

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015**

	Notes	The Group		The Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
<b>Assets</b>					
Cash and short term funds		1,409,171	1,305,035	1,377,753	1,274,794
Reverse repurchase agreements		200,077	195,890	200,077	195,890
Deposits and placements with banks and other financial institutions		2,031	50,637	2,002	50,607
Financial assets held for trading	A5	9,615	4,655	9,615	4,655
Derivative financial instruments	A17(i)	14,735	21,887	14,735	21,887
Financial investments available-for-sale	A6	1,464	1,464	745	745
Loans, advances and financing	A7	188,951	179,181	188,951	179,181
Other assets	A8	1,560,055	1,145,355	1,557,153	1,142,718
Deferred tax assets		49,754	46,428	49,633	46,296
Amounts due from subsidiaries		-	-	9	12
Amounts due from related companies		7,521	21,939	7,521	21,939
Statutory deposits with Bank Negara Malaysia		246	1,721	246	1,721
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		6,091	5,835	-	-
Property, plant and equipment		90,305	107,514	91,122	108,294
Investment property		19,265	-	19,265	-
Goodwill		964	964	-	-
<b>Total assets</b>		<b>3,560,245</b>	<b>3,088,505</b>	<b>3,527,877</b>	<b>3,057,789</b>
<b>Liabilities</b>					
Deposits from customers	A9	299,830	346,561	299,830	346,561
Deposits and placements of banks and other financial institutions	A10	1,068,450	1,133,629	1,068,450	1,133,629
Derivative financial instruments	A17(i)	7,161	10,626	7,161	10,626
Other liabilities	A11	1,466,497	962,286	1,464,384	960,177
Provision for taxation and Zakat		14,167	3,822	14,056	3,790
Amounts due to related companies		78,594	19,415	78,593	19,415
Subordinated loan		5,062	5,000	-	-
<b>Total liabilities</b>		<b>2,939,761</b>	<b>2,481,339</b>	<b>2,932,474</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		520,474	507,156	495,393	483,581
<b>Total equity</b>		<b>620,484</b>	<b>607,166</b>	<b>595,403</b>	<b>583,591</b>
<b>Total equity and liabilities</b>		<b>3,560,245</b>	<b>3,088,505</b>	<b>3,527,877</b>	<b>3,057,789</b>
<b>Commitments and contingencies</b>	A17(ii)	<b>752,706</b>	<b>746,944</b>	<b>752,706</b>	<b>746,944</b>
<b>Net assets per share (RM)</b>		<b>6.20</b>	<b>6.07</b>	<b>5.95</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 31 MARCH 2015**

	Notes	The Group				The Bank			
		1st quarter ended		Three months ended		1st quarter ended		Three months ended	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	A12	10,081	9,925	10,081	9,925	8,824	8,749	8,824	8,749
Interest expense	A13	(10,077)	(9,976)	(10,077)	(9,976)	(10,012)	(9,791)	(10,012)	(9,791)
Net interest expense		4	(51)	4	(51)	(1,188)	(1,042)	(1,188)	(1,042)
Income derived from investment of depositors' funds and others		1,474	326	1,474	326	1,474	326	1,474	326
Income derived from investment of shareholders' funds		5,340	6,205	5,340	6,205	5,340	6,205	5,340	6,205
Income attributable to the depositors		(2,033)	(994)	(2,033)	(994)	(2,033)	(994)	(2,033)	(994)
Income from Islamic Banking operations	A21b	4,781	5,537	4,781	5,537	4,781	5,537	4,781	5,537
Fee and commission income	A14	44,150	31,460	44,150	31,460	44,150	31,460	44,150	31,460
Net trading income	A14	281	585	281	585	281	585	281	585
Income from asset management and securities services	A14	1,980	958	1,980	958	1,980	958	1,980	958
Brokerage income	A14	38,718	44,854	38,718	44,854	37,516	43,788	37,516	43,788
Other non-interest income	A14	3,802	1,729	3,802	1,729	3,794	1,700	3,794	1,700
Non-interest income		88,931	79,586	88,931	79,586	87,721	78,491	87,721	78,491
Total income		93,716	85,072	93,716	85,072	91,314	82,986	91,314	82,986
Overheads	A15	(47,523)	(60,164)	(47,523)	(60,164)	(46,823)	(59,058)	(46,823)	(59,058)
Profit before allowances		46,193	24,908	46,193	24,908	44,491	23,928	44,491	23,928
Allowance for impairment losses on loans, advances and financing	A16	(351)	(1,056)	(351)	(1,056)	(351)	(1,056)	(351)	(1,056)
Write back of impairment losses on other receivables (net)		194	1,623	194	1,623	194	1,623	194	1,623
		46,036	25,475	46,036	25,475	44,334	24,495	44,334	24,495
Share of profit of associates		256	236	256	236	-	-	-	-
Profit before taxation		46,292	25,711	46,292	25,711	44,334	24,495	44,334	24,495
Taxation		(17,590)	(10,529)	(17,590)	(10,529)	(17,138)	(9,811)	(17,138)	(9,811)
<b>Profit after taxation</b>		<b>28,702</b>	<b>15,182</b>	<b>28,702</b>	<b>15,182</b>	<b>27,196</b>	<b>14,684</b>	<b>27,196</b>	<b>14,684</b>
Profit for the financial period attributable to : Owners of the Group/Bank		<b>28,702</b>	<b>15,182</b>	<b>28,702</b>	<b>15,182</b>	<b>27,196</b>	<b>14,684</b>	<b>27,196</b>	<b>14,684</b>
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	28.7	15.2	28.7	15.2	27.2	14.7	27.2	14.7

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 31 MARCH 2015**

	The Group				The Bank			
	1st quarter ended		Three months ended		1st quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Profit for the period</b>	<b>28,702</b>	15,182	<b>28,702</b>	15,182	<b>27,196</b>	14,684	<b>27,196</b>	14,684
<b>Other comprehensive income:</b>	<hr/>							
Other comprehensive income for the financial period, net of tax	<b>28,702</b>	15,182	<b>28,702</b>	15,182	<b>27,196</b>	14,684	<b>27,196</b>	14,684
<b>Total comprehensive income attributable to:</b>	<hr/>							
Owners of the Group/Bank	<b>28,702</b>	15,182	<b>28,702</b>	15,182	<b>27,196</b>	14,684	<b>27,196</b>	14,684

*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 31 MARCH 2015**

The Group 31 March 2015	← Attributable to owners of Parent →						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
<b>At 1 January 2015</b>	100,000	10	155,805	215	35,992	315,144	607,166
Net profit for the financial period	-	-	-	-	-	28,702	28,702
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	28,702	28,702
Share-based payment expense	-	-	-	-	9,177	-	9,177
Shares released under Equity Ownership Plan	-	-	-	-	(24,561)	-	(24,561)
<b>At 31 March 2015</b>	100,000	10	155,805	215	20,608	343,846	620,484

The Group 31 March 2014	← Attributable to owners of the Parent →						Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	
<b>At 1 January 2014</b>	100,000	10	155,805	492	30,070	283,051	569,428
Net profit for the financial period	-	-	-	-	-	15,182	15,182
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	15,182	15,182
Share-based payment expense	-	-	-	-	8,552	-	8,552
Share released under Equity Ownership Plan	-	-	-	-	(21,254)	-	(21,254)
<b>At 31 March 2014</b>	100,000	10	155,805	492	17,368	298,233	571,908

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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 31 MARCH 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>31 March 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	-	-	-	-	-	-	27,196	27,196
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	27,196	27,196
Share-based payment expense	-	-	-	-	9,177	-	-	9,177
Shares released under Equity Ownership Plan	-	-	-	-	(24,561)	-	-	(24,561)
<b>At 31 March 2015</b>	100,000	10	155,805	(272,007)	20,608	271,377	319,610	595,403

	← 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>31 March 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	-	-	-	-	-	-	14,684	14,684
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	14,684	14,684
Share-based payment expense	-	-	-	-	8,552	-	-	8,552
Share released under Equity Ownership Plan	-	-	-	-	(21,254)	-	-	(21,254)
<b>At 31 March 2014</b>	100,000	10	155,805	(272,007)	17,368	271,377	276,492	549,045

*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 31 MARCH 2015**

	The Group		The Bank	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation	46,292	25,711	44,334	24,495
Adjustments for non-operating and non-cash items	16,395	15,340	16,623	15,541
Cash flow from operating profit before changes in operating assets and liabilities	62,687	41,051	60,957	40,036
Net changes in operating assets	(392,915)	(559,359)	(395,109)	(559,012)
Net changes in operating liabilities	416,479	559,952	418,935	560,496
Cash generated from operating activities	86,251	41,644	84,783	41,520
Taxation paid	(8,113)	(8,774)	(7,757)	(8,187)
Net cash generated from operating activities	78,138	32,870	77,026	33,333
Net cash used in investing activities	(6,604)	(5,082)	(6,607)	(5,085)
Net cash used in financing activities	62	185	-	-
	(6,542)	(4,897)	(6,607)	(5,085)
Net increase in cash and cash equivalents during the financial period	71,596	27,973	70,419	28,248
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>1,376,631</b>	<b>1,410,746</b>	<b>1,345,213</b>	<b>1,372,757</b>
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	1,409,171	1,442,370	1,377,753	1,404,381
Adjustment for monies held in trust:				
Remisiers' balances	(32,540)	(31,624)	(32,540)	(31,624)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,376,631</b>	<b>1,410,746</b>	<b>1,345,213</b>	<b>1,372,757</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 31 March 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 31 March 2015.

### **A4. Significant events after balance sheet date**

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

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

**A5. Financial assets held for trading**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Quoted securities :</b>		
<i>In Malaysia</i>		
Shares	833	87
<b>Unquoted securities :</b>		
<i>In Malaysia</i>		
Private debt securities	8,782	4,568
Total financial assets held for trading	<b>9,615</b>	<b>4,655</b>

**A6. Financial investments available-for-sale**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>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	7,795	7,795	7,076	7,076
	<b>7,795</b>	<b>7,795</b>	<b>7,076</b>	<b>7,076</b>
<b>Allowance for impairment losses :</b>				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	<b>(6,331)</b>	<b>(6,331)</b>	<b>(6,331)</b>	<b>(6,331)</b>
Total financial investments available-for-sale	<b>1,464</b>	<b>1,464</b>	<b>745</b>	<b>745</b>

**A7. Loans, advances and financing**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>		
Staff loans *	191,829	181,910
Other loans	1,474	1,272
Gross loans, advances and financing	<b>193,303</b>	<b>183,182</b>
Less: allowance for impairment losses		
- Individual impairment allowance	(1,474)	(1,272)
- Portfolio impairment allowance	(2,878)	(2,729)
<b>Total net loans, advances and financing</b>	<b>188,951</b>	<b>179,181</b>

\* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM582,426 (2014: RM 596,774).



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

A7. Loans, advances and financing (continued)	The Group and the Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
<b>(ii) By type of customers</b>		
Individuals	193,303	183,182
<b>(iii) By interest rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan	36,019	39,395
Variable rate		
- BLR plus	157,284	143,787
	<b>193,303</b>	<b>183,182</b>
<b>(iv) By economic purpose:</b>		
Personal use	1,836	1,919
Purchase of residential property (housing)	179,176	168,134
Purchase of securities	1	1
Purchase of transport vehicles	12,290	13,128
Gross loans, advances and financing	<b>193,303</b>	<b>183,182</b>
<b>(v) By geographical distribution</b>		
Malaysia	193,303	183,182
<b>(vi) By residual contractual maturity</b>		
Within one year	272	270
One year to less than three years	3,334	3,511
Three years to less than five years	5,702	6,149
Five years and more	183,995	173,252
	<b>193,303</b>	<b>183,182</b>
<b>(vii) Impaired loans, advances and financing by economic purpose</b>		
Purchase of residential property (housing)	1,370	1,114
Purchase of transport vehicles	104	158
Gross impaired loans, advances and financing	<b>1,474</b>	<b>1,272</b>
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>		
Malaysia	1,474	1,272
<b>(ix) Movements in the impaired loans, advances and financing are as follows:</b>		
At 1 January	1,272	883
Classified as impaired during the period / year	730	818
Amounts written back in respect of recoveries	(528)	(429)
At 31 March 2015 / 31 December 2014	<b>1,474</b>	<b>1,272</b>
Ratio of gross impaired loans to total loans, advances and financing	<b>0.8%</b>	0.7%

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

**A7. Loans, advances and financing (continued)**

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

	<b>The Group and the Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<u>Individual impairment allowance</u>		
At 1 January	1,272	883
Allowance made during the period / year	730	818
Amounts written back during the period / year	(528)	(429)
At 31 March 2015 / 31 December 2014	<u>1,474</u>	<u>1,272</u>
<u>Portfolio impairment allowance</u>		
At 1 January	2,729	1,996
Net allowance made during the period / year	149	733
At 31 March 2015 / 31 December 2014	<u>2,878</u>	<u>2,729</u>
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>1.5%</u>	<u>1.5%</u>

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>A8. Other assets</b>				
Due from brokers and clients, net of allowance for impairment loss	1,319,344	816,517	1,317,418	814,884
Collateral pledged for derivative transactions	149,403	153,003	149,403	153,003
Other debtors, deposits and prepayments, net of allowance for doubtful debts	91,308	175,835	90,332	174,831
	<u>1,560,055</u>	<u>1,145,355</u>	<u>1,557,153</u>	<u>1,142,718</u>

	<b>The Group and the Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>A9. Deposits from customers</b>		
<u>(i) By type of deposits</u>		
Structured deposits	148,601	152,200
Short term money market deposits	151,229	194,361
	<u>299,830</u>	<u>346,561</u>
<u>(ii) By type of customers</u>		
Local government and statutory bodies	54,400	54,400
Business enterprises	158,329	201,461
Individuals	83,351	86,950
Others	3,750	3,750
	<u>299,830</u>	<u>346,561</u>

	<b>The Group and the Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>A10. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	731,794	676,865
Other financial institutions	336,656	456,764
	<u>1,068,450</u>	<u>1,133,629</u>

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>A11. Other liabilities</b>				
Due to brokers and clients	1,254,233	778,561	1,254,233	778,561
Others	212,264	183,725	210,151	181,616
	<u>1,466,497</u>	<u>962,286</u>	<u>1,464,384</u>	<u>960,177</u>

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

	1st quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>A12. Interest income</b>				
<b>Group</b>				
Loans, advances and financing	1,523	1,027	1,523	1,027
Money at call and deposits placements with banks and other financial institutions	6,996	7,061	6,996	7,061
Reverse repurchase agreements	1,281	1,515	1,281	1,515
Financial assets held for trading	50	12	50	12
Others	231	312	231	312
	<b>10,081</b>	<b>9,927</b>	<b>10,081</b>	<b>9,927</b>
Amortisation of premium less accretion of discount	-	(2)	-	(2)
	<b>10,081</b>	<b>9,925</b>	<b>10,081</b>	<b>9,925</b>
<b>Bank</b>				
Loans, advances and financing	1,523	1,027	1,523	1,027
Money at call and deposits placements with banks and other financial institutions	5,739	5,885	5,739	5,885
Reverse repurchase agreements	1,281	1,515	1,281	1,515
Financial assets held for trading	50	12	50	12
Others	231	312	231	312
	<b>8,824</b>	<b>8,751</b>	<b>8,824</b>	<b>8,751</b>
Amortisation of premium less accretion of discount	-	(2)	-	(2)
	<b>8,824</b>	<b>8,749</b>	<b>8,824</b>	<b>8,749</b>
<b>A13. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	8,671	8,413	8,671	8,413
Deposits from customers	1,341	1,378	1,341	1,378
Subordinated loans	65	185	65	185
	<b>10,077</b>	<b>9,976</b>	<b>10,077</b>	<b>9,976</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	8,671	8,413	8,671	8,413
Deposits from customers	1,341	1,378	1,341	1,378
	<b>10,012</b>	<b>9,791</b>	<b>10,012</b>	<b>9,791</b>
<b>A14. Non interest income</b>				
<b>Group</b>				
a) <b>Fee income and commission income:</b>				
Commissions	1,381	2,296	1,381	2,296
Portfolio management fees	1,690	1,845	1,690	1,845
Advisory and arrangement fees	29,108	11,888	29,108	11,888
Underwriting commissions	6,439	-	6,439	-
Placement fees	1,695	14,726	1,695	14,726
Other fee income	3,837	705	3,837	705
	<b>44,150</b>	<b>31,460</b>	<b>44,150</b>	<b>31,460</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(35)	587	(35)	587
- realised gain	48	587	48	587
- unrealised loss	(83)	-	(83)	-
Gain/(loss) arising from trading in derivative financial instruments	316	(2)	316	(2)
- realised gain/(loss)	316	(2)	316	(2)
	<b>281</b>	<b>585</b>	<b>281</b>	<b>585</b>
c) <b>Other income:</b>				
Foreign exchange gain	2,569	1,338	2,569	1,338
Gain on disposal of property, plant and equipment	61	130	61	130
Other non-operating income	1,172	261	1,172	261
	<b>3,802</b>	<b>1,729</b>	<b>3,802</b>	<b>1,729</b>
d) <b>Income from asset management and securities services</b>	<b>1,980</b>	<b>958</b>	<b>1,980</b>	<b>958</b>
e) <b>Brokerage Income</b>	<b>38,718</b>	<b>44,854</b>	<b>38,718</b>	<b>44,854</b>
<b>Total non interest income</b>	<b>88,931</b>	<b>79,586</b>	<b>88,931</b>	<b>79,586</b>

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

**A14. Non interest income (Continued)**

	1st quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Bank</b>				
a) <b>Fee income and commission income:</b>				
Commissions	1,381	2,296	1,381	2,296
Portfolio management fees	1,690	1,845	1,690	1,845
Advisory and arrangement fees	29,108	11,888	29,108	11,888
Underwriting commissions	6,439	-	6,439	-
Placement fees	1,695	14,726	1,695	14,726
Other fee income	3,837	705	3,837	705
	<b>44,150</b>	<b>31,460</b>	<b>44,150</b>	<b>31,460</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(35)	587	(35)	587
- realised gain	48	587	48	587
- unrealised loss	(83)	-	(83)	-
Gain/(loss) arising from trading in derivative financial instruments	316	(2)	316	(2)
- realised gain/(loss)	316	(2)	316	(2)
	<b>281</b>	<b>585</b>	<b>281</b>	<b>585</b>
c) <b>Other income:</b>				
Foreign exchange gain	2,560	1,308	2,560	1,308
Gain on disposal of property, plant and equipment	61	130	61	130
Other non-operating income	1,173	262	1,173	262
	<b>3,794</b>	<b>1,700</b>	<b>3,794</b>	<b>1,700</b>
d) <b>Income from asset management and securities services</b>	<b>1,980</b>	<b>958</b>	<b>1,980</b>	<b>958</b>
e) <b>Brokerage Income</b>	<b>37,516</b>	<b>43,788</b>	<b>37,516</b>	<b>43,788</b>
<b>Total non interest income</b>	<b>87,721</b>	<b>78,491</b>	<b>87,721</b>	<b>78,491</b>
<b>A15. Overheads</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	36,937	66,061	36,937	66,061
- Pension cost (defined contribution plan)	4,623	7,934	4,623	7,934
- Training fees	1,741	1,071	1,741	1,071
- Overtime, meal and transport claim:	279	533	279	533
- Others	2,213	5,842	2,213	5,842
	<b>45,793</b>	<b>81,441</b>	<b>45,793</b>	<b>81,441</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,478	8,408	4,478	8,408
- Depreciation of investment property	129	-	129	-
- Rental	5,723	9,015	5,723	9,015
- Others	1,484	7,290	1,484	7,290
	<b>11,814</b>	<b>24,713</b>	<b>11,814</b>	<b>24,713</b>
<b>Marketing expenses</b>				
- Advertisement	2,896	3,456	2,896	3,456
- Entertainment expenses	2,020	2,229	2,020	2,229
- Others	335	561	335	561
	<b>5,251</b>	<b>6,246</b>	<b>5,251</b>	<b>6,246</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	324	2,314	324	2,314
- Communication	1,002	1,700	1,002	1,700
- Printing and stationery	340	1,159	340	1,159
- Administrative vehicle, travelling and insurance expenses	1,373	2,568	1,373	2,568
- Others	1,697	2,796	1,697	2,796
	<b>4,736</b>	<b>10,537</b>	<b>4,736</b>	<b>10,537</b>
Shared services cost	(20,071)	(62,773)	(20,071)	(62,773)
<b>Total overhead expenses</b>	<b>47,523</b>	<b>60,164</b>	<b>47,523</b>	<b>60,164</b>

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

**A15. Overheads (Continued)**

	1st quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	36,757	65,575	36,757	65,575
- Pension cost (defined contribution plan)	4,571	7,886	4,571	7,886
- Training fees	1,740	1,066	1,740	1,066
- Overtime, meal and transport claims	279	533	279	533
- Others	2,204	5,801	2,204	5,801
	<b>45,551</b>	<b>80,861</b>	<b>45,551</b>	<b>80,861</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,443	8,372	4,443	8,372
- Depreciation of investment property	129	-	129	-
- Rental	5,436	8,716	5,436	8,716
- Others	1,460	7,238	1,460	7,238
	<b>11,468</b>	<b>24,326</b>	<b>11,468</b>	<b>24,326</b>
<b>Marketing expenses</b>				
- Advertisement	2,891	3,452	2,891	3,452
- Entertainment expenses	1,965	2,219	1,965	2,219
- Others	331	505	331	505
	<b>5,187</b>	<b>6,176</b>	<b>5,187</b>	<b>6,176</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	316	2,306	316	2,306
- Communication	998	1,679	998	1,679
- Printing and stationery	340	1,159	340	1,159
- Administrative vehicle, travelling and insurance expenses	1,367	2,563	1,367	2,563
- Others	1,667	2,761	1,667	2,761
	<b>4,688</b>	<b>10,468</b>	<b>4,688</b>	<b>10,468</b>
Shared services cost	(20,071)	(62,773)	(20,071)	(62,773)
Total overhead expenses	<b>46,823</b>	<b>59,058</b>	<b>46,823</b>	<b>59,058</b>

**A16. Allowance for impairment losses on loans, advances and financing**

**The Group**

**Allowance for impairment losses on loans, advances and financing:**

(a) Individual impairment allowance				
- made during the financial period	(1,462)	(882)	(730)	(882)
- written back during the financial period	1,260	34	528	34
(b) Portfolio impairment allowance				
- made during the financial period	(149)	(208)	(149)	(208)
	<b>(351)</b>	<b>(1,056)</b>	<b>(351)</b>	<b>(1,056)</b>

**The Bank**

**Allowance for impairment losses on loans, advances and financing:**

(a) Individual impairment allowance				
- made during the financial period	(1,462)	(882)	(730)	(882)
- written back during the financial period	1,260	34	528	34
(b) Portfolio impairment allowance				
- made during the financial period	(149)	(208)	(149)	(208)
	<b>(351)</b>	<b>(1,056)</b>	<b>(351)</b>	<b>(1,056)</b>

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

**A17. 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.

	<b>The Group and The Bank</b>		
	<b>Principal amount RM'000</b>	<b>Fair values Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>At 31 March 2015</b>			
<b>Trading derivatives</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	148,600	8,840	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	276,341	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	297,200	5,895	(7,161)
<b>Total derivative assets/(liabilities)</b>	<b>722,141</b>	<b>14,735</b>	<b>(7,161)</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)**

**A17. 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 31 March 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM14,735,000 (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>31 March 2015</b>	<b>31 December 2014</b>
	<b>Principal amount RM'000</b>	<b>Principal amount RM'000</b>
<u>Credit-related</u>		
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	<u>30,565</u>	<u>22,949</u>
Total credit-related commitments and contingencies	<u>30,565</u>	<u>22,949</u>
<u>Treasury-related</u>		
Interest rate related contracts		
- Five years and above	148,600	152,200
Equity related contracts		
- One year to less than 5 years	276,341	267,395
Credit related contracts		
- Five years and above	297,200	304,400
Total treasury-related commitments and contingencies	<u>722,141</u>	<u>723,995</u>
	<u>752,706</u>	<u>746,944</u>

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

### **A18. 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>31 March 2015</b>	<b>31 December 2014</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Common Equity Tier I Ratio	<b>27.602%</b>	28.765%	<b>28.944%</b>	29.452%
Tier I ratio	<b>27.602%</b>	28.765%	<b>28.944%</b>	29.452%
Total capital ratio	<b>27.602%</b>	28.765%	<b>28.944%</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>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Credit risk	<b>1,139,887</b>	1,164,171	<b>980,708</b>	1,049,461
Market risk	<b>56,648</b>	52,221	<b>56,416</b>	51,509
Operational risk	<b>715,171</b>	697,657	<b>701,119</b>	684,202
Total risk-weighted assets	<b>1,911,706</b>	1,914,049	<b>1,738,243</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>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 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>491,772</b>	507,156	<b>468,197</b>	483,581
Common Equity Tier I capital before regulatory adjustments	<b>591,772</b>	607,156	<b>568,197</b>	583,581
<u>Less: Regulatory adjustments</u>				
Goodwill	<b>(964)</b>	(964)	-	-
Deferred Tax Assets	<b>(49,754)</b>	(46,428)	<b>(49,633)</b>	(46,296)
Deduction in excess of Tier 2 capital	<b>(10,238)</b>	(7,603)	<b>(11,553)</b>	(9,559) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	<b>(3,022)</b>	(1,460)	<b>(3,898)</b>	(1,949)
Others	<b>(118)</b>	(118)	-	-
Common equity tier I capital after regulatory adjustments / total Tier I capital	<b>527,676</b>	550,583	<b>503,113</b>	525,777
<b>Tier II capital</b>				
Redeemable Preference Shares	7	8	7	8
Portfolio impairment allowance and regulatory reserves	<b>2,878</b>	2,729	<b>2,878</b>	2,729 N2
Tier II capital before regulatory adjustments	<b>2,885</b>	2,737	<b>2,885</b>	2,737
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	<b>(13,123)</b>	(10,340)	<b>(14,438)</b>	(12,296)
Total Tier II capital	-	-	-	- N1
Total capital base	<b>527,676</b>	550,583	<b>503,113</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 RM2,878,000 (2014 : RM2,729,000) for the Group and the Bank.



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

### **A19. 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 segment

	Financial advisory, underwriting and other fees	Debt / financing related	Equity related	Investments and securities services	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>						
<b>31 March 2015</b>						
Net interest (expense)/income	-	(1,519)	-	-	1,523	4
Non interest income	34,395	1,415	44,314	7,463	1,344	88,931
Income from Islamic Banking operations	-	3,209	671	864	37	4,781
	34,395	3,105	44,985	8,327	2,904	93,716
Overheads	(11,792)	982	(25,023)	(11,690)	-	(47,523)
of which :						
Depreciation of property, plant and equipment	(1,180)	(77)	(2,209)	(1,141)	-	(4,607)
(Loss)/profit before allowances	22,603	4,087	19,962	(3,363)	2,904	46,193
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(351)	(351)
(Allowance for) write back of impairment losses on other receivables	(613)	(2)	768	31	10	194
Segment results	21,990	4,085	20,730	(3,332)	2,563	46,036
Share of results of associates						256
Profit before taxation						46,292
Taxation						(17,590)
Net profit for the financial period						28,702
<b>31 March 2015</b>						
Segment assets	52,540	1,722,299	1,434,708	28,384	263,095	3,501,026
Unallocated assets						59,219
<b>Total assets</b>						<b>3,560,245</b>
Segment liabilities	1,246	1,378,324	1,324,456	4,258	138,714	2,846,998
Unallocated liabilities						92,763
<b>Total liabilities</b>						<b>2,939,761</b>
<b>Other segment items</b>						
Incurring capital expenditure:						
- addition of property, plant and equipment	1,866	123	3,436	1,629	-	7,054

## EXPLANATORY NOTES (Continued)

### A19. Segment reporting (Continued)

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

	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						
31 March 2014						
Net interest (expense)/income	-	(1,078)	-	-	1,027	(51)
Non interest income	18,251	2,497	48,893	8,587	1,358	79,586
Income from Islamic Banking operations	-	3,669	831	991	46	5,537
	18,251	5,088	49,724	9,578	2,431	85,072
Overheads	(15,294)	(4,677)	(28,985)	(11,208)	-	(60,164)
<i>of which :</i>						
Depreciation of property, plant and equipment	(1,269)	(1,298)	(3,543)	(2,298)	-	(8,408)
Profit before allowances	2,957	411	20,739	(1,630)	2,431	24,908
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(1,056)	(1,056)
Write back of/ (allowance for) impairment losses on other receivables	1,444	(16)	(7)	316	(114)	1,623
Segment results	4,401	395	20,732	(1,314)	1,261	25,475
Share of results of associates						236
Profit before taxation						25,711
Taxation						(10,529)
Net profit for the financial period						15,182
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>						
Incurring capital expenditure:						
- addition of property, plant and equipment	849	869	2,371	1,537	-	5,626
Amortisation of premium less accretion of discount	-	(2)	-	-	-	(2)

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

### **A20. 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)**

**A20. 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 31 March 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>31 March 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	833	833	-	-	833
- Unquoted securities	8,782	-	8,782	-	8,782
Financial investments available-for-sale					
- Unquoted securities	1,464	-	-	1,464	1,464
Derivative financial instrument					
- Trading derivatives	14,735	-	14,735	-	14,735
<b>Total</b>	<b>25,814</b>	<b>833</b>	<b>23,517</b>	<b>1,464</b>	<b>25,814</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	7,161	-	7,161	-	7,161
<b>Total</b>	<b>7,161</b>	<b>-</b>	<b>7,161</b>	<b>-</b>	<b>7,161</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 March 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	833	833	-	-	833
- Unquoted securities	8,782	-	8,782	-	8,782
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instrument					
- Trading derivatives	14,735	-	14,735	-	14,735
<b>Total</b>	<b>25,095</b>	<b>833</b>	<b>23,517</b>	<b>745</b>	<b>25,095</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	7,161	-	7,161	-	7,161
<b>Total</b>	<b>7,161</b>	<b>-</b>	<b>7,161</b>	<b>-</b>	<b>7,161</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)**

### **A20. FAIR VALUE ESTIMATION (CONTINUED)**

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

	<b>Financial Assets Financial investments available-for-sale RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>		
<b>31 March 2015</b>		
At 1 January / 31 March 2015	1,464	1,464

	<b>Financial Assets Financial investments available-for-sale RM'000</b>	<b>Total RM'000</b>
<b>The Bank</b>		
<b>31 March 2015</b>		
At 1 January / 31 March 2015	745	745

	<b>Financial Assets Financial investments available-for-sale 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	1,464	1,464

Total gain recognised in statement of income relating to assets held on 31 December 2014	44	44
Total loss recognised in other comprehensive income relating to assets held on 31 December 2014	(277)	(277)

	<b>Financial Assets Financial investments available-for-sale RM'000</b>	<b>Total RM'000</b>
<b>The Bank</b>		
<b>31 December 2014</b>		
At 1 January / 31 March 2015	745	745

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

**A21. The operations of Islamic Banking**

**A21a. Unaudited Statements of Financial Position as at 31 March 2015**

	Notes	The Group and the Bank	
		31 March 2015 RM'000	31 December 2014 RM'000
<b>Assets</b>			
Cash and short-term funds		550,744	470,664
Deposit and placements with banks and other financial institutions		-	50,605
Islamic derivative financial instruments		14,735	21,887
Other assets		167,214	158,638
Tax recoverable		954	2,740
Deferred tax assets		-	15
Property, plant and equipment		406	434
Amount due from related companies		2,444	1,321
<b>Total assets</b>		<b>736,497</b>	<b>706,304</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Deposits from customers	A21c	148,600	152,200
Deposits and placements of banks and other financial institutions		135,756	85,674
Islamic derivative financial instruments		7,161	10,626
Provision for taxation and Zakat		7	7
Deferred tax liabilities		8	-
Other liabilities		20,420	35,740
Amount due to related companies		278	271
<b>Total liabilities</b>		<b>312,230</b>	<b>284,518</b>
Islamic Banking capital funds		55,250	55,250
Reserves		369,017	355,522
<b>Total Islamic Banking capital funds</b>		<b>424,267</b>	<b>410,772</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>736,497</b>	<b>695,290</b>

**A21b. Unaudited Statements of Income for the financial period ended 31 March 2015**

	The Group and the Bank			
	1st quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of depositors' funds and others	1,474	326	1,474	326
Income derived from investment of shareholders' funds	5,340	6,205	5,340	6,205
Allowance for impairment losses on other receivables	(10)	4	(10)	4
<b>Total attributable income</b>	<b>6,804</b>	<b>6,535</b>	<b>6,804</b>	<b>6,535</b>
Income attributable to the depositors	(2,033)	(994)	(2,033)	(994)
<b>Total net income</b>	<b>4,771</b>	<b>5,541</b>	<b>4,771</b>	<b>5,541</b>
Personnel expenses	(150)	(152)	(150)	(152)
Other overheads and expenditures	(1,193)	(2,354)	(1,193)	(2,354)
<b>Profit before taxation</b>	<b>3,428</b>	<b>3,035</b>	<b>3,428</b>	<b>3,035</b>
Taxation	(947)	(818)	(947)	(818)
<b>Profit after taxation/total comprehensive income for the period</b>	<b>2,481</b>	<b>2,217</b>	<b>2,481</b>	<b>2,217</b>
<u>Income from Islamic operations (per page 2)</u>				
<b>Total net income</b>	<b>4,771</b>	<b>5,541</b>	<b>4,771</b>	<b>5,541</b>
Less : Allowance for impairment losses on other receivables	10	(4)	10	(4)
	<b>4,781</b>	<b>5,537</b>	<b>4,781</b>	<b>5,537</b>

**A21c. Deposits from customers**

	The Group and the Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
<b>(i) By type of deposits</b>		
Term deposits		
Specific investment account		
Mudharabah	148,600	152,200
<b>(ii) Maturity structure of term deposits :</b>		
More than five years	148,600	152,200
	<b>148,600</b>	<b>152,200</b>
<b>(iii) By type of customers</b>		
Government and statutory bodies	54,400	54,400
Business enterprises	7,100	7,100
Individuals	83,350	86,950
Others	3,750	3,750
	<b>148,600</b>	<b>152,200</b>

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

### **A21d. Capital Adequacy**

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

	<b>The Group and the Bank</b>	
	<b>31 March 2015</b>	<b>31 December 2014</b>
Common Equity Tier 1 Ratio	<b>111.820%</b>	112.821%
Tier 1 ratio	<b>111.820%</b>	112.821%
Total capital ratio	<b>111.820%</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>31 March 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>216,704</b>	213,688
Market risk	<b>14,948</b>	14,616
Operational risk	<b>145,548</b>	145,538
Total risk-weighted assets	<b>377,200</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>31 March 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>366,536</b>	366,536
Common Equity Tier I capital / Total Tier I Capital	<b>421,786</b>	421,786
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	-	(15)
Common equity tier I capital after regulatory adjustments / total Tier I capital	<b>421,786</b>	421,771
Total capital base	<b>421,786</b>	421,771

## **PART B**

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

The Group achieved a profit after tax of RM28.7 million for the period ended 31 March 2015, 89.1% higher than the same period in 2014. This was mainly due to the increase in total income to RM93.7 million for the period ended 31 March 2015 as compared to RM85.1 million for the same period in 2014. There was an increase in fee and commission income to RM44.2 million for the period ended 31 March 2015 as compared to RM31.5 million for the same period in 2014. However, this was partly offset by decrease in brokerage income to RM38.7 million, 13.6% lower than the same period in 2014.

Overhead expenses stood at RM47.5 million for the period ended 31 March 2015, 21.0% lower than the same period in 2014, mainly due to decrease in establishment cost.

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

The outlook for the capital markets business is mixed, in view of the cautious economic environment and the moderation in consumer spending following the GST implementation. Mergers & Acquisitions are gaining momentum given the lower level of volatility observed in oil prices, while the Equity Capital Markets business is expected to see some larger deals in the foreseeable future. Nevertheless, the volatile economic backdrop will likely keep capital markets challenging.

### **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>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>	<b>31 Mar 2015</b>	<b>31 Mar 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>28,702</b>	15,182	<b>28,702</b>	15,182
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>28.7</b>	15.2	<b>28.7</b>	15.2

	<b>The Bank</b>			
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>	<b>31 Mar 2015</b>	<b>31 Mar 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>27,196</b>	14,684	<b>27,196</b>	14,684
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>27.2</b>	14.7	<b>27.2</b>	14.7

#### **b) Diluted EPS**

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