’s affirmed CIMB Bank’s BFSR at ‘C-’, which maps to ‘baa1’ baseline and adjusted baseline credit assessment. Moody’s also affirmed local currency bank deposits ratings at ‘A1/P-1’ and foreign currency bank deposit ratings at ‘A3/P-2’. The outlook of CIMB Bank’s foreign currency deposit, senior unsecured debt is positive. All other ratings carry a stable outlook.
- On 11 August 2014, CIMB Strategic Assets SdnBhd, a wholly-owned subsidiary of CIMB Group, entered into a 50:50 joint venture agreement with MC Emerging Capital Partners BV, a wholly owned subsidiary of Mitsubishi Corporation, to set up CIMB-MC Capital Ltd (Cayman Islands), an investment holding company dedicated to establishing and managing a private equity fund.
- On 15 August 2014, Moody's assigned a provisional rating to CIMB Bank's proposed USD5.0 billion Euro MTN Programme. ‘(P)A3’ was assigned to foreign currency senior unsecured MTN while ‘(P)Baa3’ was assigned to foreign currency subordinated MTN. Moody’s also assigned ‘A3’ for CIMB Bank’s USD1.0 billion Multi-Currency Euro Medium Term Notes Programme and USD350 million 5-year Senior Unsecured Notes with a positive outlook.
- On 26 August 2014, MARC affirmed CIMB Bank’s long-term and short-term financial institution ratings at AAA and MARC-1 respectively. MARC also assigned AA+ to CIMB Bank’s RM5.0 billion Subordinated Debt Programme and RM10 billion Tier-2 Basel III compliant Subordinated Debt Programme; AA to CIMB Bank’s RM4.0 billion Perpetual Non-Innovative Tier 1 Stapled Capital Securities and RM1.0 billion Innovative Tier-1 Capital Securities. The outlook is stable.

## **B2. CORPORATE DEVELOPMENTS (continued)**

- On 26 August 2014, MARC affirmed CIMB Islamic's long-term and short-term financial institution ratings at 'AAA' and 'MARC-1'. MARC also affirmed CIMB Islamic's RM2.0 billion Tier 2 Junior Sukuk Programme at 'AA+IS'. The outlook for all ratings is stable.
- On 23 September 2014, S&P reaffirmed the long-term and short-term issuer credit ratings on CIMB Group Holdings Berhad at 'BBB-' and 'A-3' respectively with negative outlook. The ratings were subsequently withdrawn. On 23 December 2014, S&P affirmed CIMB Bank's and CIMB Investment Bank's long-term local and foreign currency ratings at A- and short-term local and foreign currency ratings at A-2, with stable outlook. S&P also assigned axAA and axA-1 to CIMB Bank's and CIMB Investment Bank's long-term and short-term ASEAN regional rating respectively. CIMB Bank's USD350 million 5-year Senior Unsecured Notes was affirmed at A-.
- On 17 October 2014, RAM affirmed the long-term and short-term financial institution ratings of CIMB Bank, CIMB Islamic Bank, and CIMB Investment Bank at AAA and P1 respectively. RAM also affirmed CIMB Bank's RM10 billion Tier-2 Subordinated Debt Programme at AA1. The outlook is stable.
- On 17 October 2014, RAM affirmed CIMB GH's long-term and short-term financial institution ratings at AA1 and P1 respectively. Also, RAM affirmed CIMB GH's RM3.0 billion Subordinated Notes Programme at AA3 and the RM6.0 billion Conventional and Islamic Commercial Papers/ Medium-term Notes Programme at AA1/P1. The outlook is stable.
- On 17 October 2014, RAM affirmed CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1. Also, RAM affirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme at AA3. The outlook is stable.
- On 12 November 2014, Moody's affirmed CIMB Islamic Bank's BFSR at 'D+', local currency bank deposits rating at 'A1/P-1' and foreign currency bank deposits rating at 'A3/P-2'. The outlook of CIMB Islamic Bank's foreign currency deposits rating is positive. All other ratings carry a stable outlook. Moody's also assigned 'ba1' to CIMB Islamic's baseline credit assessment and 'baa1' to the adjusted baseline credit assessment.
- On 24 November 2014, Moody's affirmed CIMB Thai's issuer and long-term bank deposits rating at Baa2 and short-term bank deposits rating at P-2. CIMB Thai was assigned BFSR of D which maps to a baseline credit assessment of ba2 and adjusted baseline credit assessment of baa2. The outlook is stable.
- On 7 January 2015, Dagong Global Credit Rating Co. affirmed CIMB Bank's long term local and foreign currency issuer default ratings of 'AA' and 'AA-' respectively. The outlook is stable.
- On 6 February 2015, CIMB Group Holdings outlined its new Target 2018 ("T18") plans and key organization changes. On 9 February 2015, the Group announced its decision to close its offices in Sydney and Melbourne in Australia.

## **B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

Going into 2015 with a significantly strengthened capital position, allowing the Group to better handle the banking industry headwinds. The growth prospects for emerging markets are softer this year and the Group are making 2015 a year of recalibration with the T18 initiatives providing a platform to make some difficult decisions to streamline operations, implement management and organizational changes to future proof CIMB. Costs will be a primary focus and the Group have started to streamline its operations and align the cost structures with market realities.

Growth prospects for CIMB Malaysia should track the slower economic environment and moderation in consumer spending. CIMB Singapore is expected to perform positively with continued business expansion amidst steady economic growth, while the outlook for CIMB Thai suggests a gradual improvement in line with the expected economic recovery. Indonesia remains challenged by tight liquidity and slower asset growth although economic reforms are expected to gain traction from 2H15. The Group's Treasury & Markets and Investment Banking businesses will have to maneuver difficult capital markets conditions given the volatile and unpredictable global markets.

#### B4. TAXATION

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	288,701	412,411	1,087,941	1,407,927
Deferred tax expense	(101,806)	(131,350)	39,480	(161,900)
(Over)/Under accrual in prior years	(27,278)	20,344	(25,555)	(5,620)
	<u>159,617</u>	<u>301,405</u>	<u>1,101,866</u>	<u>1,240,407</u>
<b>Reconciliation</b>				
Profit before taxation	384,938	1,358,055	4,276,423	5,849,229
Tax at statutory income tax rate of 25% (2013: 25%)	96,235	339,513	1,069,106	1,462,307
Effect of different tax rates in other countries and change in tax rates	(164,396)	(181,235)	(156,608)	(179,529)
Due to income not subject to income tax and expenses not deductible for tax purposes	255,056	122,783	214,923	(36,751)
(Over)/Under accrual in prior years	(27,278)	20,344	(25,555)	(5,620)
	<u>159,617</u>	<u>301,405</u>	<u>1,101,866</u>	<u>1,240,407</u>

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

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

#### B6. REALISED AND UNREALISED PROFITS

	Group	
	31 December	31 December
	2014	2013
	RM'000	RM'000
Total retained earnings of the Group and subsidiaries		
- Realised	13,432,440	12,070,506
- Unrealised	(370,906)	182,063
	<u>13,061,534</u>	<u>12,252,569</u>
Total share of retained earnings from associates		
- Realised	703,757	627,592
- Unrealised	2,507	1,290
Total share of retained earnings from joint ventures		
- Realised	104,684	101,803
- Unrealised	1	1
	<u>13,872,483</u>	<u>12,983,255</u>
Consolidation adjustments	188,250	(767,897)
	<u>14,060,733</u>	<u>12,215,358</u>

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

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

## B7. BORROWINGS AND DEBT SECURITIES

	The Group	
	31 December 2014 RM'000	31 December 2013 RM'000
<b>Bonds and debentures*</b>		
<b>Unsecured</b>		
One year or less (short term)	1,938,455	2,116,464
More than one year (medium/long term)	5,727,593	5,373,801
	<u>7,666,048</u>	<u>7,490,265</u>

\* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR5,248,000 million, IDR denominated notes equivalent to IDR600,000 million, HKD denominated bonds equivalent to HKD4,718 million, USD denominated bonds equivalent to USD415 million, THB denominated debentures equivalents to THB14,984 million, SGD denominated bonds equivalents to SGD20 million and AUD denominated bonds equivalents to AUD100 million. IDR denominated bonds of IDR150,000 million had matured and fully redeemed on 23 December 2014.

### Other borrowing \*\*

<b>Unsecured</b>		
One year or less (short term)	1,540,099	1,631,620
More than one year (medium/long term)	7,750,708	6,141,107
	<u>9,290,807</u>	<u>7,772,727</u>

\*\* RM400 million 3-month Commercial Papers and RM400 million 6-months Commercial Papers had matured and fully settled during the financial year.

### Subordinated obligations\*\*\*

<b>Unsecured</b>		
More than one year (medium/long term)	12,582,494	12,066,700
	<u>12,582,494</u>	<u>12,066,700</u>

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

## B8. MATERIAL LITIGATION

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

## B9. COMPUTATION OF EARNINGS PER SHARE (EPS)

### a) Basic EPS

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

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Net profit for the financial period after non-controlling interests	200,318	1,038,267	3,106,808	4,540,403
Weighted average number of ordinary shares in issue - proforma ('000)	8,396,250	7,692,333	8,288,256	7,570,924
Basic earnings per share (expressed in sen per share)	2.4	13.5	37.5	60.0

### b) Diluted EPS

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