

**CIMB INVESTMENT BANK BERHAD**  
**(Company Number 18417-M)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Notes	The Group		The Bank	
		30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
<b>Assets</b>					
Cash and short term funds		1,084,374	1,305,035	1,051,410	1,274,794
Reverse repurchase agreements		144,230	195,890	144,230	195,890
Deposits and placements with banks and other financial institutions		202,051	50,637	202,022	50,607
Financial assets held for trading	A6	28,857	4,655	28,857	4,655
Derivative financial instruments	A18(i)	19,761	21,887	19,761	21,887
Financial investments available-for-sale	A7	1,437	1,464	745	745
Loans, advances and financing	A8	195,177	179,181	195,177	179,181
Other assets	A9	1,271,661	1,145,355	1,268,507	1,142,718
Deferred tax assets		42,245	46,428	42,124	46,296
Amounts due from subsidiaries		-	-	35	12
Amounts due from related companies		8,520	21,939	8,520	21,939
Amounts due from ultimate holding company		86	-	86	-
Statutory deposits with Bank Negara Malaysia		23	1,721	23	1,721
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		6,380	5,835	-	-
Property, plant and equipment		88,103	107,514	88,946	108,294
Investment property		19,136	-	19,136	-
Goodwill		964	964	-	-
<b>Total assets</b>		<b>3,113,005</b>	<b>3,088,505</b>	<b>3,078,629</b>	<b>3,057,789</b>
<b>Liabilities</b>					
Deposits from customers	A10	399,686	346,561	399,686	346,561
Deposits and placements of banks and other financial institutions	A11	898,768	1,133,629	898,768	1,133,629
Derivative financial instruments	A18(i)	10,005	10,626	10,005	10,626
Other liabilities	A12	1,151,529	962,286	1,148,938	960,177
Provision for taxation and Zakat		8,091	3,822	7,808	3,790
Amounts due to related companies		21,777	19,415	21,777	19,415
Subordinated loan		5,124	5,000	-	-
<b>Total liabilities</b>		<b>2,494,980</b>	<b>2,481,339</b>	<b>2,486,982</b>	<b>2,474,198</b>
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		518,015	507,156	491,637	483,581
<b>Total equity</b>		<b>618,025</b>	<b>607,166</b>	<b>591,647</b>	<b>583,591</b>
<b>Total equity and liabilities</b>		<b>3,113,005</b>	<b>3,088,505</b>	<b>3,078,629</b>	<b>3,057,789</b>
<b>Commitments and contingencies</b>	A18(ii)	<b>902,203</b>	<b>746,944</b>	<b>902,203</b>	<b>746,944</b>
<b>Net assets per share (RM)</b>		<b>6.18</b>	<b>6.07</b>	<b>5.92</b>	<b>5.84</b>

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

**CIMB INVESTMENT BANK BERHAD**  
(Company Number 18417-M)  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Notes	The Group				The Bank			
		2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Interest income	A13	10,375	9,516	20,456	19,441	8,917	8,738	17,741	17,487
Interest expense	A14	(9,494)	(10,048)	(19,571)	(20,024)	(9,415)	(9,914)	(19,427)	(19,705)
Net interest expense		881	(532)	885	(583)	(498)	(1,176)	(1,686)	(2,218)
Income from Islamic Banking operations	A22b	24,240	7,085	29,021	12,622	24,240	7,085	29,021	12,622
Fee and commission income	A15	18,731	16,605	62,881	48,065	18,731	16,605	62,881	48,065
Dividend income	A15	202	4	202	4	202	4	202	4
Net trading income	A15	3,343	(118)	3,624	467	3,343	(118)	3,624	467
Net gain from sale of financial investments available-for-sale	A15	-	44	-	44	-	-	-	-
Income from asset management and securities services	A15	2,752	1,185	4,732	2,143	2,752	1,185	4,732	2,143
Brokerage income	A15	32,731	39,040	71,449	83,894	31,589	37,927	69,105	81,715
Other non-interest income	A15	723	2,595	4,525	4,324	698	2,605	4,492	4,305
Non-interest income		58,482	59,355	147,413	138,941	57,315	58,208	145,036	136,699
Total income		83,603	65,908	177,319	150,980	81,057	64,117	172,371	147,103
Overheads	A16	(71,815)	(54,486)	(119,338)	(114,650)	(70,650)	(53,243)	(117,473)	(112,301)
Profit before allowances		11,788	11,422	57,981	36,330	10,407	10,874	54,898	34,802
Writeback of / (allowance for) impairment losses on loans, advances and financing	A17	1,217	973	866	(83)	1,217	973	866	(83)
Write back of / (allowance for) impairment losses on other receivables (net)		362	(3,792)	556	(2,169)	362	(3,804)	556	(2,181)
Recoveries from investment management and securities services		-	804	-	804	-	804	-	804
		13,367	9,407	59,403	34,882	11,986	8,847	56,320	33,342
Share of profit of associates		289	372	545	608	-	-	-	-
Profit before taxation		13,656	9,779	59,948	35,490	11,986	8,847	56,320	33,342
Taxation		(1,694)	(3,077)	(19,284)	(13,606)	(1,348)	(2,932)	(18,486)	(12,743)
<b>Profit after taxation</b>		<b>11,962</b>	<b>6,702</b>	<b>40,664</b>	<b>21,884</b>	<b>10,638</b>	<b>5,915</b>	<b>37,834</b>	<b>20,599</b>
Profit for the financial period attributable to : Owners of the Group/Bank		<b>11,962</b>	<b>6,702</b>	<b>40,664</b>	<b>21,884</b>	<b>10,638</b>	<b>5,915</b>	<b>37,834</b>	<b>20,599</b>
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	12.0	6.7	40.7	21.9	10.6	5.9	37.8	20.6

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

CIMB INVESTMENT BANK BERHAD  
 (Company Number 18417-M)  
 CONDENSED FINANCIAL STATEMENTS  
 UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	The Group				The Bank			
	2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>11,962</b>	6,702	<b>40,664</b>	21,884	<b>10,638</b>	5,915	<b>37,834</b>	20,599
<b>Other comprehensive income:</b>								
<b>Items that may be reclassified subsequently to profit or loss</b>								
Revaluation reserve - financial investments available-for-sale	(27)	(278)	(27)	(278)	-	-	-	-
- Loss from change in fair value	(27)	(278)	(27)	(278)	-	-	-	-
Other comprehensive income for the financial period, net of tax	<b>11,935</b>	6,424	<b>40,637</b>	21,606	<b>10,638</b>	5,915	<b>37,834</b>	20,599
<b>Total comprehensive income attributable to:</b>								
Owners of the Group/Bank	<b>11,935</b>	6,424	<b>40,637</b>	21,606	<b>10,638</b>	5,915	<b>37,834</b>	20,599

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

<b>The Group</b> <b>30 June 2015</b>	← Attributable to owners of Parent →						<b>Total</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Revaluation reserve- financial investments available-for-sale</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2015</b>	100,000	10	155,805	215	35,992	315,144	607,166
Net profit for the financial period	-	-	-	-	-	40,664	40,664
Other comprehensive expense (net of tax)	-	-	-	(27)	-	-	(27)
- financial investments available-for-sales	-	-	-	(27)	-	-	(27)
<b>Total comprehensive income for the financial period</b>	-	-	-	(27)	-	40,664	40,637
Share-based payment expense	-	-	-	-	7,359	-	7,359
Shares released under Equity Ownership Plan	-	-	-	-	(37,137)	-	(37,137)
<b>At 30 June 2015</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>188</b>	<b>6,214</b>	<b>355,808</b>	<b>618,025</b>

<b>The Group</b> <b>30 June 2014</b>	← Attributable to owners of the Parent →						<b>Total</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Revaluation reserve- financial investments available-for-sale</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2014</b>	100,000	10	155,805	492	30,070	283,051	569,428
Net profit for the financial period	-	-	-	-	-	21,884	21,884
Other comprehensive expense (net of tax)	-	-	-	(278)	-	-	(278)
- financial investments available-for-sales	-	-	-	(278)	-	-	(278)
<b>Total comprehensive income for the financial period</b>	-	-	-	(278)	-	21,884	21,606
Share-based payment expense	-	-	-	-	17,803	-	17,803
Share released under Equity Ownership Plan	-	-	-	-	(22,590)	-	(22,590)
<b>At 30 June 2014</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>214</b>	<b>25,283</b>	<b>304,935</b>	<b>586,247</b>

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**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	← Non-distributable →				← Distributable →			Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Retained profits RM'000	
<b>The Bank</b>								
<b>30 June 2015</b>								
At 1 January 2015	100,000	10	155,805	(272,007)	35,992	271,377	292,414	583,591
Net profit for the financial period	-	-	-	-	-	-	37,834	37,834
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	37,834	37,834
Share-based payment expense	-	-	-	-	7,359	-	-	7,359
Shares released under Equity Ownership Plan	-	-	-	-	(37,137)	-	-	(37,137)
<b>At 30 June 2015</b>	100,000	10	155,805	(272,007)	6,214	271,377	330,248	591,647

	← Non-distributable →				← Distributable →			Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Retained profits RM'000	
<b>The Bank</b>								
<b>30 June 2014</b>								
At 1 January 2014	100,000	10	155,805	(272,007)	30,070	271,377	261,808	547,063
Net profit for the financial period	-	-	-	-	-	-	20,599	20,599
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	20,599	20,599
Share-based payment expense	-	-	-	-	17,803	-	-	17,803
Share released under Equity Ownership Plan	-	-	-	-	(22,590)	-	-	(22,590)
<b>At 30 June 2014</b>	100,000	10	155,805	(272,007)	25,283	271,377	282,407	562,875

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	The Group		The Bank	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit before taxation	59,948	35,490	56,320	33,342
Adjustments for non-operating and non-cash items	12,506	37,449	13,010	38,028
Cash flow from operating profit before changes in operating assets and liabilities	72,454	72,939	69,330	71,370
Net changes in operating assets	(279,565)	(430,237)	(279,157)	(431,693)
Net changes in operating liabilities	(22,114)	30,746	(22,594)	31,790
Cash used in operating activities	(229,225)	(326,552)	(232,421)	(328,533)
Taxation paid	(15,350)	(14,141)	(14,813)	(13,327)
Net cash used in operating activities	(244,575)	(340,693)	(247,234)	(341,860)
Net cash used in investing activities	(8,191)	(4,444)	(8,131)	(5,572)
Net cash generated from / (used in) financing activities	124	(9,973)	-	-
	(8,067)	(14,417)	(8,131)	(5,572)
Net decrease in cash and cash equivalents during the financial period	(252,642)	(355,110)	(255,365)	(347,432)
Cash and cash equivalents at beginning of the financial period	1,305,035	1,382,773	1,274,794	1,344,509
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,052,393</b>	<b>1,027,663</b>	<b>1,019,429</b>	<b>997,077</b>
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	1,084,374	1,058,865	1,051,410	1,028,279
Adjustment for monies held in trust:				
Remisiers' balances	(31,981)	(31,202)	(31,981)	(31,202)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,052,393</b>	<b>1,027,663</b>	<b>1,019,429</b>	<b>997,077</b>

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

## **PART A - EXPLANATORY NOTES**

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 30 June 2015 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments 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 2014. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

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

- Annual improvement to MFRSs 2010 - 2012 Cycle
  - Amendment to MFRS 2 "Share-based Payment"
  - Amendment to MFRS 3 "Business Combinations"
  - Amendment to MFRS 8 "Operating Segments"
  - Amendment to MFRS 13 "Fair Value Measurement"
  - Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
  - Amendment to MFRS 124 "Related Party Disclosures"
- Annual improvement to MFRSs 2011 - 2013 Cycle
  - Amendment to MFRS 3 "Business Combinations"
  - Amendment to MFRS 13 "Fair Value Measurement"
  - Amendment to MFRS 140 "Investment Property"
- Amendment to MFRS 119, "Defined Benefits Plans: Employee Contributions"

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

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

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

### **A2. Changes in estimates**

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

### **A3. Dividends paid and proposed**

The Directors do not recommend the payment of any dividend for the financial period ended 30 June 2015.

### **A4. Events during the reporting period**

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

### **A5. Significant events after balance sheet date**

There were no significant events that had occurred between 30 June 2015 and the date of this announcement.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A6. Financial assets held for trading**

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Quoted securities :</b>		
<i>In Malaysia</i>		
Shares	27,836	87
<b>Unquoted securities :</b>		
<i>In Malaysia</i>		
Private debt securities	1,021	4,568
Total financial assets held for trading	<u>28,857</u>	<u>4,655</u>

**A7. Financial investments available-for-sale**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted securities :</b>				
<i>Outside Malaysia</i>				
Shares	7,768	7,795	7,076	7,076
	<u>7,768</u>	<u>7,795</u>	<u>7,076</u>	<u>7,076</u>
<b>Allowance for impairment losses :</b>				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	<u>(6,331)</u>	<u>(6,331)</u>	<u>(6,331)</u>	<u>(6,331)</u>
Total financial investments available-for-sale	<u>1,437</u>	<u>1,464</u>	<u>745</u>	<u>745</u>

**A8. Loans, advances and financing**

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>		
Staff loans *	198,150	181,910
Other loans	161	1,272
Gross loans, advances and financing	<u>198,311</u>	<u>183,182</u>
Less: allowance for impairment losses		
- Individual impairment allowance	(161)	(1,272)
- Portfolio impairment allowance	(2,973)	(2,729)
<b>Total net loans, advances and financing</b>	<u>195,177</u>	<u>179,181</u>

\* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM457,918 (2014: RM 596,774).



**PART A - EXPLANATORY NOTES (CONTINUED)****A8. Loans, advances and financing (continued)**

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>		
Individuals	<b>198,311</b>	183,182
<b>(iii) By interest rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan	<b>34,172</b>	39,395
Variable rate		
- BLR plus	<b>164,139</b>	143,787
	<b>198,311</b>	183,182
<b>(iv) By economic purpose:</b>		
Personal use	<b>2,167</b>	1,919
Purchase of residential property (housing)	<b>184,774</b>	168,134
Purchase of securities	<b>1</b>	1
Purchase of transport vehicles	<b>11,369</b>	13,128
Gross loans, advances and financing	<b>198,311</b>	183,182
<b>(v) By geographical distribution</b>		
Malaysia	<b>198,311</b>	183,182
<b>(vi) By residual contractual maturity</b>		
Within one year	<b>470</b>	270
One year to less than three years	<b>2,880</b>	3,511
Three years to less than five years	<b>5,803</b>	6,149
Five years and more	<b>189,158</b>	173,252
	<b>198,311</b>	183,182
<b>(vii) Impaired loans, advances and financing by economic purpose</b>		
Purchase of residential property (housing)	<b>63</b>	1,114
Purchase of transport vehicles	<b>98</b>	158
Gross impaired loans, advances and financing	<b>161</b>	1,272
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>		
Malaysia	<b>161</b>	1,272
<b>(ix) Movements in the impaired loans, advances and financing are as follows:</b>		
At 1 January	<b>1,272</b>	883
Classified as impaired during the period / year	<b>10</b>	818
Amounts written back in respect of recoveries	<b>(1,121)</b>	(429)
At 30 June 2015 / 31 December 2014	<b>161</b>	1,272
Ratio of gross impaired loans to total loans, advances and financing	<b>0.1%</b>	0.7%

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A8. Loans, advances and financing (continued)**

(x) Movements in the allowance for impaired loans are as follows:

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Individual impairment allowance</u>		
At 1 January	1,272	883
Allowance made during the period / year	10	818
Amounts written back during the period / year	<b>(1,121)</b>	<b>(429)</b>
At 30 June 2015 / 31 December 2014	<b>161</b>	<b>1,272</b>
<u>Portfolio impairment allowance</u>		
At 1 January	2,729	1,996
Net allowance made during the period / year	244	733
At 30 June 2015 / 31 December 2014	<b>2,973</b>	<b>2,729</b>
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<b>1.5%</b>	<b>1.5%</b>

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A9. Other assets</b>				
Due from brokers and clients, net of allowance for impairment loss	<b>1,040,447</b>	816,517	<b>1,038,306</b>	814,884
Collateral pledged for derivative transactions	<b>147,403</b>	153,003	<b>147,403</b>	153,003
Other debtors, deposits and prepayments, net of allowance for doubtful debts	<b>83,811</b>	175,835	<b>82,798</b>	174,831
	<b>1,271,661</b>	1,145,355	<b>1,268,507</b>	1,142,718

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A10. Deposits from customers</b>		
<u>(i) By type of deposits</u>		
Structured deposits	<b>146,350</b>	152,200
Short term money market deposits	<b>253,336</b>	194,361
	<b>399,686</b>	346,561
<u>(ii) By type of customers</u>		
Local government and statutory bodies	<b>54,400</b>	54,400
Business enterprises	<b>260,436</b>	201,461
Individuals	<b>81,100</b>	86,950
Others	<b>3,750</b>	3,750
	<b>399,686</b>	346,561

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A11. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	<b>472,910</b>	676,865
Other financial institutions	<b>425,858</b>	456,764
	<b>898,768</b>	1,133,629

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>A12. Other liabilities</b>				
Due to brokers and clients	<b>984,823</b>	778,561	<b>984,823</b>	778,561
Others	<b>166,706</b>	183,725	<b>164,115</b>	181,616
	<b>1,151,529</b>	962,286	<b>1,148,938</b>	960,177

**PART A - EXPLANATORY NOTES (CONTINUED)**

	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
<b>A13. Interest income</b>				
<b>Group</b>				
Loans, advances and financing	1,495	1,134	3,018	2,161
Money at call and deposits placements with banks and other financial institutions	7,446	6,683	14,442	13,744
Reverse repurchase agreements	1,094	1,459	2,375	2,974
Financial assets held for trading	97	31	147	43
Others	246	211	477	523
	<b>10,378</b>	<b>9,518</b>	<b>20,459</b>	<b>19,445</b>
Amortisation of premium less accretion of discount	(3)	(2)	(3)	(4)
	<b>10,375</b>	<b>9,516</b>	<b>20,456</b>	<b>19,441</b>
<b>Bank</b>				
Loans, advances and financing	1,495	1,134	3,018	2,161
Money at call and deposits placements with banks and other financial institutions	5,988	5,905	11,727	11,790
Reverse repurchase agreements	1,094	1,459	2,375	2,974
Financial assets held for trading	97	31	147	43
Others	246	211	477	523
	<b>8,920</b>	<b>8,740</b>	<b>17,744</b>	<b>17,491</b>
Amortisation of premium less accretion of discount	(3)	(2)	(3)	(4)
	<b>8,917</b>	<b>8,738</b>	<b>17,741</b>	<b>17,487</b>
<b>A14. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	8,108	9,360	16,779	17,773
Deposits from customers	1,307	554	2,648	1,932
Subordinated loans	79	134	144	319
	<b>9,494</b>	<b>10,048</b>	<b>19,571</b>	<b>20,024</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	8,108	9,360	16,779	17,773
Deposits from customers	1,307	554	2,648	1,932
	<b>9,415</b>	<b>9,914</b>	<b>19,427</b>	<b>19,705</b>
<b>A15. Non interest income</b>				
<b>Group</b>				
a) <b>Fee income and commission income:</b>				
Commissions	493	1,789	1,874	4,085
Portfolio management fees	1,707	2,013	3,397	3,858
Advisory and arrangement fees	8,077	7,210	37,185	19,098
Underwriting commissions	1,199	2,732	7,638	2,732
Placement fees	5,196	898	6,891	15,624
Other fee income	2,059	1,963	5,896	2,668
	<b>18,731</b>	<b>16,605</b>	<b>62,881</b>	<b>48,065</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	3,747	21	3,712	608
- realised gain	264	61	312	648
- unrealised gain / (loss)	3,483	(40)	3,400	(40)
Gain/(loss) arising from trading in derivative financial instruments	(404)	(139)	(88)	(141)
- realised gain/(loss)	(533)	(139)	(217)	(141)
- unrealised gain	129	-	129	-
	<b>3,343</b>	<b>(118)</b>	<b>3,624</b>	<b>467</b>
c) <b>Net gain from sale of financial investments available-for-sale</b>				
	-	44	-	44
d) <b>Dividend income from:</b>				
Financial assets held for trading	202	4	202	4
e) <b>Other income:</b>				
Foreign exchange gain	(709)	1,005	1,860	2,343
Gain on disposal of property, plant and equipment	-	1,204	61	1,334
Other non-operating income	1,432	386	2,604	647
	<b>723</b>	<b>2,595</b>	<b>4,525</b>	<b>4,324</b>
f) <b>Income from asset management and securities services</b>	2,752	1,185	4,732	2,143
g) <b>Brokerage Income</b>	32,731	39,040	71,449	83,894
<b>Total non interest income</b>	<b>58,482</b>	<b>59,355</b>	<b>147,413</b>	<b>138,941</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A15. Non interest income (Continued)**

	2nd quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<b>Bank</b>				
a) <b>Fee income and commission income:</b>				
Commissions	493	1,789	1,874	4,085
Portfolio management fees	1,707	2,013	3,397	3,858
Advisory and arrangement fees	8,077	7,210	37,185	19,098
Underwriting commissions	1,199	2,732	7,638	2,732
Placement fees	5,196	898	6,891	15,624
Other fee income	2,059	1,963	5,896	2,668
	<b>18,731</b>	<b>16,605</b>	<b>62,881</b>	<b>48,065</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	3,747	21	3,712	608
- realised gain	264	61	312	648
- unrealised loss	3,483	(40)	3,400	(40)
Gain/(loss) arising from trading in derivative financial instruments	(404)	(139)	(88)	(141)
- realised gain/(loss)	(533)	(139)	(217)	(141)
- unrealised gain	129	-	129	-
	<b>3,343</b>	<b>(118)</b>	<b>3,624</b>	<b>467</b>
c) <b>Dividend income from:</b>				
Financial assets held for trading	202	4	202	4
d) <b>Other income:</b>				
Foreign exchange gain	(733)	1,016	1,827	2,324
Gain on disposal of property, plant and equipment	-	1,204	61	1,334
Other non-operating income	1,431	385	2,604	647
	<b>698</b>	<b>2,605</b>	<b>4,492</b>	<b>4,305</b>
e) <b>Income from asset management and securities services</b>	<b>2,752</b>	<b>1,185</b>	<b>4,732</b>	<b>2,143</b>
f) <b>Brokerage Income</b>	<b>31,589</b>	<b>37,927</b>	<b>69,105</b>	<b>81,715</b>
<b>Total non interest income</b>	<b>57,315</b>	<b>58,208</b>	<b>145,036</b>	<b>136,699</b>

**A16. Overheads**

**Group**

**Personnel costs**

- Salaries, allowances and bonuses	43,262	58,432	80,199	124,493
- Pension cost (defined contribution plan)	4,386	7,926	9,009	15,860
- Management Separation Scheme	11,208	-	11,208	-
- Training fees	(151)	782	1,590	1,853
- Overtime, meal and transport claims	37	452	316	985
- Others	1,532	4,801	3,745	10,643
	<b>60,274</b>	<b>72,393</b>	<b>106,067</b>	<b>153,834</b>

**Establishment costs**

- Depreciation of property, plant and equipment	3,929	10,327	8,407	18,735
- Depreciation of investment property	128	-	257	-
- Rental	5,839	9,198	11,562	18,213
- Others	4,794	3,851	6,278	11,141
	<b>14,690</b>	<b>23,376</b>	<b>26,504</b>	<b>48,089</b>

**Marketing expenses**

- Advertisement	597	6,168	3,493	9,624
- Entertainment expenses	1,635	612	3,655	2,841
- Others	1,000	2,061	1,335	2,622
	<b>3,232</b>	<b>8,841</b>	<b>8,483</b>	<b>15,087</b>

**Administration and general expenses**

- Legal and professional fees	369	1,587	693	3,901
- Communication	321	1,793	1,323	3,493
- Printing and stationery	9	525	349	1,684
- Administrative vehicle, travelling and insurance expenses	1,123	3,061	2,496	5,629
- Others	1,483	2,922	3,180	5,718
	<b>3,305</b>	<b>9,888</b>	<b>8,041</b>	<b>20,425</b>

Shared services cost

	<b>(9,686)</b>	<b>(60,012)</b>	<b>(29,757)</b>	<b>(122,785)</b>
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Total overhead expenses

	<b>71,815</b>	<b>54,486</b>	<b>119,338</b>	<b>114,650</b>
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**PART A - EXPLANATORY NOTES (CONTINUED)**

**A16. Overheads (Continued)**

	2nd quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	42,849	57,668	79,606	123,243
- Pension cost (defined contribution plan)	4,335	7,878	8,906	15,764
- Management Separation Scheme	11,208	-	11,208	-
- Training fees	(150)	786	1,590	1,852
- Overtime, meal and transport claims	37	452	316	985
- Others	1,402	4,784	3,606	10,585
	<b>59,681</b>	<b>71,568</b>	<b>105,232</b>	<b>152,429</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	3,891	10,290	8,334	18,662
- Depreciation of investment property	128	-	257	-
- Rental	5,600	8,947	11,036	17,663
- Others	4,756	3,803	6,216	11,041
	<b>14,375</b>	<b>23,040</b>	<b>25,843</b>	<b>47,366</b>
<b>Marketing expenses</b>				
- Advertisement	578	6,168	3,469	9,620
- Entertainment expenses	1,621	2,052	3,586	4,271
- Others	993	600	1,324	1,105
	<b>3,192</b>	<b>8,820</b>	<b>8,379</b>	<b>14,996</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	209	1,577	525	3,883
- Communication	319	1,778	1,317	3,457
- Printing and stationery	9	525	349	1,684
- Administrative vehicle, travelling and insurance expenses	1,115	3,055	2,482	5,618
- Others	1,436	2,892	3,103	5,653
	<b>3,088</b>	<b>9,827</b>	<b>7,776</b>	<b>20,295</b>
Shared services cost	(9,686)	(60,012)	(29,757)	(122,785)
Total overhead expenses	<b>70,650</b>	<b>53,243</b>	<b>117,473</b>	<b>112,301</b>

**A17. Writeback of / (allowance for) impairment losses on loans, advances and financing**

**The Group and the Bank**

**Writeback of / (allowance for) impairment losses on loans, advances and financing :**

(a) Individual impairment allowance				
- made during the financial period	(2)	(20)	(10)	(103)
- written back during the financial period	1,314	1,191	1,120	426
(b) Portfolio impairment allowance				
- made during the financial period	(95)	(198)	(244)	(406)
	<b>1,217</b>	<b>973</b>	<b>866</b>	<b>(83)</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A18. Derivative financial instruments and commitment and contingencies**

**i) Derivative financial instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivative. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of 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 and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>At 30 June 2015</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	43,407	89	-
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	146,350	10,708	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	277,053	-	-
Index futures			
- Less than 1 year	25,047	40	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	292,700	8,924	(10,005)
<b>Total derivative assets/(liabilities)</b>	<b>784,557</b>	<b>19,761</b>	<b>(10,005)</b>
<b>At 31 December 2014</b>			
<b>Trading derivatives</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	152,200	12,339	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	267,395	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	304,400	9,548	(10,626)
<b>Total derivative assets/(liabilities)</b>	<b>723,995</b>	<b>21,887</b>	<b>(10,626)</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A18. Derivative financial instruments and commitment and contingencies (Continued)**

**i) 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 and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM19,761,000 (31 December 2014: RM21,887,000). 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 and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2014 and the Risk Management section of the 2014 in Annual Report of CIMB Group Holdings Berhad.

**ii) Commitment and contingencies**

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

These commitments and contingencies are not secured over the Group and the Bank.

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

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>Principal amount RM'000</b>	<b>Principal amount RM'000</b>
<u>Credit-related</u>		
Obligations under underwriting agreement	80,573	-
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	37,073	22,949
Total credit-related commitments and contingencies	117,646	22,949
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	43,407	-
Interest rate related contracts		
- Five years and above	146,350	152,200
Equity related contracts		
- Less than one year	25,047	-
- One year to less than 5 years	277,053	267,395
Credit related contracts		
- Five years and above	292,700	304,400
Total treasury-related commitments and contingencies	784,557	723,995
	902,203	746,944

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A19. Capital Adequacy**

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

The risk-weighted assets of the Group and Bank 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.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Common Equity Tier I Ratio	<b>29.577%</b>	28.765%	<b>30.964%</b>	29.452%
Tier I ratio	<b>29.577%</b>	28.765%	<b>30.964%</b>	29.452%
Total capital ratio	<b>29.577%</b>	28.765%	<b>30.964%</b>	29.452%

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Credit risk	<b>1,177,857</b>	1,164,171	<b>1,018,900</b>	1,049,461
Market risk	<b>85,075</b>	52,221	<b>85,036</b>	51,509
Operational risk	<b>660,355</b>	697,657	<b>645,588</b>	684,202
Total risk-weighted assets	<b>1,923,287</b>	1,914,049	<b>1,749,524</b>	1,785,172

c) Components of Common Equity Tier I and Tier II capitals are as follows :

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>Common Equity Tier I capital</b>				
Ordinary shares	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Other reserves	<b>518,015</b>	507,156	<b>491,637</b>	483,581
Common Equity Tier I capital before regulatory adjustments	<b>618,015</b>	607,156	<b>591,637</b>	583,581
<u>Less: Regulatory adjustments</u>				
Goodwill	<b>(964)</b>	(964)	-	-
Deferred Tax Assets	<b>(42,245)</b>	(46,428)	<b>(42,124)</b>	(46,296)
Deduction in excess of Tier 2 capital	<b>(2,730)</b>	(7,603)	<b>(3,888)</b>	(9,559) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	<b>(3,127)</b>	(1,460)	<b>(3,898)</b>	(1,949)
Others	<b>(103)</b>	(118)	-	-
Common equity tier I capital after regulatory adjustments / total Tier I capital	<b>568,846</b>	550,583	<b>541,727</b>	525,777
<b>Tier II capital</b>				
Redeemable Preference Shares	<b>7</b>	8	<b>7</b>	8
Portfolio impairment allowance and regulatory reserves	<b>2,973</b>	2,729	<b>2,973</b>	2,729 N2
Tier II capital before regulatory adjustments	<b>2,980</b>	2,737	<b>2,980</b>	2,737
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	<b>(5,710)</b>	(10,340)	<b>(6,868)</b>	(12,296)
Total Tier II capital	<b>-</b>	-	<b>-</b>	- N1
Total capital base	<b>568,846</b>	550,583	<b>541,727</b>	525,777

N1 The excess of Tier II capital was deducted under Tier I capital

N2 The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM2,973,000 (2014 : RM2,729,000) for the Group and the Bank.



## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A20. Segment reporting**

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

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

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

#### Definition of segments

For management purposes, the Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt related, Equity related, Investments and securities services and Support and others. The business lines are the basis on which the Group reports its primary segment information.

*Financial advisory, underwriting and other fees* mainly comprise fees derived from structured financial solutions, origination of capital market products, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

*Debt/financing related* mainly comprises proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It also invests in proprietary capital.

*Equity related* mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

*Investments and securities services* mainly comprise annuity income derived from fund management, agency, unit trust and securities services.

*Support and others* mainly comprise all middle and back-office processes and other related services which are non-core operations.

The following table presents an analysis of the Group's results and statements of financial position by business segments

The Group	Financial	Debt / financing	Equity related	Investments and	Support and	Total
	advisory, underwriting and other fees					
30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest (expense)/income	-	(2,132)	-	-	3,017	885
Non interest income	54,218	7,736	64,802	14,939	5,718	147,413
Income from Islamic Banking operations	9,498	14,339	3,159	1,934	91	29,021
	63,716	19,943	67,961	16,873	8,826	177,319
Overheads	(34,587)	1,527	(59,525)	(26,753)	-	(119,338)
<i>of which :</i>						
Depreciation of property, plant and equipment	(2,238)	(30)	(4,343)	(2,053)	-	(8,664)
(Loss)/profit before allowances:	29,129	21,470	8,436	(9,880)	8,826	57,981
Allowance for impairment losses on loans, advances and financing	-	-	-	-	866	866
(Allowance for)/ write back of impairment losses on other receivables	(1,079)	(67)	1,503	183	16	556
Segment results	28,050	21,403	9,939	(9,697)	9,708	59,403
Share of results of associates						545
Profit before taxation						59,948
Taxation						(19,284)
Net profit for the financial period						40,664
<b>30 June 2015</b>						
Segment assets	32,461	1,601,973	1,155,379	24,449	245,911	3,060,173
Unallocated assets						52,832
<b>Total assets</b>						<b>3,113,005</b>
Segment liabilities	13,516	1,325,976	1,047,849	6,851	70,917	2,465,109
Unallocated liabilities						29,871
<b>Total liabilities</b>						<b>2,494,980</b>
<b>Other segment items</b>						
Incurring capital expenditure:						
- addition of property, plant and equipment	2,363	32	4,507	2,168	-	9,070
Amortisation of premium less accretion of discount	-	(3)	-	-	-	(3)

## EXPLANATORY NOTES (Continued)

### A20. Segment reporting (Continued)

The following table presents an analysis of the Group's results and statements of financial position by business segments: (continued)

	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
The Group 30 June 2014						
Net interest (expense)/income	-	(2,744)	-	-	2,161	(583)
Non interest income	25,236	3,890	91,775	17,096	944	138,941
Income from Islamic Banking operations	911	9,283	2,369	9	50	12,622
	26,147	10,429	94,144	17,105	3,155	150,980
<b>Overheads</b>	<b>(31,094)</b>	<b>(7,195)</b>	<b>(61,818)</b>	<b>(14,543)</b>	<b>-</b>	<b>(114,650)</b>
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(3,642)</i>	<i>(2,181)</i>	<i>(10,647)</i>	<i>(2,265)</i>	<i>-</i>	<i>(18,735)</i>
Profit before allowances:	(4,947)	3,234	32,326	2,562	3,155	36,330
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(83)	(83)
Write back of/ (allowance for) impairment losses on other receivables	1,353	(71)	(3,765)	314	-	(2,169)
Recoveries from investment management and securities services	-	-	-	804	-	804
Segment results	(3,594)	3,163	28,561	3,680	3,072	34,882
Share of results of associates						608
Profit before taxation						35,490
Taxation						(13,606)
Net profit for the financial period						21,884
31 December 2014						
Segment assets	23,507	1,675,573	956,660	21,826	340,598	3,018,164
Unallocated assets						70,341
<b>Total assets</b>						<b>3,088,505</b>
Segment liabilities	786	1,498,311	849,606	3,050	106,345	2,458,098
Unallocated liabilities						23,241
<b>Total liabilities</b>						<b>2,481,339</b>
<b>Other segment items</b>						
Incurred capital expenditure:						
- addition of property, plant and equipment	849	869	2,371	1,537	-	5,626
Amortisation of premium less accretion of discount	-	(4)	-	-	-	(4)

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. FAIR VALUE ESTIMATION**

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

#### Determination of fair value and fair value hierarchy

##### Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. FAIR VALUE ESTIMATION (CONTINUED)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 June 2015 and 31 December 2014

<u>The Group</u>	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 June 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	27,836	27,836	-	-	27,836
- Unquoted securities	1,021	-	1,021	-	1,021
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	19,761	-	19,761	-	19,761
<b>Total</b>	<b>50,055</b>	<b>27,836</b>	<b>20,782</b>	<b>1,437</b>	<b>50,055</b>

<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,005	-	10,005	-	10,005
<b>Total</b>	<b>10,005</b>	<b>-</b>	<b>10,005</b>	<b>-</b>	<b>10,005</b>

<u>The Bank</u>	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 June 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	27,836	27,836	-	-	27,836
- Unquoted securities	1,021	-	1,021	-	1,021
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	19,761	-	19,761	-	19,761
<b>Total</b>	<b>49,363</b>	<b>27,836</b>	<b>20,782</b>	<b>745</b>	<b>49,363</b>

<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,005	-	10,005	-	10,005
<b>Total</b>	<b>10,005</b>	<b>-</b>	<b>10,005</b>	<b>-</b>	<b>10,005</b>

<u>The Group</u>	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2014</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	87	87	-	-	87
- Unquoted securities	4,568	-	4,568	-	4,568
Financial investments available-for-sale					
- Unquoted securities	1,464	-	-	1,464	1,464
Derivative financial instruments					
- Trading derivatives	21,887	-	21,887	-	21,887
<b>Total</b>	<b>28,006</b>	<b>87</b>	<b>26,455</b>	<b>1,464</b>	<b>28,006</b>

<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,626	-	10,626	-	10,626
<b>Total</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>

<u>The Bank</u>	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2014</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	87	87	-	-	87
- Unquoted securities	4,568	-	4,568	-	4,568
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	21,887	-	21,887	-	21,887
<b>Total</b>	<b>27,287</b>	<b>87</b>	<b>26,455</b>	<b>745</b>	<b>27,287</b>

<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,626	-	10,626	-	10,626
<b>Total</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. FAIR VALUE ESTIMATION (CONTINUED)**

The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2015 and 31 December 2014 for the Group and the Bank.

	<b>Financial Assets Financial investments available-for-sale</b>	
	<b>RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>		
<b>30 June 2015</b>		
At 1 January	1,464	1,464
Total loss recognised in other comprehensive income	(27)	(27)
At 30 June 2015	<u>1,437</u>	<u>1,437</u>
Total loss recognised in other comprehensive income relating to assets held on 30 June	<u>(27)</u>	<u>(27)</u>

	<b>Financial Assets Financial investments available-for-sale</b>	
	<b>RM'000</b>	<b>Total RM'000</b>
<b>The Bank</b>		
<b>30 June 2015</b>		
At 1 January / 30 June 2015	<u>745</u>	<u>745</u>

	<b>Financial Assets Financial investments available-for-sale</b>	
	<b>RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>		
<b>31 December 2014</b>		
At 1 January	2,824	2,824
Total gain recognised in statement of income	44	44
Total loss recognised in other comprehensive income	(277)	(277)
Redemption of securities	(1,127)	(1,127)
At 31 December	<u>1,464</u>	<u>1,464</u>
Total gain recognised in statement of income relating to assets held on 31 December 2014	<u>44</u>	<u>44</u>
Total loss recognised in other comprehensive income relating to assets held on 31 December 2014	<u>(277)</u>	<u>(277)</u>

	<b>Financial Assets Financial investments available-for-sale</b>	
	<b>RM'000</b>	<b>Total RM'000</b>
<b>The Bank</b>		
<b>31 December 2014</b>		
At 1 January / 31 December 2014	<u>745</u>	<u>745</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. The operations of Islamic Banking**

**A22a. Unaudited Statements of Financial Position as at 30 June 2015**

	Notes	The Group and the Bank	
		30 June 2015	31 December 2014
		RM'000	RM'000
<b>Assets</b>			
Cash and short-term funds		230,458	470,664
Deposit and placements with banks and other financial institutions		200,020	50,605
Islamic derivative financial instruments		19,633	21,887
Other assets		149,274	158,638
Tax recoverable		(748)	2,740
Deferred tax assets		234	15
Property, plant and equipment		382	434
Amount due from related companies		1,970	1,321
<b>Total assets</b>		<b>601,223</b>	<b>706,304</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Deposits from customers	A22c	146,350	152,200
Deposits and placements of banks and other financial institutions		-	85,674
Islamic derivative financial instruments		10,005	10,626
Provision for taxation and Zakat		-	7
Other liabilities		4,932	35,740
Amount due to related companies		278	271
<b>Total liabilities</b>		<b>161,565</b>	<b>284,518</b>
Islamic Banking capital funds		55,250	55,250
Reserves		384,408	366,536
<b>Total Islamic Banking capital funds</b>		<b>439,658</b>	<b>421,786</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>601,223</b>	<b>706,304</b>

**A22b. Unaudited Statements of Income for the financial period ended 30 June 2015**

	The Group and the Bank			
	2nd quarter ended		Six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	875	379	2,349	705
Income derived from investment of shareholders' funds	24,946	7,740	30,286	13,945
Allowance for impairment losses on other receivables	(14)	3	(24)	7
<b>Total attributable income</b>	<b>25,807</b>	<b>8,122</b>	<b>32,611</b>	<b>14,657</b>
Income attributable to the depositors	(1,581)	(1,034)	(3,614)	(2,028)
<b>Total net income</b>	<b>24,226</b>	<b>7,088</b>	<b>28,997</b>	<b>12,629</b>
Personnel expenses	(156)	(145)	(306)	(297)
Other overheads and expenditures	(3,489)	(3,149)	(4,682)	(5,503)
<b>Profit before taxation</b>	<b>20,581</b>	<b>3,794</b>	<b>24,009</b>	<b>6,829</b>
Taxation	(5,190)	(1,095)	(6,137)	(1,913)
<b>Profit after taxation/total comprehensive income for the period</b>	<b>15,391</b>	<b>2,699</b>	<b>17,872</b>	<b>4,916</b>
<b>Income from Islamic operations (per page 2)</b>				
<b>Total net income</b>	<b>24,226</b>	<b>7,088</b>	<b>28,997</b>	<b>12,629</b>
Less : Writeback / (allowance for) impairment losses on other receivables	14	(3)	24	(7)
	<b>24,240</b>	<b>7,085</b>	<b>29,021</b>	<b>12,622</b>

**A22c. Deposits from customers**

	The Group and the Bank	
	30 June 2015	31 December 2014
	RM'000	RM'000
<b>(i) By type of deposits</b>		
Term deposits		
Specific investment account		
Mudharabah	146,350	152,200
<b>(ii) Maturity structure of term deposits :</b>		
More than five years	146,350	152,200
<b>(iii) By type of customers</b>		
Government and statutory bodies	54,400	54,400
Business enterprises	7,100	7,100
Individuals	81,100	86,950
Others	3,750	3,750
	<b>146,350</b>	<b>152,200</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A22d. Capital Adequacy**

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

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
Common Equity Tier 1 Ratio	<b>132.901%</b>	112.821%
Tier 1 ratio	<b>132.901%</b>	112.821%
Total capital ratio	<b>132.901%</b>	112.821%

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

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>208,033</b>	213,688
Market risk	<b>12,933</b>	14,616
Operational risk	<b>109,675</b>	145,538
Total risk-weighted assets	<b>330,641</b>	373,842

c) Components of Common Equity Tier I and Tier II capitals are as follows :

	<b>The Group and the Bank</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier I capital</b>		
Ordinary shares	<b>55,250</b>	55,250
Other reserves	<b>384,408</b>	366,536
Common Equity Tier I capital / Total Tier I Capital	<b>439,658</b>	421,786
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	<b>(234)</b>	(15)
Common equity tier I capital after regulatory adjustments / total Tier I capital	<b>439,424</b>	421,771
Total capital base	<b>439,424</b>	421,771

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A23. Credit transactions and exposures with connected parties**

	<b>The Group</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>40,284</b>	34,213
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>1.8%</b>	1.5%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	<b>0.0%</b>	0.0%

## **PART B**

### **B1. Group Performance Review**

The Group achieved a profit after tax of RM40.7 million for the period ended 30 June 2015, 85.8% higher than the same period in 2014. This was mainly due to the increase in total income to RM177.3million for the period ended 30 June 2015 as compared to RM151.0 million for the same period in 2014. There was an increase in fee and commission income to RM72.4 million for the period ended 30 June 2015 as compared to RM48.1 million for the same period in 2014. However, this was partly offset by decrease in brokerage income to RM71.4 million, 14.8% lower than the same period in 2014.

Overhead expenses stood at RM119.3 million for the period ended 30 June 2015, 4.1% higher than the same period in 2014.

### **B2. Prospects for the Current Financial Year**

The outlook for the capital markets business is mixed, in view of the slower domestic economic environment, moderation in consumer spending and market cautiousness on the global interest rate environment. Prospects for the Equity Capital Markets business will be largely dependent on market conditions. On the whole, the capital markets outlook will correspond to the macroeconomic prospects and investor sentiment.



**PART B (CONTINUED)**

**B3. COMPUTATION OF EARNINGS PER SHARE (EPS)**

**a) Basic EPS**

Basic earnings per share of the Group and the Bank are calculated by dividing the net profit attributable to owners of the Group and the Bank by the weighted average number of ordinary shares issue during the financial period.

	<b>The Group</b>			
	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>11,962</b>	6,702	<b>40,664</b>	21,884
Weighted average number of ordinary shares in issue ( '000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (expressed in sen per share)	<b>12.0</b>	6.7	<b>40.7</b>	21.9

	<b>The Bank</b>			
	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>10,638</b>	5,915	<b>37,834</b>	20,599
Weighted average number of ordinary shares in issue ( '000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (expressed in sen per share)	<b>10.6</b>	5.9	<b>37.8</b>	20.6

**b) Diluted EPS**

There were no dilutive potential ordinary shares outstanding as at 30 June 2015 and 30 June 2014.