

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

	Note	The Group	
		30 September 2014	31 December 2013
		RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds		30,453,889	33,678,882
Reverse repurchase agreements		3,600,617	8,260,504
Deposits and placements with banks and other financial institutions		4,513,646	3,789,019
Financial assets held for trading	A8	25,935,149	23,403,280
Derivative financial instruments	A22	4,791,682	5,020,453
Financial investments available-for-sale	A9	30,331,711	30,334,058
Financial investments held-to-maturity	A10	17,042,556	10,821,493
Loans, advances and financing	A11	243,606,375	228,431,705
Other assets	A12	11,299,355	7,990,355
Tax recoverable		42,818	64,578
Deferred tax assets		310,150	357,250
Statutory deposits with central banks		7,270,970	6,361,648
Investment in associates and joint ventures		1,026,661	1,013,482
Property, plant and equipment		1,365,001	1,546,783
Investment properties		4,000	4,000
Prepaid lease payments		138,916	147,901
Goodwill		7,884,523	7,877,463
Intangible assets		1,864,046	1,760,225
		<b>391,482,065</b>	<b>370,863,079</b>
Non-current assets held for sale		96,686	49,718
<b>TOTAL ASSETS</b>		<b>391,578,751</b>	<b>370,912,797</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A13	263,523,263	263,004,302
Deposits and placements of banks and other financial institutions	A14	30,878,246	20,727,845
Repurchase agreements		5,900,758	5,922,788
Financial liabilities designated at fair value	A15	2,966,284	2,132,170
Derivative financial instruments	A22	6,097,173	6,009,608
Bills and acceptances payable		4,846,901	4,713,219
Other liabilities	A16	10,478,225	8,562,039
Current tax liabilities		584,905	384,800
Deferred tax liabilities		145,045	50,327
Bonds and debentures	B7	7,370,264	7,490,265
Other borrowings	B7	7,744,227	7,772,727
Subordinated obligations	B7	12,583,398	12,066,700
Non-cumulative guaranteed and redeemable preference shares		766,271	847,447
<b>TOTAL LIABILITIES</b>		<b>353,884,960</b>	<b>339,684,237</b>
Ordinary share capital		8,336,522	7,729,346
Reserves		28,379,359	22,542,356
Less: Shares held under trust		(563)	(563)
Treasury shares, at cost		(41)	(41)
		<b>36,715,277</b>	<b>30,271,098</b>
Perpetual preference shares		200,000	200,000
Non-controlling interests		778,514	757,462
<b>TOTAL EQUITY</b>		<b>37,693,791</b>	<b>31,228,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>391,578,751</b>	<b>370,912,797</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A23	<b>640,627,219</b>	<b>522,489,461</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>4.40</b>	<b>3.92</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	Note	The Group			
		3rd quarter ended		Nine months ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Interest income	A17	4,040,241	3,752,636	11,836,758	10,890,566
Interest expense	A18	<b>(1,869,190)</b>	(1,718,993)	<b>(5,423,479)</b>	(4,984,748)
Net interest income		<b>2,171,051</b>	2,033,643	<b>6,413,279</b>	5,905,818
Income from Islamic Banking operations	A27(c)	<b>355,258</b>	379,996	<b>1,083,912</b>	1,142,715
Net non-interest income	A19	<b>987,448</b>	1,068,274	<b>2,955,602</b>	3,300,971
		<b>3,513,757</b>	3,481,913	<b>10,452,793</b>	10,349,504
Gain on disposal of subsidiaries and associates		<b>14,839</b>	3,157	<b>21,030</b>	525,113
		<b>3,528,596</b>	3,485,070	<b>10,473,823</b>	10,874,617
Overheads	A20	<b>(2,033,896)</b>	(2,059,290)	<b>(6,052,721)</b>	(6,321,310)
Profit before allowances		<b>1,494,700</b>	1,425,780	<b>4,421,102</b>	4,553,307
Allowance made for impairment losses on loans, advances and financing	A21	<b>(344,227)</b>	(200,365)	<b>(602,853)</b>	(352,116)
Allowance made for impairment losses on other receivables		<b>(5,433)</b>	(9,934)	<b>(19,054)</b>	(18,220)
Allowance written back for commitments and contingencies		<b>9,089</b>	-	<b>10,918</b>	1,334
Recoveries from investment management and securities services		-	-	<b>804</b>	-
Allowance made for other impairment losses		<b>(7,803)</b>	(4,739)	<b>(23,590)</b>	(4,079)
		<b>1,146,326</b>	1,210,742	<b>3,787,327</b>	4,180,226
Share of results of joint ventures		<b>1,286</b>	9,823	<b>(2,551)</b>	48,372
Share of results of associates		<b>31,651</b>	165,692	<b>106,709</b>	262,576
Profit before taxation		<b>1,179,263</b>	1,386,257	<b>3,891,485</b>	4,491,174
Taxation	B4	<b>(276,320)</b>	(307,520)	<b>(942,249)</b>	(939,002)
Profit for the period		<b>902,943</b>	1,078,737	<b>2,949,236</b>	3,552,172
Profit for the period attributable to :					
Owners of the Parent		<b>890,270</b>	1,061,691	<b>2,906,490</b>	3,502,136
Non-controlling interests		<b>12,673</b>	17,046	<b>42,746</b>	50,036
		<b>902,943</b>	1,078,737	<b>2,949,236</b>	3,552,172
Earnings per share (sen):					
- Basic	B9(a)	<b>10.7</b>	13.9	<b>35.2</b>	46.5
- Fully diluted	B9(b)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

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

**CIMB GROUP HOLDINGS BERHAD**

*(Company Number 50841-W)*

**CONDENSED INTERIM FINANCIAL STATEMENTS**

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

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	902,943	1,078,737	2,949,236	3,552,172
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	1	-	(81)	-
- Income tax effects	23	-	1,108	-
- Currency translation difference	(171)	-	(121)	-
	(147)	-	906	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	163,487	(314,508)	189,187	(836,040)
- Net gain/(loss) from change in fair value	216,117	(507,681)	300,791	(812,564)
- Realised gain transferred to statement of income on disposal and impairment	(18,993)	(9,173)	(85,449)	(206,624)
- Income tax effects	(34,891)	208,265	(28,402)	189,072
- Currency translation difference	1,254	(5,919)	2,247	(5,924)
Net investment hedge	(47,018)	(77,125)	20,649	(129,544)
Hedging reserve - cash flow hedge	(1,149)	(8,584)	7,624	(10,362)
- Net loss from change in fair value	(556)	(8,584)	9,610	(10,362)
- Income tax effects	(593)	-	(1,986)	-
Exchange fluctuation reserve	34,826	(1,030,667)	(8,100)	(710,439)
Share of other comprehensive income of associates and joint ventures	(16,157)	-	(3,745)	5,213
	133,989	(1,430,884)	205,615	(1,681,172)
Total other comprehensive income/(expense) for the period, net of tax	133,842	(1,430,884)	206,521	(1,681,172)
Total comprehensive income for the period	1,036,785	(352,147)	3,155,757	1,871,000
Total comprehensive income for the period attributable to:				
Owners of the Parent	1,022,715	(337,573)	3,113,351	1,852,734
Non-controlling interests	14,070	(14,574)	42,406	18,266
	1,036,785	(352,147)	3,155,757	1,871,000

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

CIMB GROUP HOLDINGS BERHAD

(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

The Group  
30 September 2014

Attributable to owners of the Parent

	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2014	7,729,346	5,832,520	4,933,045	137,104	(2,106,977)	(563)	(41)	(42,709)	(271,510)	101,642	1,743,883	12,215,358	30,271,098	200,000	757,462	31,228,560
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,906,490	2,906,490	-	42,746	2,949,236
Other comprehensive income (net of tax)	-	-	70	-	(7,477)	-	-	185,301	29,179	(212)	-	-	206,861	-	(340)	206,521
- financial investments available-for-sales	-	-	-	-	-	-	-	189,046	-	-	-	-	189,046	-	141	189,187
- net investment hedge	-	-	-	-	-	-	-	-	20,649	-	-	-	20,649	-	-	20,649
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	7,624	-	-	-	7,624	-	-	7,624
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	906	-	-	-	906	-	-	906
- currency translation difference	-	-	70	-	(7,477)	-	-	-	-	(212)	-	-	(7,619)	-	(481)	(8,100)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	-	-	-	(3,745)	-	-	-	-	(3,745)	-	-	(3,745)
Total comprehensive income for the period	-	-	70	-	(7,477)	-	-	185,301	29,179	(212)	-	2,906,490	3,113,351	-	42,406	3,155,757
Dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(850,091)	(850,091)	-	-	(850,091)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,337)	(1,337)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	381,522	-	-	-	-	-	-	-	-	(381,522)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	302,231	(302,231)	-	-	-	-
Arising from disposal of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,599)	(9,599)	-	(26,692)	(36,291)
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,675	6,675
Share-based payment expense	-	-	-	-	-	-	-	-	-	81,087	-	-	81,087	-	-	81,087
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	69,295	(75,786)	-	-	(6,491)	-	-	(6,491)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(127,615)	-	-	-	(127,615)	-	-	(127,615)
Issuance of shares arising from:																
- dividend reinvestment scheme	107,176	594,827	-	-	-	-	-	-	-	-	-	-	702,003	-	-	702,003
- private placement	500,000	3,041,534	-	-	-	-	-	-	-	-	-	-	3,541,534	-	-	3,541,534
At 30 September 2014	8,336,522	9,468,881	5,314,637	137,104	(2,114,454)	(563)	(41)	142,592	(300,651)	106,731	2,046,114	13,578,405	36,715,277	200,000	778,514	37,693,791

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	← Attributable to owners of the Parent →															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2013	7,432,775	4,192,596	4,306,464	137,104	(876,172)	(563)	(32)	800,965	(149,444)	59,459	1,173,577	11,216,265	28,292,994	200,000	773,325	29,266,319
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	3,502,136	3,502,136	-	50,036	3,552,172
Other comprehensive income (net of tax)	-	-	(27)	-	(692,538)	-	-	(816,596)	(140,414)	173	-	-	(1,649,402)	-	(31,770)	(1,681,172)
- financial investments available-for-sales	-	-	-	-	-	-	-	(821,809)	-	-	-	-	(821,809)	-	(14,231)	(836,040)
- net investment hedge	-	-	-	-	-	-	-	-	(130,052)	-	-	-	(130,052)	-	508	(129,544)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(10,362)	-	-	-	(10,362)	-	-	(10,362)
- currency translation difference	-	-	(27)	-	(692,538)	-	-	-	-	173	-	-	(692,392)	-	(18,047)	(710,439)
- share of other comprehensive expense of associate and joint ventures	-	-	-	-	-	-	-	5,213	-	-	-	-	5,213	-	-	5,213
Total comprehensive income for the period	-	-	(27)	-	(692,538)	-	-	(816,596)	(140,414)	173	-	3,502,136	1,852,734	-	18,266	1,871,000
Dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(1,366,143)	(1,366,143)	-	-	(1,366,143)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,054)	(6,054)
Transfer to statutory reserve	-	-	44,667	-	-	-	-	-	-	-	-	(44,667)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	460,859	(460,859)	-	-	-	-
Transfer to capital reserve	-	-	-	2,001	-	-	-	-	-	-	-	-	2,001	-	-	2,001
Arising from (dilution)/accretion of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	447	447
Purchase of treasury shares	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Share-based payment expense	-	-	-	-	-	-	-	-	-	72,230	-	-	72,230	-	-	72,230
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(51,795)	-	-	(51,795)	-	-	(51,795)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	(63,953)	-	-	-	-	(63,953)	-	-	(63,953)
Arising from staffs resigned under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	7,879	7,879	-	-	7,879
Issuance of shares pursuant to Dividend Reinvestment Plan	183,076	970,303	-	-	-	-	-	-	-	-	-	-	1,153,379	-	-	1,153,379
At 30 September 2013	7,615,851	5,162,899	4,351,104	139,105	(1,568,710)	(563)	(33)	(15,631)	(353,811)	80,067	1,634,436	12,854,611	29,899,325	200,000	785,984	30,885,309

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	The Group	
	30 September 2014 RM'000	30 September 2013 RM'000
Profit before taxation	3,891,485	4,491,174
Adjustments for non-operating and non-cash items	<u>637,847</u>	(578,456)
Operating profit before changes in working capital	4,529,332	3,912,718
Net changes in operating assets	<u>(17,990,801)</u>	(26,289,259)
Net changes in operating liabilities	<u>13,633,433</u>	28,244,621
	<u>(4,357,368)</u>	1,955,362
Cash flows generated from operations	171,964	5,868,080
Taxation paid	<u>(578,566)</u>	(846,120)
Net cash flows (used in)/generated from operating activities	(406,602)	5,021,960
Net cash flows used in investing activities	(6,251,636)	(3,110,717)
Net cash flows from financing activities	<u>3,490,586</u>	431,521
Net (decrease)/increase in cash and cash equivalents during the financial period	(3,167,652)	2,342,764
Effects of exchange rate changes	(57,341)	(785,612)
Cash and short-term funds at beginning of the financial period	33,678,882	30,759,899
<b>Cash and short-term funds at end of the financial period</b>	<u><b>30,453,889</b></u>	<u>32,317,051</u>
Statutory deposits with Bank Indonesia*	(3,715,060)	(3,815,629)
Monies held in trust	(32,287)	(29,695)
<b>Cash and cash equivalents at end of the financial period</b>	<u><b>26,706,542</b></u>	<u>28,471,727</u>

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

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

## **PART A - EXPLANATORY NOTES**

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

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

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

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

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

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

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

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

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

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

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

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

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the period ended 30 September 2014:-

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

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

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

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

(d) From 1 January 2014 to 30 September 2014 the Company purchased 100 of its own shares from the open market at an average market price of RM7.30 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM771.

Subsequent to the financial period ended 30 September 2014, the Company purchased 100 of its own shares from the open market at an average market price of RM6.20 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM661.

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

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

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

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

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

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

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

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

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

(k) On 7 July 2014, CIMB Thai Bank issued 4,000,000 units unsecured 10-year subordinated notes (“RM400 million Notes”) to their oversea investors. The RM400 million Notes were issued at a price of RM100 each. The RM400 million Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

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

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

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

(m) During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounted to THB8.8 billion with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rates ranges from 0 - 5.0% per annum variable to index of THBFX 6 months, payable semi annually.

Subsequent to the year end, CIMB Thai Bank issued various unsecured structured debentures amounted to THB381 million with embedded callable range accrual swaps. The debentures will mature in five years from respective issuance dates. The debentures bear interest rate ranges from 0 - 4.3% per annum variable to index of THBFX 6 months, payable semi annually.

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

During and subsequent to financial period, CIMB Thai Bank has early redeemed structured debentures amounted to THB7.8 billion and THB1.6 billion respectively.



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

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

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

No dividend has been proposed during the financial period ended 30 September 2014.

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

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

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

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

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

The Proposed Merger is intended to encompass the following:

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

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

(b) On 23 July 2014, CIMB-Principal Asset Management Company Limited (“CPAM Thailand”), a 60%-owned indirect subsidiary of CIMB Group, has entered into a conditional Share Purchase Agreement with Finansa Public Company Limited in relation to the proposed acquisition of entire issued and outstanding shares of Finansa Asset Management Limited, for a cash consideration of THB225 million (equivalent to approximately RM22 million).

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

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

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

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

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

There were no significant events that had occurred between 30 September 2014 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

**PART A - EXPLANATORY NOTES**

**A8. FINANCIAL ASSETS HELD FOR TRADING**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	450,438	422,188
Cagamas bonds	10,151	14,891
Malaysian Government treasury bills	63,828	75,075
Bank Negara Malaysia Monetary Notes	3,039,683	3,638,918
Negotiable instruments of deposit	3,916,941	1,874,343
Bankers' acceptances and Islamic accepted bills	715,666	345,728
Credit-linked notes	-	49,347
Other Government's securities	5,441,958	4,197,517
Commercial papers	101,899	362,189
Government Investment Issues	233,142	106,451
	<b>13,973,706</b>	<b>11,086,647</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	2,994,117	1,533,392
<i>Outside Malaysia:</i>		
Shares	27,142	114,456
Private debt securities	385,158	325,660
Other Government bonds	1,951,765	1,100,785
Bank Indonesia certificates	559,758	546,404
Investment linked funds	547,666	497,482
	<b>6,465,606</b>	<b>4,118,179</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	2,274,463	5,324,359
Shares	6,772	6,716
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	3,135,186	2,791,654
Shares	70,245	66,332
Unit trust	9,171	9,393
	<b>5,495,837</b>	<b>8,198,454</b>
Total financial assets held for trading	<b>25,935,149</b>	<b>23,403,280</b>

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

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	438,154	621,477
Cagamas bonds	65,515	239,735
Khazanah bonds	523,521	322,874
Other Government securities	255,329	254,035
Other Government treasury bills	43,396	27,052
Government Investment Issues	2,522,561	2,518,856
Commercial papers	29,574	-
Malaysian Government Sukuk	18,240	34,793
	<b>3,896,290</b>	<b>4,018,822</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	175,462	221,771
Unit trusts	5,749	163,834
<i>Outside Malaysia:</i>		
Shares	4,459	27
Private and Islamic debt securities	1,809,043	1,586,488
Other Government bonds	4,141,875	4,611,523
Unit trusts	86,374	86,798
	<b>6,222,962</b>	<b>6,670,441</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	13,977,169	13,629,307
Shares	1,074,571	1,080,282
Loan stocks	10,433	10,433
Property funds	189	189
<i>Outside Malaysia:</i>		
Shares	49,201	51,720
Private equity and unit trust funds	366,596	384,807
Private and Islamic debt securities	5,025,082	4,754,199
Loan stocks	790	1,672
	<b>20,504,031</b>	<b>19,912,609</b>
	<b>30,623,283</b>	<b>30,601,872</b>
<b>Allowance for impairment loss:</b>		
Private debt securities	(64,924)	(70,743)
Private equity funds	(56,065)	(29,493)
Quoted shares	(15,988)	(15,988)
Quoted bonds	(5,525)	(5,650)
Unquoted shares	(138,265)	(135,121)
Unit trusts	(372)	(386)
Loan stocks	(10,433)	(10,433)
	<b>(291,572)</b>	<b>(267,814)</b>
Total financial investments available-for-sale	<b>30,331,711</b>	<b>30,334,058</b>

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

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	972,744	802,446
Cagamas bonds	186,909	160,997
Other government securities	772,821	780,810
Other government treasury bills	16,672	16,830
Bank Negara Malaysia Monetary Notes	9,940	9,845
Khazanah bonds	245,639	66,736
Government Investment Issues	2,502,158	808,104
	<b>4,706,883</b>	<b>2,645,768</b>
<b>Quoted securities</b>		
<i>Outside Malaysia</i>		
Private debt securities	2,470,489	1,930,753
Islamic bonds	116,225	6,789
Other Government bonds	982,750	501,824
Bank Indonesia certificates	178,112	155,219
	<b>3,747,576</b>	<b>2,594,585</b>
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private debt securities	7,551,862	4,479,105
Loan stocks	27,388	27,388
	<b>1,030,204</b>	<b>1,116,035</b>
<i>Outside Malaysia</i>		
Private debt securities	8,609,454	5,622,528
	<b>17,063,913</b>	<b>10,862,881</b>
Accretion of discount, net of amortisation of premium	11,205	(8,516)
Less : Allowance for impairment losses	(32,562)	(32,872)
<b>Total financial investments held-to-maturity</b>	<b>17,042,556</b>	<b>10,821,493</b>

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

## A11. LOANS, ADVANCES AND FINANCING

### (i) By type

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>		
Overdrafts	5,438,969	5,659,427
Term loans/financing		
- Housing loans/financing	61,427,832	56,905,328
- Syndicated term loans	13,489,068	13,911,828
- Hire purchase receivables	15,332,062	14,428,652
- Lease receivables	113,916	142,147
- Factoring receivables	19,231	22,312
- Other term loans/financing	92,431,445	88,843,150
Bills receivable	10,850,121	9,239,224
Trust receipts	1,665,898	2,077,961
Claims on customers under acceptance credits	4,815,152	4,942,558
Staff loans *	850,932	756,729
Credit card receivables	7,018,580	6,440,933
Revolving credits	33,336,461	28,830,969
Share margin financing	2,733,823	2,354,659
Other loans	2,293	1,665
Gross loans, advances and financing	249,525,783	234,557,542
Fair value changes arising from fair value hedge	151,437	140,453
	249,677,220	234,697,995
Less: Allowance for impairment losses		
- Individual impairment allowance	(2,852,918)	(3,005,066)
- Portfolio impairment allowance	(3,217,927)	(3,261,224)
	(6,070,845)	(6,266,290)
<b>Total net loans, advances and financing</b>	<b>243,606,375</b>	<b>228,431,705</b>

\* Included in staff loans of the Group are loans to Directors amounting to RM12,494,269 (2013: RM8,409,959).

(a) Included in the Group's loans, advances and financing balances are RM52 million (2013: RM57 million) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,024 million (2013: RM8,182 million), using interest rate swaps.

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Gross loan hedged	8,023,716	8,181,776
Fair value changes arising from fair value hedges	151,437	140,453
	8,175,153	8,322,229

The fair value loss of interest rate swaps in these hedge transaction as at 30 September 2014 was RM178 million (2013: RM101 million).

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	1,583,007	1,078,983
Domestic non-bank financial institutions		
- stockbroking companies	48,243	10,210
- others	2,622,667	2,572,679
Domestic business enterprises		
- small medium enterprises	36,687,572	31,258,050
- others	46,764,856	48,095,116
Government and statutory bodies	8,908,702	11,885,181
Individuals	120,711,180	111,963,768
Other domestic entities	2,295,043	2,020,750
Foreign entities	29,904,513	25,672,805
Gross loans, advances and financing	<b>249,525,783</b>	<b>234,557,542</b>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Fixed rate		
- Housing loans/financing	1,830,669	1,786,148
- Hire-purchase receivables	15,318,317	14,414,027
- Other fixed rate loans	39,057,353	41,358,703
Variable rate		
- BLR plus	122,628,063	114,131,244
- Cost plus	30,336,477	26,730,436
- Other variable rates	40,354,904	36,136,984
Gross loans, advances and financing	<b>249,525,783</b>	<b>234,557,542</b>

**(iv) By economic purpose**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Personal use	8,464,004	8,441,137
Credit card	7,018,580	6,440,933
Purchase of consumer durables	474,010	170,550
Construction	8,129,669	8,023,104
Residential property (Housing)	62,975,962	57,390,465
Non-residential property	20,132,933	17,866,777
Purchase of fixed assets other than land and building	14,721,181	14,251,738
Mergers and acquisitions	4,176,007	5,410,650
Purchase of securities	17,583,056	15,139,766
Purchase of transport vehicles	20,628,183	19,742,044
Working capital	71,571,152	65,766,696
Other purposes	13,651,046	15,913,682
Gross loans, advances and financing	<b>249,525,783</b>	<b>234,557,542</b>

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

**(v) By geographical distribution**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Malaysia	146,718,871	140,865,041
Indonesia	48,791,829	44,738,818
Thailand	21,119,510	18,534,877
Singapore	20,537,613	19,599,409
United Kingdom	942,687	1,195,767
Hong Kong	679,485	693,400
China	6,425,721	5,730,857
Other countries	4,310,067	3,199,373
Gross loans, advances and financing	<b>249,525,783</b>	<b>234,557,542</b>

**(vi) By residual contractual maturity**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Within one year	81,282,934	61,219,942
One year to less than three years	18,428,675	23,303,174
Three years to less than five years	27,333,741	31,614,934
Five years and more	122,480,433	118,419,492
Gross loans, advances and financing	<b>249,525,783</b>	<b>234,557,542</b>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Personal use	287,416	252,938
Credit card	84,611	94,765
Purchase of consumer durables	27,029	289
Construction	1,190,400	1,180,289
Residential property (Housing)	1,576,597	1,540,293
Non-residential property	244,020	258,780
Purchase of fixed assets other than land and building	925,354	438,895
Purchase of securities	167,061	186,441
Purchase of transport vehicles	448,521	314,470
Working capital	2,559,989	2,373,246
Other purpose	666,740	752,863
Gross impaired loans, advances and financing	<b>8,177,738</b>	<b>7,393,269</b>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Malaysia	4,147,529	4,452,536
Indonesia	2,513,742	1,458,612
Thailand	1,288,719	1,219,287
Singapore	46,089	58,585
United Kingdom	2,650	3,636
China	89,542	111,869
Other countries	89,467	88,744
Gross impaired loans, advances and financing	<b>8,177,738</b>	<b>7,393,269</b>

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

**(ix) Movements in impaired loans**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	7,393,269	7,927,817
Classified as impaired during the period/year	3,734,227	3,451,780
Reclassified as not impaired during the period/year	(1,280,043)	(1,591,922)
Amount written back in respect of recoveries	(659,582)	(1,223,557)
Amount written off	(996,682)	(1,239,233)
Reclassification from unwinding income	-	50,870
Exchange fluctuation	(13,451)	17,514
At 30 September/31 December	<b>8,177,738</b>	<b>7,393,269</b>
Ratio of gross impaired loans to gross loans, advances and financing	<b>3.28%</b>	<b>3.15%</b>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
<u>Individual impairment allowance</u>		
At 1 January	3,005,066	3,270,343
Net allowance made during the period/year	232,946	179,523
Amount written off	(312,694)	(440,126)
Allowance written back and charged to deferred assets	(2,735)	(959)
Amount transferred (to)/from portfolio impairment allowance	(64,480)	1,043
Unwinding income	(7,897)	46,595
Exchange fluctuation	2,712	(51,353)
At 30 September/31 December	<b>2,852,918</b>	<b>3,005,066</b>
<u>Portfolio impairment allowance</u>		
At 1 January	3,261,224	3,295,857
Net allowance made during the period/year	601,236	858,902
Amount transferred from/(to) individual impairment allowance	64,480	(1,043)
Amount written off	(665,290)	(735,157)
Allowance written back and charged to deferred assets	117	258
Unwinding income	(24,720)	(31,518)
Exchange fluctuation	(19,120)	(126,075)
At 30 September/31 December	<b>3,217,927</b>	<b>3,261,224</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	<b>2.21%</b>	<b>2.28%</b>



**A12. OTHER ASSETS**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Due from brokers and clients net of allowance for doubtful debts	3,419,680	2,044,742
Other debtors, deposits and prepayments, net of allowance for doubtful debts	4,626,424	3,163,529
Due from joint ventures	1,163,809	1,059,473
Due from insurers, brokers and reinsurers	29,597	26,026
Option premium receivable	199,450	193,721
Deferred assets	55,819	83,018
Foreclosed properties net of allowance for impairment losses	191,721	187,787
Collateral pledged for derivative transactions	1,612,855	1,232,059
	<b>11,299,355</b>	<b>7,990,355</b>

**A13. DEPOSITS FROM CUSTOMERS**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
<u>By type of deposit</u>		
Demand deposits	61,363,469	60,469,052
Savings deposits	31,871,837	30,209,802
Fixed deposits	111,021,879	110,777,319
Negotiable instruments of deposit	4,458,552	6,419,989
Others	54,807,526	55,128,140
	<b>263,523,263</b>	<b>263,004,302</b>

<u>By type of customer</u>		
Government and statutory bodies	10,643,035	9,759,358
Business enterprises	98,501,084	109,298,049
Individuals	105,495,206	92,638,301
Others	48,883,938	51,308,594
	<b>263,523,263</b>	<b>263,004,302</b>

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

Due within six months	94,666,519	97,933,973
Six months to less than one year	16,973,678	15,849,808
One year to less than three years	1,643,172	1,850,649
Three years to less than five years	1,530,457	1,234,394
Five years and more	666,605	328,484
	<b>115,480,431</b>	<b>117,197,308</b>

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

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	25,543,536	16,745,660
Licensed finance companies	610,843	223,121
Licensed investment banks	521,011	755,900
Bank Negara Malaysia	2,076,367	795,996
Other financial institutions	2,126,489	2,207,168
	<b>30,878,246</b>	<b>20,727,845</b>

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

Due within six months	28,162,057	9,099,477
Six months to less than one year	1,668,356	6,788,703
One year to less than three years	40,323	2,404,567
Three years to less than five years	336,184	1,414,464
Five years and more	671,326	1,020,634
	<b>30,878,246</b>	<b>20,727,845</b>

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

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	2,963,003	2,132,170
Bonds	3,281	-
	<b>2,966,284</b>	<b>2,132,170</b>

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

Included in the structured investments are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM3,123,407,000 (2013: RM2,253,559,000), RM151,707,000 (2013: RM151,118,000) and RM4,015,000 (2013: Nil) respectively.

The carrying amount of the Group at 30 September 2014 of financial liabilities designated at fair value were RM316,127,000 (2013: RM272,507,000) lower than the contractual amount at maturity for the structured investments, and RM6,649 higher than the contractual amount at maturity for the bonds. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

**A16. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	3,126,088	1,904,117
Expenditure payable	1,662,310	2,000,789
Provision for legal claims	91,989	82,783
Sundry creditors	2,125,951	1,367,197
Insurance fund - life and takaful insurance business	64,812	54,894
Allowance for commitments and contingencies	6,138	16,823
Post employment benefit obligations	314,046	279,160
Credit card expenditure payable	186,065	162,088
Call deposit borrowing	685,421	926,272
Unit link contract liabilities	540,364	492,485
Others	1,675,041	1,275,431
	<b>10,478,225</b>	<b>8,562,039</b>

## A17. INTEREST INCOME

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income	3,279,403	2,964,405	9,503,535	8,576,323
- Unwinding income <sup>^</sup>	19,407	28,834	71,930	81,598
Money at call and deposit placements with financial institutions	104,170	161,169	349,063	506,211
Reverse repurchase agreements	30,601	88,145	115,814	242,917
Financial assets held for trading	140,849	117,812	426,523	345,963
Financial investments available-for-sale	282,666	310,501	876,488	840,943
Financial investments held-to-maturity	172,125	83,133	469,032	249,888
Others	8,427	1,668	23,392	9,451
	<b>4,037,648</b>	<b>3,755,667</b>	<b>11,835,777</b>	<b>10,853,294</b>
Accretion of discounts, net of amortisation of premiums	2,593	(3,031)	981	37,272
	<b>4,040,241</b>	<b>3,752,636</b>	<b>11,836,758</b>	<b>10,890,566</b>

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

## A18. INTEREST EXPENSE

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	71,351	39,727	179,751	123,190
Deposits from other customers	1,405,367	1,277,614	4,105,372	3,718,561
Repurchase agreements	15,565	56,640	51,004	149,254
Bonds and debentures	61,696	51,251	190,711	145,566
Subordinated obligations	160,805	148,270	452,031	449,879
Financial liabilities designated at fair value	29,085	12,648	62,718	25,201
Negotiable certificates of deposits	21,876	34,804	82,193	88,500
Other borrowings	81,326	80,375	242,673	224,715
Others	22,119	17,664	57,026	59,882
	<b>1,869,190</b>	<b>1,718,993</b>	<b>5,423,479</b>	<b>4,984,748</b>

**A19. NET NON-INTEREST INCOME**

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
(a) Net fee income and commission income:				
Commissions	169,685	158,433	500,898	449,461
Fee on loans, advances and financing	131,235	99,295	396,655	336,746
Portfolio management fees	4,854	10,992	16,237	23,009
Service charges and fees	155,693	149,185	462,381	431,625
Corporate advisory fees	10,489	11,813	39,766	78,956
Guarantee fees	18,984	16,201	59,706	45,303
Other fee income	74,596	80,595	251,294	227,051
Placement fees	7,171	14,288	29,953	47,841
Underwriting commission	14,351	6,265	42,055	48,387
Fee and commission income	587,058	547,067	1,798,945	1,688,379
Fee and commission expense	(130,528)	(94,335)	(387,240)	(324,950)
Net fee and commission income	456,530	452,732	1,411,705	1,363,429
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	27,145	11,835	41,864	20,330
- Financial investments available-for-sale	6,303	1,850	16,377	11,031
<i>Outside Malaysia</i>				
- Financial assets held for trading	1,047	581	1,830	1,403
- Financial investments available-for-sale	1,654	6,930	3,740	15,563
	36,149	21,196	63,811	48,327
(c) Net (loss)/gain arising from financial assets held for trading	(60,702)	(42,179)	33,103	(143,620)
- realised	68,052	(101,038)	10,035	(57,145)
- unrealised	(128,754)	58,859	23,068	(86,475)
(d) Net gain/(loss) arising from derivative financial instruments	102,939	189,232	467,083	423,058
- realised	183,055	55,098	209,197	506,613
- unrealised	(80,116)	134,134	257,886	(83,555)
(e) Net (loss)/gain arising from financial liability designated at fair value	(15,806)	74,511	1,663	169,000
- realised	(18,435)	(13,826)	(39,510)	(25,172)
- unrealised	2,629	88,337	41,173	194,172
(f) Net gain/(loss) arising from hedging derivatives	7,744	(19,768)	13,867	(21,341)
(g) Net gain from sale of financial investments available-for-sale	18,995	9,185	85,489	205,556
(h) Net gain from maturity of financial investment held-to-maturity	15	-	2,629	44,666
(i) Income from assets management and securities services	65,123	55,991	187,868	162,307
(j) Brokerage income	137,350	126,403	378,754	410,979
(k) Other non-interest income:				
Foreign exchange gain	190,568	88,657	108,569	277,104
Rental income	5,951	3,854	12,323	11,115
Gain on disposal of property, plant and equipment/assets held for sale	794	1,389	2,518	13,318
Underwriting surplus before management expenses	6,345	5,608	13,119	12,770
Loss on disposal of foreclosed properties	(17,456)	(11,283)	(48,560)	(24,068)
Other non-operating income	52,909	112,746	221,661	348,371
	239,111	200,971	309,630	638,610
Total other operating income	987,448	1,068,274	2,955,602	3,300,971

## A20. OVERHEADS

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	867,078	939,652	2,655,815	2,795,092
- Pension cost	81,774	82,789	250,583	252,914
- Overtime	7,992	7,695	25,849	24,064
- Staff incentives and other staff payments	70,247	63,540	204,201	187,772
- Medical expenses	26,545	22,532	78,601	70,410
- Others	49,842	81,979	146,770	243,722
	<b>1,103,478</b>	<b>1,198,187</b>	<b>3,361,819</b>	<b>3,573,974</b>
Establishment costs				
- Depreciation of property, plant and equipment	82,352	89,003	251,617	268,898
- Amortisation of prepaid lease payments	3,160	2,935	9,005	8,953
- Rental	117,962	114,650	350,043	341,402
- Repair and maintenance	116,119	81,788	339,319	298,648
- Outsourced services	77,160	80,160	209,942	201,242
- Security expenses	32,634	24,325	99,462	76,839
- Others	64,848	53,814	173,225	163,128
	<b>494,235</b>	<b>446,675</b>	<b>1,432,613</b>	<b>1,359,110</b>
Marketing expenses				
- Sales commission	1,762	2,389	6,361	7,709
- Advertisement	62,979	73,815	189,015	218,413
- Others	25,475	23,584	68,882	66,914
	<b>90,216</b>	<b>99,788</b>	<b>264,258</b>	<b>293,036</b>
Administration and general expenses				
- Amortisation and impairment of intangible assets	84,616	57,506	238,218	288,118
- Legal and professional fees	47,984	43,957	118,487	121,964
- Stationery	15,564	15,206	48,107	48,988
- Communication	36,043	36,901	107,879	113,257
- Incidental expenses on banking operations	10,922	11,205	29,470	24,326
- Insurance	55,370	53,541	164,440	157,341
- Others	95,468	96,324	287,430	341,196
	<b>345,967</b>	<b>314,640</b>	<b>994,031</b>	<b>1,095,190</b>
	<b>2,033,896</b>	<b>2,059,290</b>	<b>6,052,721</b>	<b>6,321,310</b>

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

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	176,714	44,393	232,946	32,583
- Portfolio impairment allowance	235,974	248,550	601,236	613,509
Impaired loans, advances and financing:				
- recovered	(73,792)	(102,047)	(249,685)	(314,799)
- written off	5,331	9,469	18,356	20,823
	<b>344,227</b>	<b>200,365</b>	<b>602,853</b>	<b>352,116</b>

## A22. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	The Group		
	Principal amount	Fair values	Liabilities
	RM'000	Assets RM'000	RM'000
<b>At 30 September 2014</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>18,162,340</b>	<b>149,546</b>	<b>(163,570)</b>
- Up to 1 year	15,276,826	127,470	(77,914)
- More than 1 year to 3 years	1,573,946	16,250	(33,821)
- More than 3 years	1,311,568	5,826	(51,835)
Currency swaps	<b>124,888,318</b>	<b>715,069</b>	<b>(753,226)</b>
- Up to 1 year	123,583,574	674,840	(749,665)
- More than 1 year to 3 years	961,462	23,620	(3,561)
- More than 3 years	343,282	16,609	-
Currency spot	<b>10,774,842</b>	<b>8,009</b>	<b>(7,397)</b>
- Up to 1 year	10,774,842	8,009	(7,397)
Currency options	<b>8,486,673</b>	<b>52,661</b>	<b>(62,750)</b>
- Up to 1 year	7,762,395	34,003	(45,321)
- More than 1 year to 3 years	482,962	10,015	(10,000)
- More than 3 years	241,316	8,643	(7,429)
Cross currency interest rate swaps	<b>40,802,594</b>	<b>969,995</b>	<b>(738,596)</b>
- Up to 1 year	7,806,966	55,081	(152,851)
- More than 1 year to 3 years	14,354,644	356,939	(298,597)
- More than 3 years	18,640,984	557,975	(287,148)
	<b>203,114,767</b>	<b>1,895,280</b>	<b>(1,725,539)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>302,730,769</b>	<b>1,886,151</b>	<b>(1,434,714)</b>
- Up to 1 year	105,959,399	116,934	(127,726)
- More than 1 year to 3 years	96,626,232	453,224	(399,523)
- More than 3 years	100,145,138	1,315,993	(907,465)
Interest rate futures	<b>2,458,126</b>	<b>3,232</b>	<b>(557)</b>
- Up to 1 year	2,010,133	2,998	(491)
- More than 1 year to 3 years	447,993	234	(66)
Interest rate options	<b>493,593</b>	<b>1,323</b>	<b>(4,568)</b>
- Up to 1 year	391,891	1,004	(3,593)
- More than 1 year to 3 years	101,702	319	(975)
	<b>305,682,488</b>	<b>1,890,706</b>	<b>(1,439,839)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>753,186</b>	<b>16,846</b>	<b>(5,545)</b>
- Up to 1 year	753,186	16,846	(5,545)
Equity options	<b>6,817,851</b>	<b>120,656</b>	<b>(1,958,045)</b>
- Up to 1 year	2,723,635	94,881	(1,089,859)
- More than 1 year to 3 years	3,096,856	11,316	(852,120)
- More than 3 years	997,360	14,459	(16,066)
Equity swaps	<b>1,080,222</b>	<b>232,098</b>	<b>(220,956)</b>
- Up to 1 year	118,927	10,924	(186,969)
- More than 1 year to 3 years	343,149	36,334	(18,348)
- More than 3 years	618,146	184,840	(15,639)
	<b>8,651,259</b>	<b>369,600</b>	<b>(2,184,546)</b>
<u>Commodity related derivatives</u>			
Commodity swaps	<b>3,188,364</b>	<b>373,957</b>	<b>(367,970)</b>
- Up to 1 year	2,652,402	327,955	(325,191)
- More than 1 year to 3 years	535,962	46,002	(42,779)
Commodity futures	<b>6,686</b>	<b>101</b>	<b>(149)</b>
- Less than 1 year	6,686	101	(149)
Commodity options	<b>437,168</b>	<b>131,499</b>	<b>(42,224)</b>
- Up to 1 year	272,678	27,263	(27,263)
- More than 1 year to 3 years	164,490	104,236	(14,961)
	<b>3,632,218</b>	<b>505,557</b>	<b>(410,343)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>4,588,731</b>	<b>30,138</b>	<b>(23,852)</b>
- Up to 1 year	661,755	1,683	(697)
- More than 1 year to 3 years	2,505,989	14,349	(12,261)
- More than 3 years	1,420,987	14,106	(10,894)
<u>Hedging derivatives</u>			
Interest rate swaps	<b>20,494,244</b>	<b>91,169</b>	<b>(268,418)</b>
- Up to 1 year	19,688	-	(37)
- More than 1 year to 3 years	6,186,173	56,694	(35,550)
- More than 3 years	14,288,383	34,475	(232,831)
Currency forward	<b>169,217</b>	<b>-</b>	<b>(4,271)</b>
- Up to 1 year	169,217	-	(4,271)
Cross currency interest rate swaps	<b>3,026,748</b>	<b>9,232</b>	<b>(40,365)</b>
- Up to 1 year	50,705	-	(2,720)
- More than 1 year to 3 years	2,085,395	9,066	(19,046)
- More than 3 years	890,648	166	(18,599)
	<b>23,690,209</b>	<b>100,401</b>	<b>(313,054)</b>
Total derivative assets/(liabilities)	<b>549,359,672</b>	<b>4,791,682</b>	<b>(6,097,173)</b>

**A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2013	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>15,535,868</b>	<b>238,332</b>	<b>(245,114)</b>
- Up to 1 year	12,621,248	201,431	(142,366)
- More than 1 year to 3 years	831,402	18,567	(21,322)
- More than 3 years	2,083,218	18,334	(81,426)
Currency swaps	<b>74,588,373</b>	<b>891,838</b>	<b>(984,888)</b>
- Up to 1 year	73,927,701	858,684	(979,138)
- More than 1 year to 3 years	391,499	13,487	(3,224)
- More than 3 years	269,173	19,667	(2,526)
Currency spot	<b>7,270,147</b>	<b>6,317</b>	<b>(12,801)</b>
- Up to 1 year	7,270,147	6,317	(12,801)
Currency options	<b>3,605,527</b>	<b>97,774</b>	<b>(88,128)</b>
- Up to 1 year	2,629,363	34,023	(24,965)
- 1 year to 3 years	520,621	12,429	(12,424)
- More than 3 years	455,543	51,322	(50,739)
Cross currency interest rate swaps	<b>33,767,451</b>	<b>1,098,021</b>	<b>(1,043,097)</b>
- Up to 1 year	3,956,556	100,069	(144,281)
- More than 1 year to 3 years	11,912,611	213,787	(392,459)
- More than 3 years	17,898,284	784,165	(506,357)
	<b>134,767,366</b>	<b>2,332,282</b>	<b>(2,374,028)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>263,828,147</b>	<b>2,063,089</b>	<b>(1,541,162)</b>
- Up to 1 year	71,813,536	96,482	(109,301)
- More than 1 year to 3 years	111,752,273	600,116	(573,553)
- More than 3 years	80,262,338	1,366,491	(858,308)
Interest rate futures	<b>4,646,388</b>	<b>12,418</b>	<b>(199)</b>
- Up to 1 year	3,734,506	10,901	(162)
- More than 1 year to 3 years	911,882	1,517	(37)
Interest rate options	<b>598,180</b>	<b>1,701</b>	<b>(7,776)</b>
- Up to 1 year	359,691	108	(5,157)
- More than 1 year to 3 years	238,489	1,593	(2,619)
	<b>269,072,715</b>	<b>2,077,208</b>	<b>(1,549,137)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>43,473</b>	<b>-</b>	<b>(755)</b>
- Up to 1 year	43,473	-	(755)
Equity options	<b>7,332,980</b>	<b>103,070</b>	<b>(1,401,984)</b>
- Up to 1 year	2,670,549	59,227	(823,089)
- More than 1 year to 3 years	1,983,267	15,312	(541,463)
- More than 3 years	2,679,164	28,531	(37,432)
Equity swaps	<b>812,041</b>	<b>17,113</b>	<b>(172,249)</b>
- Up to 1 year	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)
- More than 3 years	634,235	3,587	(3,597)
	<b>8,188,494</b>	<b>120,183</b>	<b>(1,574,988)</b>
<u>Commodity related derivatives</u>			
Commodity swaps	<b>1,961,518</b>	<b>106,882</b>	<b>(105,681)</b>
- Up to 1 year	1,850,789	79,803	(79,308)
- More than 1 year to 3 years	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)
Commodity options	<b>238,781</b>	<b>158,512</b>	<b>(48,376)</b>
- Up to 1 year	73,965	1,086	(944)
- More than 1 year to 3 years	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)
	<b>2,200,299</b>	<b>265,394</b>	<b>(154,057)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>7,656,021</b>	<b>38,265</b>	<b>(89,176)</b>
- Up to 1 year	3,144,871	1,493	(63,846)
- More than 1 year to 3 years	2,180,546	15,731	(10,541)
- More than 3 years	2,330,604	21,041	(14,789)
<u>Hedging derivatives</u>			
Interest rate swaps	<b>19,335,113</b>	<b>182,117</b>	<b>(219,736)</b>
- Up to 1 year	21,526	41	(55)
- More than 1 year to 3 years	3,942,730	77,097	(25,010)
- More than 3 years	15,370,857	104,979	(194,671)
Currency forward	<b>190,863</b>	<b>-</b>	<b>(4,646)</b>
- Up to 1 year	190,863	-	(4,646)
Cross currency interest rate swaps	<b>2,224,201</b>	<b>5,004</b>	<b>(43,840)</b>
- Up to 1 year	326,652	-	(19,187)
- More than 1 year to 3 years	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)
	<b>21,750,177</b>	<b>187,121</b>	<b>(268,222)</b>
Total derivative assets/(liabilities)	<b>443,635,072</b>	<b>5,020,453</b>	<b>(6,009,608)</b>

## A22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

### **Market Risk**

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

### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2014, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,792 million (2013: RM5,020 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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



## A23. COMMITMENTS AND CONTINGENCIES

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

<b>The Group</b>	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<u>Credit-related</u>		
Direct credit substitutes	5,829,871	5,558,842
Certain transaction-related contingent items	5,651,822	5,673,446
Short-term self-liquidating trade-related contingencies	5,387,155	4,027,282
Obligations under underwriting agreement	239,876	163,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	47,385,899	52,400,282
- maturity exceeding one year	21,645,236	8,617,352
Miscellaneous commitments and contingencies	5,127,688	2,413,685
Total credit-related commitments and contingencies	<b>91,267,547</b>	<b>78,854,389</b>
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- up to one year	165,424,523	100,922,530
- more than one year to five years	34,673,796	29,082,502
- more than five years	6,212,412	7,177,397
	<b>206,310,731</b>	<b>137,182,429</b>
<u>Interest rate related contracts</u>		
- up to one year	108,381,112	75,929,258
- more than one year to five years	194,620,704	184,333,773
- more than five years	22,861,718	27,820,397
	<b>325,863,534</b>	<b>288,083,428</b>
<u>Equity related contracts</u>		
- up to one year	3,595,748	2,847,171
- more than one year to five years	4,024,949	3,732,189
- more than five years	1,030,561	1,609,135
	<b>8,651,258</b>	<b>8,188,495</b>
<u>Credit related contracts</u>		
- up to one year	661,755	3,144,871
- more than one year to five years	3,260,798	3,812,772
- more than five years	979,378	1,022,778
	<b>4,901,931</b>	<b>7,980,421</b>
<u>Commodity related contracts</u>		
- up to one year	2,931,766	1,924,754
- more than one year to five years	700,452	275,545
	<b>3,632,218</b>	<b>2,200,299</b>
Total treasury-related commitments and contingencies	<b>549,359,672</b>	<b>443,635,072</b>
	<b>640,627,219</b>	<b>522,489,461</b>

## A24. CAPITAL ADEQUACY

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

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

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

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

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

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

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

A24. CAPITAL ADEQUACY (Continued)

**30 September 2014**

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

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC*
Common equity tier 1 ratio	10.265% # ^	10.371%	10.229%	9.215% # ^	21.631%	N/A	N/A
Tier 1 ratio	11.796% # ^	11.300%	10.229%	10.437% # ^	21.631%	13.884%	N/A
Total capital ratio	13.926% # ^	14.607%	15.469%	13.857% # ^	21.631%	16.024%	17.190%

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	119,090,368	19,599,426	17,326,038	157,205,489	1,164,479	43,400,721	746,649
Market risk	12,568,154	587,522	2,148,832	14,585,683	647,602	536,677	-
Operational risk	11,809,104	1,973,884	1,182,640	15,588,353	698,102	5,717,333	-
Large exposure risk	640,006	-	-	640,006	-	-	-
	144,107,632	22,160,832	20,657,510	188,019,531	2,510,183	49,654,731	746,649

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
<b>Common Equity Tier I capital</b>							
Ordinary shares	4,681,930	1,000,000	1,065,319	4,681,930	100,000	433,252	147,173
Other reserves	17,849,875	1,816,587	1,130,736	21,417,269	495,528	6,526,174	(21,349)
Qualifying non-controlling interests	-	-	-	243,750	-	-	-
Common Equity Tier I capital before regulatory adjustments	22,531,805	2,816,587	2,196,055	26,342,949	595,528	6,959,426	125,824
<u>Less: Regulatory adjustments</u>							
Goodwill	(3,555,075)	(136,000)	-	(4,903,783)	(964)	-	-
Intangible assets	(930,995)	(7,794)	(7,057)	(953,469)	-	-	(1,079)
Deferred tax assets	(185,541)	(21,129)	(75,998)	(306,919)	(42,492)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(765,837)	-	-	(140,492)	(1,418)	(65,506)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(7,560)	-	-
Shortfall of eligible provisions to expected losses	(368,396)	(100,670)	-	(524,851)	-	-	-
Others	(1,932,672)	(252,779)	-	(2,187,624)	(118)	-	(1,677)
Common Equity Tier I capital after regulatory adjustments	14,793,289	2,298,215	2,113,000	17,325,811	542,976	6,893,920	123,068
<b>Additional Tier I capital</b>							
Perpetual preference shares	160,000	206,000	-	160,000	-	-	-
Non-innovative Tier I Capital	800,000	-	-	800,000	-	-	-
Innovative Tier I Capital	1,289,440	-	-	1,289,440	-	-	-
Qualifying capital instruments held by third parties	-	-	-	48,598	-	-	-
Additional Tier I capital before regulatory adjustments	2,249,440	206,000	-	2,298,038	-	-	-
<u>Less: Regulatory adjustments</u>							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(44,000)	-	-	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,205,440	206,000	-	2,298,038	-	-	-
<b>Total Tier I Capital</b>	16,998,729	2,504,215	2,113,000	19,623,849	542,976	6,893,920	123,068
<b>Tier II capital</b>							
Subordinated notes	6,050,000	680,000	1,017,599	6,050,000	-	638,003	-
Redeemable preference shares	29,740	-	-	29,740	8	-	-
Qualifying capital instruments held by third parties	-	-	-	390,264	-	-	-
Portfolio impairment allowance & Regulatory reserve	231,094	52,729	64,837	522,663	2,577	459,375	5,283
Others	-	-	-	-	-	30,850	-
Tier II capital before regulatory adjustments	6,310,834	732,729	1,082,436	6,992,667	2,585	1,128,228	5,283
<u>Less: Regulatory adjustments</u>							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,241,415)	-	-	(561,967)	(10,145)	(65,506)	-
<b>Total Tier II capital</b>	3,069,419	732,729	1,082,436	6,430,700	-	1,062,722	5,283
<b>Total capital base</b>	20,068,148	3,236,944	3,195,436	26,054,549	542,976	7,956,642	128,351

# The dividend on Redeemable Preference Shares was paid on 21 March 2014.

√ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 September 2014 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM253 million, RM229 million and RM24 million respectively.

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

^ On 24 April 2014, CIMBGH completed its third Dividend Reinvestment Scheme ("DRS") of which approximately RM702 million was re-invested into new CIMBGH shares. Pursuant to the completion of the DRS, CIMBGH reinvested cash dividend surplus of RM454 million into CIMB Bank via rights issue which was completed on 30 June 2014.

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

A24. CAPITAL ADEQUACY (Continued)

**31 December 2013**

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

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

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

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

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

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

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

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

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

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

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

## A25. SEGMENTAL REPORT

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

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

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

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

### Business segment reporting

#### Definition of segments:

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

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

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

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

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

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

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

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

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

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

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

## A25. SEGMENTAL REPORT (Continued)

### *Investment*

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

### *Support and others*

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

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking				Support and others RM'000	Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Treasury and Markets RM'000	Corporate Banking, Investment RM'000		
<b>30 September 2014</b>						
Net interest income						
- external income/(expense)	4,478,118	71,533	1,519,901	353,780	(10,053)	6,413,279
- inter-segment (expense)/income	(462,706)	(14,040)	309,480	184,838	(17,572)	-
	4,015,412	57,493	1,829,381	538,618	(27,625)	6,413,279
Income from Islamic Banking operations	669,406	8,363	336,765	63,431	5,947	1,083,912
Net non-interest income	1,327,406	738,644	695,166	126,423	67,963	2,955,602
Gain on disposal of subsidiaries and associates	-	-	-	21,030	-	21,030
Net income	6,012,224	804,500	2,861,312	749,502	46,285	10,473,823
Overheads	(3,789,669)	(772,950)	(1,018,061)	(427,415)	(44,626)	(6,052,721)
of which:						
- Depreciation of property, plant and equipment	(164,656)	(48,451)	(30,845)	(7,149)	(516)	(251,617)
- Amortisation of prepaid lease payments	(230)	(102)	(16)	(8,657)	-	(9,005)
- Amortisation and impairment of intangible assets	(109,187)	(8,890)	(14,367)	(89,917)	(15,857)	(238,218)
Profit/(loss) before allowances	2,222,555	31,550	1,843,251	322,087	1,659	4,421,102
Allowance (made)/written back for impairment losses on loans, advances and financing	(510,073)	(106)	(98,476)	5,551	251	(602,853)
Allowance (made)/written back for losses on other receivables	(6,664)	(10,374)	(1,312)	1,112	(1,816)	(19,054)
Allowance written back for commitments and contingencies	10,918	-	-	-	-	10,918
Recoveries written back from investment management and securities services	-	-	-	804	-	804
Allowance written back/(made) for other impairment losses	-	20	233	(23,809)	(34)	(23,590)
Segment results	1,716,736	21,090	1,743,696	305,745	60	3,787,327
Share of results of joint ventures	2,001	490	-	(5,042)	-	(2,551)
Share of results of associates	-	(1,016)	-	107,725	-	106,709
Profit before taxation	1,718,737	20,564	1,743,696	408,428	60	3,891,485
% of profit before taxation	44.2	0.5	44.8	10.5	-	100.0
Taxation						(942,249)
<b>Profit for the period</b>						<b>2,949,236</b>

A25. SEGMENTAL REPORT (Continued)

	Wholesale Banking			Investment RM'000	Support and others RM'000	Total RM'000
	Consumer Banking RM'000	Investment Banking RM'000	Corporate Banking, Treasury and Markets RM'000			
<b>30 September 2013</b>						
Net interest income						
- external income/(expense)	3,932,679	63,893	1,666,400	241,850	996	5,905,818
- inter-segment (expense)/income	(118,056)	(10,251)	38,878	104,595	(15,166)	-
	3,814,623	53,642	1,705,278	346,445	(14,170)	5,905,818
Income from Islamic Banking operations	662,838	17,368	390,176	67,851	4,482	1,142,715
Net non-interest income	1,411,501	715,637	812,199	365,072	(3,438)	3,300,971
Gain on disposal of subsidiaries and associates	-	-	-	525,113	-	525,113
Net income	5,888,962	786,647	2,907,653	1,304,481	(13,126)	10,874,617
Overheads	(3,778,395)	(628,363)	(1,039,568)	(830,156)	(44,828)	(6,321,310)
of which:						
- Depreciation of property, plant and equipment	(189,515)	(40,470)	(29,758)	(7,411)	(1,744)	(268,898)
- Amortisation of prepaid lease payments	(239)	(103)	(14)	(8,595)	(2)	(8,953)
- Amortisation and impairment of intangible assets	(79,566)	(7,731)	(12,691)	(186,965)	(1,165)	(288,118)
Profit/(loss) before allowances	2,110,567	158,284	1,868,085	474,325	(57,954)	4,553,307
Allowance (made)/written back for impairment losses on loans, advances and	(346,894)	(113)	(5,492)	1,415	(1,032)	(352,116)
Allowance (made)/written back for losses on other receivables	(15,146)	(2,962)	(495)	(1,512)	1,895	(18,220)
Allowance written back for commitments and contingencies	-	-	1,334	-	-	1,334
Allowance written back/(made) for other impairment losses	-	18	4,127	(8,931)	707	(4,079)
Segment results	1,748,527	155,227	1,867,559	465,297	(56,384)	4,180,226
Share of results of joint ventures	4,710	432	-	43,230	-	48,372
Share of results of associates	-	763	-	261,813	-	262,576
Profit/(loss) before taxation	1,753,237	156,422	1,867,559	770,340	(56,384)	4,491,174
% of profit before taxation	39.0	3.5	41.6	17.2	(1.3)	100.0
Taxation						(939,002)
<b>Profit for the period</b>						<b>3,552,172</b>





## A26. FAIR VALUE ESTIMATION

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

### Determination of fair value and fair value hierarchy

#### Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

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

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

- (i). The following table represents the Group's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2014 and 31 December 2013.

	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 September 2014</b>					
<b><i>Recurring fair value measurements</i></b>					
<b><u>Financial assets</u></b>					
Financial assets held for trading					
- Money market instruments	13,973,706	-	13,973,706	-	13,973,706
- Quoted securities	6,465,606	3,030,698	3,434,908	-	6,465,606
- Unquoted securities	5,495,837	-	5,418,820	77,017	5,495,837
Financial investments available-for-sale					
- Money market instruments	3,896,290	-	3,896,290	-	3,896,290
- Quoted securities	6,201,077	255,684	5,945,393	-	6,201,077
- Unquoted securities	20,234,344	-	18,999,446	1,234,898	20,234,344
Derivative financial instruments					
- Trading derivatives	4,691,281	20,105	4,596,079	75,097	4,691,281
- Hedging derivatives	100,401	-	100,401	-	100,401
<b>Total</b>	<b>61,058,542</b>	<b>3,306,487</b>	<b>56,365,043</b>	<b>1,387,012</b>	<b>61,058,542</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	5,784,119	60,978	4,620,035	1,103,106	5,784,119
- Hedging derivatives	313,054	-	313,054	-	313,054
Financial liabilities designated at fair value	2,966,284	-	2,966,284	-	2,966,284
<b>Total</b>	<b>9,063,457</b>	<b>60,978</b>	<b>7,899,373</b>	<b>1,103,106</b>	<b>9,063,457</b>
<b>31 December 2013</b>					
<b><i>Recurring fair value measurements</i></b>					
<b><u>Financial assets</u></b>					
Financial assets held for trading					
- Money market instruments	11,086,647	-	11,086,647	-	11,086,647
- Quoted securities	4,118,179	2,155,444	1,962,735	-	4,118,179
- Unquoted securities	8,198,454	-	8,125,406	73,048	8,198,454
Financial investments available-for-sale					
- Money market instruments	4,018,822	-	4,018,822	-	4,018,822
- Quoted securities	6,648,417	456,056	6,192,361	-	6,648,417
- Unquoted securities	19,666,819	-	18,387,885	1,278,934	19,666,819
Derivative financial instruments					
- Trading derivatives	4,833,332	12,418	4,771,239	49,675	4,833,332
- Hedging derivatives	187,121	-	187,121	-	187,121
<b>Total</b>	<b>58,757,791</b>	<b>2,623,918</b>	<b>54,732,216</b>	<b>1,401,657</b>	<b>58,757,791</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	5,741,386	2,314	4,795,921	943,151	5,741,386
- Hedging derivatives	268,222	-	268,222	-	268,222
Financial liabilities designated at fair value	2,132,170	-	2,132,170	-	2,132,170
<b>Total</b>	<b>8,141,778</b>	<b>2,314</b>	<b>7,196,313</b>	<b>943,151</b>	<b>8,141,778</b>

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

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

	Financial Assets			Total	Financial Liabilities	
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	RM'000		RM'000	RM'000
<b>30 September 2014</b>						
At 1 January	73,048	1,278,933	49,675	1,401,656	943,151	943,151
Total gains recognised in Statement of Income	4,063	(16,984)	(40,948)	(53,869)	(192,149)	(192,149)
Total losses recognised in Other Comprehensive Income	-	355	-	355	-	-
Purchases	-	30,156	92,361	122,517	875,250	875,250
Sales	-	(52,977)	(25,991)	(78,968)	(523,146)	(523,146)
Settlements	-	(1,148)	-	(1,148)	-	-
Transfers out of Level 3 to Level 1	-	(878)	-	(878)	-	-
Exchange fluctuation	(94)	(2,559)	-	(2,653)	-	-
At 30 September	<u>77,017</u>	<u>1,234,898</u>	<u>75,097</u>	<u>1,387,012</u>	<u>1,103,106</u>	<u>1,103,106</u>
Total gains/(losses) recognised in Statement of Income for financial period ended 30 September 2014 under "net non-interest income"	<u>4,063</u>	<u>(16,984)</u>	<u>(40,948)</u>	<u>(53,869)</u>	<u>(192,149)</u>	<u>(192,149)</u>
Total gains recognised in Other Comprehensive Income for the financial period ended 30 September 2014 under "revaluation reserves"	<u>-</u>	<u>355</u>	<u>-</u>	<u>355</u>	<u>-</u>	<u>-</u>
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 September 2014 under "net non-interest income"	<u>4,063</u>	<u>-</u>	<u>(11,618)</u>	<u>(7,555)</u>	<u>(8,265)</u>	<u>(8,265)</u>

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

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

	Financial Assets			Total	Financial Liabilities	
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	RM'000		RM'000	RM'000
<b>31 December 2013</b>						
At 1 January	66,313	1,175,188	-	1,241,501	-	-
Total gains recognised in Statement of Income	2,387	(41,647)	251	(39,009)	195	195
Total losses recognised in Other Comprehensive Income	-	74,075	-	74,075	-	-
Purchases	-	77,566	49,424	126,990	943,051	943,051
Sales	-	(19,966)	-	(19,966)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3 to Level 1	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,768	-	28,116	-	-
At 31 December	73,048	1,278,934	49,675	1,401,657	943,151	943,151
Total gains/(losses) recognised in Statement of Income for financial year ended on 31 December 2013 under "net non-interest income"	2,612	(22,504)	251	(19,641)	195	195
Total gains recognised in Other Comprehensive Income for financial year ended 31 December 2013 under "revaluation reserves"	-	71,530	-	71,530	-	-
Change in unrealised gains recognised in Statement of Income relating to assets held on 31 December 2013 under "net non-interest income"	2,387	-	251	2,637	195	195

During the financial period, the transfer out of Level 3 of RM878,000 (2013: RM5,780,000) to Level 1 was due to the conversion of convertible notes to quoted shares in active markets.

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

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

(iii). The following represents the Group's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2014 and 31 December 2013.

Investment properties (Recurring)

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

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

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 September 2014, the property plant and equipment and investment properties held for sales that were stated at fair value less cost to sell was RM17,438,000 (2013: RM21,598,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

**A27. OPERATIONS OF ISLAMIC BANKING**

**A27a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

	Note	The Group	
		30 September 2014 RM'000	31 December 2013 RM'000
<b>ASSETS</b>			
Cash and short-term funds		9,083,678	8,558,114
Reverse repurchase agreements		-	18,645
Deposits and placements with banks and other financial institutions		630,089	730,415
Financial assets held for trading		3,422,020	3,329,824
Islamic derivative financial instruments		191,125	271,201
Financial investments available-for-sale		2,110,985	1,783,107
Financial investments held-to-maturity		1,223,078	1,040,933
Financing, advances and other financing/loans	A27d(i)	38,418,407	37,851,664
Deferred tax assets		18,833	25,241
Amount due from conventional operations		3,518,715	3,391,843
Statutory deposits with Bank Negara Malaysia		1,333,434	1,436,747
Property, plant and equipment		6,828	9,485
Other assets		549,941	588,654
Goodwill		136,000	136,000
Intangible assets		11,013	14,225
<b>TOTAL ASSETS</b>		<b>60,654,146</b>	<b>59,186,098</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>			
Deposits from customers	A27(e)	44,200,452	41,186,141
Deposits and placements of banks and other financial institutions		5,387,956	7,296,029
Islamic derivative financial instruments		298,586	294,760
Financial liabilities designated at fair value	A27(f)	198,165	146,216
Amount due to conventional operations		528,229	786,600
Provision for taxation and zakat		59,138	17,978
Other liabilities		4,078,023	4,181,097
Subordinated Sukuk		851,472	856,722
<b>TOTAL LIABILITIES</b>		<b>55,602,021</b>	<b>54,765,543</b>
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,250	55,250
Perpetual preference shares		220,000	70,000
Reserves		3,766,596	3,285,874
		5,041,846	4,411,124
Non-controlling interests		10,279	9,431
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>5,052,125</b>	<b>4,420,555</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>60,654,146</b>	<b>59,186,098</b>

**A27b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	538,699	525,389	1,656,122	1,685,887
Net income derived from investment of shareholders' funds	86,979	115,925	179,508	264,292
Allowance made for impairment losses on financing, advances and other financing/loans	(48,976)	(30,601)	(96,645)	(88,501)
Allowance written back/(made) for impairment losses on other receivables	102	(15)	248	(264)
<b>Total distributable income</b>	<b>576,804</b>	<b>610,698</b>	<b>1,739,233</b>	<b>1,861,414</b>
Income attributable to depositors	(270,420)	(261,318)	(751,718)	(807,464)
<b>Total net income</b>	<b>306,384</b>	<b>349,380</b>	<b>987,515</b>	<b>1,053,950</b>
Other operating expenses	(133,942)	(149,675)	(404,158)	(441,980)
<b>Profit before allowances</b>	<b>172,442</b>	<b>199,705</b>	<b>583,357</b>	<b>611,970</b>
Allowance (made)/written back for impairment losses	(1)	(3,470)	124	(3,517)
<b>Profit before taxation</b>	<b>172,441</b>	<b>196,235</b>	<b>583,481</b>	<b>608,453</b>
Taxation	(41,391)	(45,406)	(131,956)	(146,550)
<b>Profit for the period</b>	<b>131,050</b>	<b>150,829</b>	<b>451,525</b>	<b>461,903</b>
Profit for the period attributable to:				
Owners of the Parent	130,876	150,545	450,784	461,044
Non-controlling interests	174	284	741	859
	<b>131,050</b>	<b>150,829</b>	<b>451,525</b>	<b>461,903</b>

**A27c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	131,050	150,829	451,525	461,903
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	28,274	(7,916)	25,138	(30,597)
- Net gain/(loss) from change in fair value	35,316	(26,811)	31,638	(38,968)
- Realised (gain)/loss transferred to income statement on disposal and impairment	(1,284)	12,694	(5,026)	(3,893)
- Income tax effects	(5,758)	6,201	(1,474)	12,264
Exchange fluctuation reserve	(1,439)	(4,433)	4,842	(5,708)
Other comprehensive income for the period, net of tax	26,835	(12,349)	29,980	(36,305)
Total comprehensive income for the period	157,885	138,480	481,505	425,598
Total comprehensive income for the period attributable to:				
Owners of the Parent	157,889	138,572	481,400	425,650
Non-controlling interests	(4)	(92)	105	(52)
	<b>157,885</b>	<b>138,480</b>	<b>481,505</b>	<b>425,598</b>
<b>Income from Islamic operations (per page 2)</b>				
Total net income	306,384	349,380	987,515	1,053,950
Add: Allowance made for impairment losses on financing, advances and other financing/loans	48,976	30,601	96,645	88,501
Add: Allowance (written back)/made for impairment losses on other receivables	(102)	15	(248)	264
	<b>355,258</b>	<b>379,996</b>	<b>1,083,912</b>	<b>1,142,715</b>

**A27d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS**
**(i) By type and Shariah contract**
**30 September 2014**

At amortised cost	The Group					Total RM'000
	Bai' RM'000	Ijarah RM'000	Musharakah RM'000	Qard RM'000	Others RM'000	
Cash line <sup>^</sup>	513,261	-	-	11,620	-	524,881
Term financing						
House Financing	9,052,089	879,587	-	-	-	9,931,676
Syndicated Financing	323,857	223,835	-	-	27,382	575,074
Hire purchase receivables	688,177	5,536,060	-	-	-	6,224,237
Other term financing	17,238,080	50,874	-	-	1,233,497	18,522,451
Bills receivable	4,286	-	-	-	-	4,286
Trust receipts	85,406	-	-	-	-	85,406
Claims on customers under acceptance credits	372,769	-	-	-	-	372,769
Staff financing	-	-	-	-	2	2
Revolving credits	2,214,156	-	-	-	74,692	2,288,848
Credit card receivables	-	-	-	-	129,360	129,360
Share margin financing	16,031	-	31,102	-	57,427	104,560
Ar Rahnū	-	-	-	-	6,032	6,032
Other financing	-	11,613	-	-	14,492	26,105
Gross financing, advances and other financing/loans	30,508,112	6,701,969	31,102	11,620	1,542,884	38,795,687
Fair value changes arising from fair value hedge						67,246
						38,862,933
Less: Allowance for impairment losses						
- Individual impairment allowance						(67,135)
- Portfolio impairment allowance						(377,391)
						(444,526)
<b>Net financing, advances and other financing/loans</b>						<b>38,418,407</b>

**31 December 2013**

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

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



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

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Gross financing hedged	6,350,000	6,350,000
Fair value changes arising from fair value hedges	67,246	40,548
	<u>6,417,246</u>	<u>6,390,548</u>

The fair value loss on profit rate swaps in the hedge transaction as at 30 September 2014 were RM143 million (2013: RM67 million).

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

As at 30 September 2014, the gross exposures to RPSIA financing is RM1,884 million (2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM6.8 million (2013: RM11.3 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

**c) Movement of Qard financing**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	2,006	4,594
New disbursement	11,424	1,571
Repayment	(1,810)	(4,159)
At 30 September/31 December	<u>11,620</u>	<u>2,006</u>

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

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

**Uses of Qard fund:**

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

**(ii) By geographical distribution**

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Malaysia	35,144,266	35,523,792
Indonesia	1,653,571	1,847,307
Singapore	1,315,673	902,917
Other countries	682,177	-
Gross financing, advances and other financing/loans	<u>38,795,687</u>	<u>38,274,016</u>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Malaysia	402,844	310,151
Indonesia	75,745	65,277
Gross impaired financing, advances and other financing/loans	<u>478,589</u>	<u>375,428</u>

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

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	375,428	443,673
Classified as impaired during the period/year	612,880	493,410
Reclassified as not impaired during the period/year	(264,816)	(192,703)
Amount recovered	(68,608)	(127,800)
Amount transferred to conventional operations	(38,158)	-
Amount written off	(139,802)	(237,366)
Exchange fluctuation	1,665	(3,786)
At 30 September/31 December	<u>478,589</u>	<u>375,428</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>1.23%</u>	<u>0.98%</u>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
<b>Individual impairment allowance</b>		
At 1 January	48,093	127,290
Allowance made/(written back) during the period/year	32,005	(12,569)
Amount written off	(7,000)	(100,377)
Amount transferred to conventional operations	(5,223)	-
Exchange fluctuation	(740)	33,749
At 30 September/31 December	<u>67,135</u>	<u>48,093</u>
<b>Portfolio impairment allowance</b>		
At 1 January	414,807	380,259
Allowance made during the period/year	101,249	205,711
Amount written off	(132,802)	(136,989)
Allowance transferred from conventional operations	-	2,715
Exchange fluctuation	(5,863)	(36,889)
At 30 September/31 December	<u>377,391</u>	<u>414,807</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>2.08%</u>	<u>2.21%</u>

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

	The Group	
	30 September 2014 RM'000	31 December 2013 RM'000
Savings deposit		
Wadiah	2,495,408	1,734,338
Mudharabah	176,496	711,650
	2,671,904	2,445,988
Demand deposit		
Wadiah	7,834,280	3,439,690
Qard	44,383	11,854
Mudharabah	756,888	4,793,196
	8,635,551	8,244,740
Term deposit		
<i>Commodity Murabahah</i>	21,411,993	5,652,819
<i>Islamic negotiable instruments</i>	3,580,501	5,934,040
Mudharabah	391,745	414,592
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	3,188,756	5,519,448
<i>Short term money market deposit-i</i>	4,205,754	14,334,939
Wakalah	4,200,091	14,334,939
Wadiah	5,663	-
<i>Fixed Deposit-i</i>	908,113	1,009,928
Wakalah	471,487	507,007
Wadiah	436,626	502,921
<i>General investment account</i>	2,430,111	3,200,189
Mudharabah	2,430,111	3,200,189
<i>Specific investment account</i>	334,570	338,070
Mudharabah	334,570	337,655
Murabahah	-	415
	32,871,042	30,469,985
Others - Qard	21,955	25,428
	44,200,452	41,186,141
<b>(ii) By maturity structures of term deposit</b>		
Due within six months	31,724,303	29,055,401
Six months to one year	435,590	628,554
One year to three years	372,930	68,248
Three years to five years	8,748	383,128
More than five years	329,471	334,654
	32,871,042	30,469,985
<b>(iii) By type of customer</b>		
Government and statutory bodies	4,833,734	4,881,479
Business enterprises	16,097,535	17,828,677
Individuals	6,544,405	5,388,521
Others	16,724,778	13,087,464
	44,200,452	41,186,141

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

	<b>The Group</b>	
	<b>30 September 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers - structured investments	<b>198,165</b>	146,216

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

Included in the above are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM53,374,000 (2013: RM3,562,000), RM151,707,000 (2013: RM151,118,000) and RM4,015,000 (2013: Nil) respectively.

The carrying amount of the Group as at 30 September 2014 of financial liabilities designated at fair value were RM10,931,000 (2013: RM8,464,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

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

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

#### **CIMB CIMB Group Holdings ("CIMB Group") Results**

CIMB Group Holdings Berhad ("CIMB Group" or the "Group") today reported a net profit of RM2.906 billion for 9 months FY14 ("9MFY14"), equivalent to a net earnings per share ("EPS") of 35.2sen. In 9MFY13, the Group reported a net profit of RM3.502 billion, which included a RM365 million gain from the sale of CIMB Aviva and restructuring charges. Excluding the exceptional gains, the Group's Business As Usual ("BAU") 9MFY14 net profit decreased by 7.4% year-on-year ("Y-o-Y"). The Group's annualised 9MFY14 net return on average equity ("ROE") was 11.6% with an enlarged equity base following the private placement of new shares in January 2014. For third quarter FY14 ("3Q14"), the Group's net profit of RM890 million was 16.2% lower Y-o-Y.

2014 has been a challenging year. The Group's 9MFY14 profitability was largely impacted by the difficult operating conditions in Indonesia coupled with the weakened Rupiah, which brought about a 36.4% Y-o-Y decline in CIMB Niaga's profit before tax ("PBT") contributions. Regional capital markets volumes and volatility remained weak resulting in the softer performances at both IB and Treasury & Markets. Nonetheless, the Malaysian consumer bank is performing well, while CIMB Bank Singapore and CIMB Thai continues to grow strongly.

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

For comparative purposes, the Y-o-Y performance is based on BAU numbers for 9MFY13. CIMB Group's 9MFY14 operating income was 1.1% higher at RM10.474 billion. Net interest income was 5.9% higher while non-interest income declined by 8.8%, attributed to a combination of lower volatility in treasury markets, weaker equity markets and lower Indonesia bancassurance fees. CIMB Niaga's contribution to the Group was also impacted by an 11.5% Y-o-Y foreign exchange depreciation in the Rupiah. Improved cost controls brought about the 1.1% decline in operating expenses. The Group's PBT was 6.8% lower at RM3.891 billion.

The Group's regional Consumer Bank PBT reduced by 2.0% Y-o-Y in 9MFY14 to RM1.718 billion, making up 44% of Group PBT (from 42% in 9MFY13). The decline was due to the weaker operations in Indonesia exacerbated by currency translation effects. Malaysia continued to perform well, contributing 81% of total Consumer Banking operations, while Singapore and Thailand are now firmly profitable. The Group's Regional Wholesale Banking PBT declined by 12.8% Y-o-Y to RM1.765 billion due to the slower equity and treasury markets. Investments was up 2.3% Y-o-Y. The overall contribution of the Group's core corporate and consumer banking business has increased from 67% to 69% of total PBT.

Non-Malaysian PBT contribution to the Group was lower at 31% in 9MFY14 from 37% in 9MFY13. This was attributed to the 36.4% Y-o-Y decline in Indonesia's PBT to RM875 million from the lower CIMB Niaga earnings and the Rupiah's depreciation. Thailand's PBT contribution to the Group grew 3.6% Y-o-Y at RM185 million as the stronger CIMB Thai performance was partially offset by weaker earnings at CIMB Securities (Thailand). Total PBT contribution from Singapore expanded by 45.2% to RM257 million underpinned by the 70.6% Y-o-Y PBT growth in CIMB Bank Singapore.

The Group's total gross loans (excluding the declining bad bank loan book) expanded 9.8% Y-o-Y or 11.1% after adjusting for foreign exchange fluctuations. Over the same period, total deposits grew 1.6% Y-o-Y or 2.7% higher Y-o-Y after excluding foreign exchange fluctuations. As such, the Group's loan to deposit ("LDR") ratio increased to 93.5% from 87.1% previously.

The Group's gross impairment ratio improved to 3.3% as at September 2014 from 3.4% in September 2013, with allowance coverage (including regulatory reserve) of 99.3% as at September 2014. The Group's cost to income ratio was marginally lower at 57.8% compared to 58.1% previously and compared to the 9MFY13 BAU of 59.1%. The Group's Net Interest Margins ("NIM") were virtually unchanged at 2.86%.

As at 30 September 2014, CIMB Group's total capital ratio stood at 15.0% while its Common Equity Tier 1 (CET 1) capital ratio stood at 9.7%.

#### **CIMB Group 3Q14 Y-o-Y Results**

The Group's 3Q14 operating income grew 1.3% Y-o-Y to RM3.529 billion as the 4.8% increase in net interest income was partially offset by a 6.4% decline in non-interest income due to softer Treasury & Markets and lower fee-based income from CIMB Niaga. However, 3Q14 net profit was 16.2% lower Y-o-Y at RM890 million largely due to higher loan impairments at CIMB Niaga.

#### **CIMB Group 3Q14 Q-o-Q Results**

On a Q-o-Q basis, the 3Q14 operating income grew 3.6% to RM3.529 billion with net interest income staying flat and a 13.5% improvement in non-interest income from better Treasury & Markets and investments performance. However, 3Q14 net profit was 6.3% lower Q-o-Q at RM890 million largely due to higher loan impairments at CIMB Niaga.

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

### **CIMB Islamic**

CIMB Islamic's Y-o-Y PBT increased by 16.9% to RM399 million due to a recovery in Islamic capital markets activity. CIMB Islamic's gross financing assets declined by 2.0% Y-o-Y, accounting for 14% of total Group loans. Total deposits grew by 8.6% Y-o-Y to RM41.7 billion.

### **Other Highlights**

On the M&A front, the Group received Bank Negara Malaysia's ("BNM") approval to commence discussions with RHB Capital Berhad and Malaysia Building Society Berhad to potentially undertake the largest merger in Malaysian banking history. Discussions remain on-going.

In 9MFY14, CIMB Group commenced CIMB Bank branch operations in Hong Kong and Shanghai to facilitate transaction banking requirements of our ASEAN corporate customers. CIMB Thai opened its branch in Laos in July 2014.

### **Leadership Transition Plan**

On 1 September 2014, Tengku Dato' Zafrul Tengku Abdul Aziz was appointed as Acting Group CEO. Dato' Sri Nazir Razak has taken over as Chairman of CIMB Group on the same date.

## **B2. CORPORATE DEVELOPMENTS**

### **Capital Management**

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

### **Mergers and Acquisitions**

- " On 10 July 2014, CIMB Group, RHB Capital and Malaysia Building Society ("MBSB") announced the approval from BNM to commence discussions with the aim of merging the businesses of both RHB and CIMB as well as creating an enlarged Islamic Banking franchise with MBSB. On 8 October 2014, all three parties made a joint application to seek BNM approval for the proposed merger, which encompasses: i) the proposed disposal by CIMB Group of all its assets, liabilities, business and undertakings to RHB Capital for new RHB Capital shares; ii) the proposed acquisition by CIMB Islamic Bank of the assets and liabilities of RHB Islamic Bank for new ordinary shares in CIMB Islamic; and iii) the proposed merger of the assets and liabilities of CIMB Islamic, RHB Islamic and MBSB to create a mega Islamic Bank, which includes the acquisition by CIMB Islamic of all the assets and liabilities of MBSB in consideration for new redeemable convertible preference shares in CIMB Islamic.
- " On 23 July 2014, CIMB-Principal Asset Management Company Limited ("CPAM Thailand") entered into a conditional S&P agreement with Finasia Public Company Limited for the proposed acquisition of Finasia Asset Management Limited for THB225 million cash.

## B2. CORPORATE DEVELOPMENTS (continued)

### Others

- “ On 2 January 2014, Dagong Global Credit Rating Co. affirmed CIMB Bank’s long term local and foreign currency issuer default ratings of ‘AA’ and ‘AA-’ respectively. The outlook is stable.
- “ On 12 January 2014, Moody’s affirmed CIMB Niaga’s bank financial strength rating (“BFSR”) of D, which maps to ‘ba2’ baseline credit assessment and ‘ba1’ adjusted baseline credit assessment. Moody’s affirmed CIMB Niaga’s issuer rating and long-term bank deposits at Baa3/P3 and short-term bank deposits at P-3. The outlook is stable.
- “ On 15 January 2014, Moody’s assigned rating on CIMB Thai’s long-term local/foreign currency deposit and issuer ratings of Baa2/P2. CIMB Thai attained BFSR of D which maps to a baseline credit assessment of ba2 and adjusted baseline credit assessment of baa2. The outlook is stable.
- “ On 23 January 2014, MARC affirmed CIMB Islamic’s long-term and short-term Financial Institution ratings at ‘AAA’ and ‘MARC-1’. MARC also affirmed CIMB Islamic’s RM2.0 billion Tier 2 Junior Sukuk Programme at ‘AA+IS’ and set the outlook for all ratings as stable.
- “ On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s long-term issuer default rating and national long-term rating at ‘BBB’ and ‘AA-(tha)’ respectively, both with stable outlook. Short-term issuer default rating and national rating are affirmed at ‘F3’ and ‘F1+(tha)’ respectively. Fitch also assigned a bb- and 2 for CIMB Thai’s viability and support ratings respectively. The outlook is stable.
- “ On 25 March 2014, Fitch Ratings affirmed CIMB Thai’s THB10bn Unsecured Subordinated Short-term Debenture Programme at ‘F1+(tha)’, THB3bn 5.35% and THB3bn 4.80% Subordinated Lower Tier 2 at ‘A+(tha)’, and THB2.5bn 5.25% Subordinated Upper Tier 2 Notes at ‘A(tha)’.
- “ On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s long-term issuer default rating at ‘BBB’ and national rating at ‘AAA(idn)’, both with stable outlook. Fitch also assigned ‘F3’ and ‘F1+(idn)’ for Niaga’s short-term issuer default rating and national rating as well as AAA(idn) for the senior unsecured bonds.
- “ On 15 April 2014, Fitch Ratings affirmed CIMB Niaga’s IDR1.6 trillion 10.85% Subordinated Debt II and IDR1.38 trillion 11.3% Subordinated Debt at ‘AA(idn)’, and IDR8 trillion Senior Unsecured Debt Programme and Senior Unsecured Bonds at ‘AAA(idn)’. Fitch also assigned bb and 2 for CIMB Niaga’s viability and support ratings respectively. The outlook is stable.
- “ On 11 June 2014, Moody’s affirmed CIMB IB’s long-term local and foreign currency bank deposit and issuer ratings at A3 as well as the short-term local and foreign currency bank deposit and issuer ratings at P-2. The outlook is stable.
- “ On 3 July 2014, CIMB Group announced a leadership transition plan which will take effect on 1 September 2014. Tan Sri Md Nor Yusof, Chairman of CIMB Group, will retire from the Board of Directors. Dato’ Sri Nazir Razak will take over as Chairman of CIMB Group. On 29 August 2014, CIMB Group announced that Tengku Dato’ Zafrul Tengku Abdul Aziz will be Acting Group CEO effective 1 September 2014.
- “ On 22 July 2014, Moody’s affirmed CIMBGH’s long-term and short-term issuer ratings at ‘A3’ and ‘P-2’ respectively. The outlook is stable.
- “ On 6 August 2014, Moody’s affirmed CIMB Bank’s BFSR at ‘C-’, local currency bank deposit ratings at ‘A1/P-1’ and foreign currency bank deposit ratings at ‘A3/P-2’. On 20 November 2013, the outlook of CIMB Bank’s foreign currency deposit, issuer, senior unsecured debt and senior unsecured MTN program ratings is revised to positive from stable. All other ratings carry a stable outlook.
- “ On 6 August 2014, Moody’s affirmed CIMB Bank’s baseline credit assessment and adjusted baseline credit assessment at ‘baa1’. On 15 August 2014, Moody’s assigned a provisional rating to CIMB Bank’s proposed USD5.0 billion Euro MTN Programme. ‘(P)A3’ was assigned to foreign currency senior unsecured MTN while ‘(P)Baa3’ was assigned to foreign currency subordinated MTN. Moody’s also assigned ‘A3’ for CIMB Bank’s USD1.0 billion Multi-Currency Euro Medium Term Notes Programme and USD350 million 5-year Senior Unsecured Notes with a positive outlook on the programme and notes.
- “ On 11 August 2014, CIMB Strategic Assets Sdn Bhd, a wholly-owned subsidiary of CIMB Group, entered into a 50:50 joint venture agreement with MC Emerging Capital Partners BV, a wholly owned subsidiary of Mitsubishi Corporation, to set up CIMB-MC Capital Ltd (Cayman Islands), an investment holding company dedicated to establishing and managing a private equity fund.
- “ On 12 November 2014, Moody’s affirmed CIMB Islamic Bank’s BFSR at ‘D+’, local currency rating at ‘A1/P-1’ and foreign currency rating at ‘A3/P-2’. On 20 November 2013, the outlook of CIMB Islamic Bank’s foreign currency deposit and issuer ratings is revised to positive from stable. All other ratings carry a stable outlook. Moody’s also assigned ‘ba1’ to CIMB Islamic’s baseline credit assessment and ‘baa1’ to the adjusted baseline credit assessment.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD**

CIMB Malaysia should maintain steady growth, while CIMB Singapore is expected to maintain a positive momentum. Thailand is showing encouraging signs of economic recovery and improving consumer confidence. The gradually improving capital markets augur well for the Group's Treasury & Markets. However, CIMB Niaga is expected to continue to be challenged by asset quality and tight liquidity in the Indonesian banking system in the near term.

On the proposed merger, all three parties are presently in deep discussions and are in the midst of a due diligence process. It is expected to come to an agreement by early 1Q15.



**B4. TAXATION**

	<b>The Group</b>			
	<b>3rd quarter ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Major components of tax expense:				
Current tax expense	248,258	318,518	799,240	995,516
Deferred tax expense	27,479	(7,944)	141,286	(30,550)
Under/(Over) accrual in prior years	583	(3,054)	1,723	(25,964)
	<b>276,320</b>	<b>307,520</b>	<b>942,249</b>	<b>939,002</b>
<b>Reconciliation</b>				
Profit before taxation	1,179,263	1,386,257	3,891,485	4,491,174
Tax at statutory income tax rate of 25% (2013: 25%)	294,815	346,565	972,871	1,122,794
Effect of different tax rates in other countries and change in tax rates	2,243	3,670	7,788	1,706
Due to income not subject to income tax and expenses not deductible for tax purposes	(21,321)	(39,661)	(40,133)	(159,534)
Under/(Over) accrual in prior years	583	(3,054)	1,723	(25,964)
	<b>276,320</b>	<b>307,520</b>	<b>942,249</b>	<b>939,002</b>

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

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

**B6. REALISED AND UNREALISED PROFITS**

	<b>Group</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group and subsidiaries		
- Realised	12,138,895	12,070,506
- Unrealised	568,810	182,063
	<b>12,707,705</b>	<b>12,252,569</b>
Total share of retained earnings from associates		
- Realised	674,169	627,592
- Unrealised	2,507	1,290
Total share of retained earnings from joint ventures		
- Realised	99,252	101,803
- Unrealised	1	1
	<b>13,483,634</b>	<b>12,983,255</b>
Consolidation adjustments	94,771	(767,897)
Total group retained earnings as per consolidated financial statements	<b>13,578,405</b>	<b>12,215,358</b>

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

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 30 September 2014 and 31 December 2013 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group. In addition, the unrealised retained profits of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

**B7. BORROWINGS AND DEBT SECURITIES**

	<b>The Group</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bonds and debentures*</b>		
<b>Unsecured</b>		
One year or less (short term)	<b>1,479,140</b>	2,116,464
More than one year (medium/long term)	<b>5,891,124</b>	5,373,801
	<b>7,370,264</b>	7,490,265

\* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR5,398,000 million, IDR denominated notes equivalent to IDR600,000 million, HKD denominated bonds equivalent to HKD3,588 million, USD denominated bonds equivalent to USD415 million, THB denominated debentures equivalent to THB20,485 million, SGD denominated bonds equivalent to SGD20 million and AUD denominated bonds equivalent to AUD100 million.

**Other borrowing \*\***

<b>Unsecured</b>		
One year or less (short term)	<b>1,704,867</b>	1,631,620
More than one year (medium/long term)	<b>6,039,360</b>	6,141,107
	<b>7,744,227</b>	7,772,727

\*\* RM300 million 3-month Commercial Papers and RM400 million 6-months Commercial Papers had matured and fully settled on 28 February 2014 and 28 May 2014 respectively.

**Subordinated obligations\*\*\***

<b>Unsecured</b>		
More than one year (medium/long term)	<b>12,583,398</b>	12,066,700
	<b>12,583,398</b>	12,066,700

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

**B8. MATERIAL LITIGATION**

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

**B9. COMPUTATION OF EARNINGS PER SHARE (EPS)****a) Basic EPS**

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

	<b>The Group</b>			
	<b>3rd quarter ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period after non-controlling interests	<b>890,270</b>	1,061,691	<b>2,906,490</b>	3,502,136
Weighted average number of ordinary shares in issue				
- proforma ( '000)	<b>8,336,518</b>	7,615,847	<b>8,251,862</b>	7,530,009
Basic earnings per share (expressed in sen per share)	<b>10.7</b>	13.9	<b>35.2</b>	46.5

**b) Diluted EPS**

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