

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

		Group		Bank	
	Note	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Assets					
Cash and short term funds		23,231,838	24,941,166	17,168,998	18,467,152
Reverse repurchase agreements		3,360,722	7,993,092	3,360,722	5,321,399
Deposits and placements with banks and other financial institutions		4,240,045	3,666,536	4,748,226	7,950,214
Financial assets held for trading	A7	23,124,164	21,837,868	19,072,467	17,575,173
Derivative financial instruments	A21(i)	4,535,856	4,719,347	3,983,342	3,909,190
Financial investments available-for-sale	A8	26,540,463	26,185,496	22,078,771	22,065,746
Financial investments held-to-maturity	A9	15,564,485	9,828,806	12,558,685	7,590,527
Loans, advances and financing	A10	197,741,102	185,430,615	144,050,135	132,833,310
Other assets	A11	5,426,924	3,481,239	4,968,643	2,546,780
Tax recoverable		5,209	6,270	-	-
Deferred taxation		183,416	206,382	71,144	85,262
Statutory deposits with central banks		7,267,509	6,359,196	5,386,733	4,652,307
Amount due from ultimate holding company		28,853	28,853	-	-
Amount due from subsidiaries		-	-	49,909	138,004
Amount due from related companies		1,197,325	1,092,848	1,193,776	1,091,544
Investment in subsidiaries		-	-	5,036,252	4,886,252
Investment in joint venture		160,308	158,307	125,000	125,000
Investment in associates		766,034	693,343	317,505	321,635
Goodwill		4,903,783	4,890,179	3,555,075	3,555,075
Intangible assets		1,079,350	1,015,035	1,044,284	978,712
Prepaid lease payments		1,134	1,346	-	-
Property, plant and equipment		766,425	866,332	426,057	507,240
Investment properties		4,000	4,000	-	-
		320,128,945	303,406,256	249,195,724	234,600,522
Non-current assets/disposal groups held for sale		17,438	21,589	13,238	3,429
Total Assets		320,146,383	303,427,845	249,208,962	234,603,951
Liabilities					
Deposits from customers	A12	220,996,811	220,247,690	162,590,346	156,115,031
Deposits and placements of banks and other financial institutions	A13	29,983,261	19,999,833	30,267,349	30,417,708
Repurchase agreements		5,900,758	5,922,788	5,029,147	2,276,152
Financial liabilities designated at fair value	A14	2,966,283	2,132,170	2,768,119	1,985,954
Derivative financial instruments	A21(i)	5,937,615	5,794,713	5,238,959	4,879,637
Bills and acceptances payable		3,274,113	3,257,202	1,571,979	1,917,838
Amounts due to ultimate holding company		-	1,450	-	-
Amount due to subsidiaries		-	-	11,752	35,736
Amount due to related companies		29,287	34,016	12,058	21,156
Other liabilities	A15	4,258,626	3,978,664	3,667,043	3,177,941
Provision for taxation and Zakat		479,388	217,221	432,308	221,857
Deferred taxation		2,379	2,188	-	-
Bonds and debentures		5,747,648	5,867,080	3,177,466	2,736,453
Other borrowings		2,388,003	1,968,211	2,388,003	1,968,211
Subordinated obligations		10,079,948	9,634,575	8,860,992	8,828,797
Redeemable preference shares		706,659	719,251	-	-
Total Liabilities		292,750,779	279,777,052	226,015,521	214,582,471
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		4,681,930	4,131,410	4,681,930	4,131,410
Reserves		22,141,722	18,954,705	18,281,771	15,660,330
		26,823,652	23,086,115	22,963,701	19,791,740
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		342,212	334,938	-	-
Total Equity		27,395,604	23,650,793	23,193,441	20,021,480
Total Equity and Liabilities		320,146,383	303,427,845	249,208,962	234,603,951
Commitments and contingencies	A21(ii)	621,942,078	508,499,753	503,030,307	431,035,403
Net assets per ordinary share attributable to owners of the Parent (RM)		5.73	5.59	4.90	4.79

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

GROUP	Note	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
		30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Interest income	A16	2,626,269	2,404,410	7,705,399	6,979,211
Interest expense	A17	(1,125,842)	(1,090,759)	(3,282,909)	(3,181,418)
Net interest income		1,500,427	1,313,651	4,422,490	3,797,793
Income from Islamic Banking operations	A24(b)	314,395	323,268	963,492	993,735
Net non-interest income	A18	564,335	521,867	1,560,334	1,588,048
Net income		2,379,157	2,158,786	6,946,316	6,379,576
Overheads	A19	(1,204,118)	(1,137,424)	(3,562,409)	(3,605,364)
Profit before allowances		1,175,039	1,021,362	3,383,907	2,774,212
Allowances for impairment losses on loans, advances and financing	A20	(113,761)	(110,894)	(276,572)	(216,872)
Allowances for losses on other receivables made		(409)	(338)	(956)	(907)
Allowances for commitments and contingencies written-back		9,089	-	10,918	1,334
Allowances for other impairment (made)/written-back		(7,303)	(1,172)	(20,767)	1,745
Profit after allowances		1,062,655	908,958	3,096,530	2,559,512
Share of results of joint venture		307	(514)	2,001	4,710
Share of results of associates		31,497	25,187	92,386	91,250
Profit before taxation		1,094,459	933,631	3,190,917	2,655,472
Taxation		(219,971)	(196,842)	(659,100)	(557,798)
Profit for the financial period		874,488	736,789	2,531,817	2,097,674
Profit for the financial period attributable to :					
Owners of the Parent		872,179	733,769	2,521,636	2,089,487
Non-controlling interests		2,309	3,020	10,181	8,187
		874,488	736,789	2,531,817	2,097,674
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	19.57	19.48	56.57	55.46

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

GROUP	Individual Quarter		Cumulative Quarters	
	3rd Quarter Ended	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	874,488	736,789	2,531,817	2,097,674
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	153,715	(218,008)	123,497	(520,044)
- Net gain/(loss) from change in fair value	193,791	(284,564)	200,579	(462,815)
- Realised gain transferred to statement of income on disposal and impairment	(10,022)	(9,788)	(64,670)	(156,350)
- Income tax effects	(29,944)	72,589	(12,068)	91,600
- Currency translation difference	(110)	3,755	(344)	7,521
Net investment hedge	(44,382)	(69,873)	23,558	(127,315)
Cash flow hedge	(1,150)	(8,584)	7,624	(10,362)
- Net (loss)/gain from change in fair value	(556)	(8,584)	9,610	(10,362)
- Income tax effects	(594)	-	(1,986)	-
Exchange fluctuation reserve	118,105	155,045	30,234	298,310
Share of other comprehensive (expense)/income of associate	(1,490)	-	(4,473)	5,212
	224,798	(141,420)	180,440	(354,199)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(85)	-	978	-
- Income tax effects	21	-	1,037	-
- Currency translation difference	(106)	-	(59)	-
Other comprehensive income/(expense) for the period, net of tax	224,713	(141,420)	181,418	(354,199)
Total comprehensive income for the financial period	1,099,201	595,369	2,713,235	1,743,475
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,093,813	589,801	2,701,409	1,730,530
Non-controlling interests	5,388	5,568	11,826	12,945
	1,099,201	595,369	2,713,235	1,743,475

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	Note	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
		30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
<u>BANK</u>					
Interest income	A16	2,281,403	2,127,567	6,714,945	6,207,294
Interest expense	A17	(991,786)	(963,267)	(2,891,435)	(2,833,224)
Net interest income		1,289,617	1,164,300	3,823,510	3,374,070
Income from Islamic Banking operations	A24(b)	14,688	7,566	37,290	14,486
Net non-interest income	A18	480,588	535,048	1,417,554	1,483,407
Net income		1,784,893	1,706,914	5,278,354	4,871,963
Overheads	A19	(888,374)	(841,965)	(2,634,204)	(2,715,981)
Profit before allowances		896,519	864,949	2,644,150	2,155,982
Allowances for impairment losses on loans, advances and financing	A20	(27,745)	(69,228)	(107,510)	(106,597)
Allowances for losses on other receivables		(534)	(206)	(1,245)	(597)
Allowances for commitments and contingencies written-back		-	-	1,829	1,334
Allowances for other impairment losses (made)/written-back		(7,303)	2,298	(20,747)	4,718
Profit before taxation		860,937	797,813	2,516,477	2,054,840
Taxation		(175,398)	(172,901)	(513,072)	(446,263)
Profit for the financial period		685,539	624,912	2,003,405	1,608,577
Earnings per share - basic (sen)	B3	15.38	16.59	44.94	42.69

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

<u>BANK</u>	Individual Quarter		Cumulative Quarters	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	685,539	624,912	2,003,405	1,608,577
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	134,519	(214,543)	108,540	(508,398)
- Net gain/(loss) from change in fair value	168,807	(276,543)	152,665	(452,828)
- Realised gain transferred to statement of income on disposal and impairment	(7,982)	(7,467)	(33,455)	(142,334)
- Income tax effects	(26,344)	66,881	(10,622)	81,984
- Currency translation difference	38	2,586	(48)	4,780
Net investment hedge	9,435	(69,873)	23,558	(127,315)
Cash flow hedge	(1,150)	(8,584)	7,624	(10,362)
- Net (loss)/gain from change in fair value	(556)	(8,584)	9,610	(10,362)
- Income tax effects	(594)	-	(1,986)	-
Exchange fluctuation reserve	18,689	53,243	(6,758)	76,493
Other comprehensive income/(expense) for the financial period, net of tax	161,493	(239,757)	132,964	(569,582)
Total comprehensive income for the financial period	847,032	385,155	2,136,369	1,038,995

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

The Group	Attributable to owners of the Parent														Perpetual preference shares	Non-controlling interests	Total Equity
	Share capital	Redeemable Preference Shares	Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve	Share-based payment reserve	Defined benefits reserve	Retained profits	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	4,131,410	29,740	6,402,610	5,121,848	98,846	144,792	(1,085,928)	735,457	(126,490)	1,743,883	44,877	(5,129)	5,879,939	23,115,855	200,000	334,938	23,650,793
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	2,521,636	2,521,636	-	10,181	2,531,817
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	28,645	119,029	-	-	31,182	-	(61)	978	-	179,773	-	1,645	181,418
- financial investments available-for-sale	-	-	-	-	-	123,502	-	-	-	-	-	-	-	123,502	-	(5)	123,497
- net investment hedge	-	-	-	-	-	-	-	-	23,558	-	-	-	-	23,558	-	-	23,558
- cash flow hedge	-	-	-	-	-	-	-	-	7,624	-	-	-	-	7,624	-	-	7,624
- currency translation difference	-	-	-	-	28,645	-	-	-	-	-	(61)	-	-	28,584	-	1,650	30,234
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	978	-	978	-	-	978
- share of other comprehensive expense of associate	-	-	-	-	-	(4,473)	-	-	-	-	-	-	-	(4,473)	-	-	(4,473)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	28,645	119,029	-	-	31,182	-	(61)	978	2,521,636	2,701,409	-	11,826	2,713,235
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	302,231	-	-	(302,231)	-	-	-	-
Transfer to statutory reserve	-	-	-	381,522	-	-	-	-	-	-	-	-	(381,522)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	40,705	-	-	40,705	-	-	40,705
Second interim dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	-	(752,007)
First interim dividend for the financial year ending 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	-	(857,000)	(857,000)	-	-	(857,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,552)	(4,552)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(32,561)	-	-	(32,561)	-	-	(32,561)
Issue of shares from rights issue	550,520	-	2,086,471	-	-	-	-	-	-	-	-	-	-	2,636,991	-	-	2,636,991
At 30 September 2014	4,681,930	29,740	8,489,081	5,503,370	127,491	263,821	(1,085,928)	735,457	(95,308)	2,046,114	52,960	(4,151)	6,108,815	26,853,392	200,000	342,212	27,395,604
At 1 January 2013	3,764,469	29,740	5,033,633	4,494,970	(67,331)	667,987	(1,085,928)	735,457	20,590	1,173,577	23,360	(2,605)	5,682,990	20,470,909	200,000	317,649	20,988,558
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	2,089,487	2,089,487	-	8,187	2,097,674
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	293,181	(514,351)	-	-	(137,677)	-	(110)	-	(358,957)	(358,957)	-	4,758	(354,199)
- financial investments available-for-sale	-	-	-	-	-	(519,563)	-	-	-	-	-	-	(519,563)	(519,563)	-	(481)	(520,044)
- net investment hedge	-	-	-	-	-	-	-	-	(127,315)	-	-	-	(127,315)	(127,315)	-	-	(127,315)
- cash flow hedge	-	-	-	-	-	-	-	-	(10,362)	-	-	-	(10,362)	(10,362)	-	-	(10,362)
- currency translation difference	-	-	-	-	293,181	-	-	-	-	-	(110)	-	-	293,071	-	5,239	298,310
- share of other comprehensive income of associate	-	-	-	-	-	5,212	-	-	-	-	-	-	-	5,212	-	-	5,212
Total comprehensive income/(expenses) for the financial period	-	-	-	-	293,181	(514,351)	-	-	(137,677)	-	(110)	-	2,089,487	1,730,530	-	12,945	1,743,475
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	460,859	-	-	(460,859)	-	-	-	-
Transfer to statutory reserve	-	-	-	44,667	-	-	-	-	-	-	-	-	(44,667)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,967	-	-	31,967	-	-	31,967
Second interim dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	-	(959,000)	(959,000)	-	-	(959,000)
Interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	-	(639,993)	(639,993)	-	-	(639,993)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(666)	(666)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(23,246)	-	-	(23,246)	-	-	(23,246)
Issue of shares from rights issue	125,481	-	475,576	-	-	-	-	-	-	-	-	-	-	601,057	-	-	601,057
At 30 September 2013	3,889,950	29,740	5,509,209	4,539,637	225,850	153,636	(1,085,928)	735,457	(117,087)	1,634,436	31,971	(2,605)	5,667,958	21,212,224	200,000	329,928	21,742,152

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	← Non-distributable →										Distributable			Total Equity RM'000
	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	
The Bank														
At 1 January 2014	4,131,410	29,740	6,402,610	4,499,957	113,706	125,231	(1,047,872)	746,852	(37,961)	1,513,795	43,871	3,300,141	200,000	20,021,480
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,003,405	-	2,003,405
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(6,684)	108,540	-	-	31,182	-	(74)	-	-	132,964
- financial investments available-for-sale	-	-	-	-	-	108,540	-	-	-	-	-	-	-	108,540
- net investment hedge	-	-	-	-	-	-	-	-	23,558	-	-	-	-	23,558
- cash flow hedge	-	-	-	-	-	-	-	-	7,624	-	-	-	-	7,624
- currency translation difference	-	-	-	-	(6,684)	-	-	-	-	-	(74)	-	-	(6,758)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(6,684)	108,540	-	-	31,182	-	(74)	2,003,405	-	2,136,369
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	279,539	-	(279,539)	-	-
Transfer to statutory reserve	-	-	-	329,467	-	-	-	-	-	-	-	(329,467)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	39,441	-	-	39,441
Second interim dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(752,007)	-	(752,007)
First interim dividend for the financial year ending 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(857,000)	-	(857,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(31,833)	-	-	(31,833)
Issue of shares from rights issue	550,520	-	2,086,471	-	-	-	-	-	-	-	-	-	-	2,636,991
At 30 September 2014	4,681,930	29,740	8,489,081	4,829,424	107,022	233,771	(1,047,872)	746,852	(6,779)	1,793,334	51,405	3,085,533	200,000	23,193,441
At 1 January 2013	3,764,469	29,740	5,033,633	3,964,469	33,074	584,892	(1,047,872)	746,852	109,119	930,953	22,817	3,875,514	200,000	18,247,660
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,608,577	-	1,608,577
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	76,339	(508,398)	-	-	(137,677)	-	154	-	-	(569,582)
- financial investments available-for-sale	-	-	-	-	-	(508,398)	-	-	-	-	-	-	-	(508,398)
- net investment hedge	-	-	-	-	-	-	-	-	(127,315)	-	-	-	-	(127,315)
- cash flow hedge	-	-	-	-	-	-	-	-	(10,362)	-	-	-	-	(10,362)
- currency translation difference	-	-	-	-	76,339	-	-	-	-	-	154	-	-	76,493
Total comprehensive income/(expenses) for the financial period	-	-	-	-	76,339	(508,398)	-	-	(137,677)	-	154	1,608,577	-	1,038,995
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	421,912	-	(421,912)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	30,974	-	-	30,974
Second interim dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	-	-	-	-	-	(959,000)	-	(959,000)
Interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(639,993)	-	(639,993)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(22,731)	-	-	(22,731)
Issue of shares from rights issue	125,481	-	475,576	-	-	-	-	-	-	-	-	-	-	601,057
At 30 September 2013	3,889,950	29,740	5,509,209	3,964,469	109,413	76,494	(1,047,872)	746,852	(28,558)	1,352,865	31,214	3,463,186	200,000	18,296,962

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

CIMB BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	Group		Bank	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Profit before taxation	3,190,917	2,655,472	2,516,477	2,054,840
Adjustments for non-operating and non-cash items	(324,468)	(161,093)	(510,497)	(369,928)
Operating profit before changes in working capital	2,866,449	2,494,379	2,005,980	1,684,912
Net changes in operating assets	(12,894,098)	(29,775,673)	(10,892,446)	(23,605,880)
Net changes in operating liabilities	12,352,058	29,098,886	10,477,363	24,506,396
	(542,040)	(676,787)	(415,083)	900,516
Cash flows generated from operations	2,324,409	1,817,592	1,590,897	2,585,428
Taxation paid	(328,461)	(446,745)	(288,372)	(353,802)
Net cash flows generated from operating activities	1,995,948	1,370,847	1,302,525	2,231,626
Net cash flows used in investing activities	(5,041,581)	(1,629,027)	(4,184,966)	(1,543,468)
Net cash flows generated from/(used in) financing activities	1,352,888	104,215	1,625,155	(1,201,393)
Net increase in cash and cash equivalents	(1,692,745)	(153,965)	(1,257,286)	(513,235)
Effects of exchange rate changes	(16,583)	373,953	(40,868)	181,783
Cash and cash equivalents at the beginning of financial period	24,941,166	22,978,876	18,467,152	16,939,905
Cash and cash equivalents at end of financial period	23,231,838	23,198,864	17,168,998	16,608,453

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank 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, non-current assets/disposal groups held for sale and financial liabilities designated at fair value that have been measured at fair value.

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

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

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

Amendment to MFRS 132 "Financial instruments: Presentation"

Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment entities"

Amendment to MFRS 139 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 "Levies"

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

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

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

PART A - EXPLANATORY NOTES

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

a) On 27 March 2014, CIMB Thai Bank, a subsidiary of the Bank, has exercised its option to early redeem all cumulative hybrid instruments amounting to THB2.5 billion, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 53/2557 about the pre-redemption of cumulative hybrid instruments.

b) 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 THBFIX 6 months, payable semi annually.

Subsequent to period 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 rates ranges from 0% - 4.3% per annum variable to index of THBFIX 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.

c) On 31 March 2014, CIMB Islamic Bank ("CIMB Islamic"), a wholly-owned subsidiary of CIMB Bank, completed its first issuance of a RM150 million Basel III compliant Perpetual Preference Shares ("PPS") to CIMB Bank. The issuance was approved by the Board of Directors of CIMB Islamic and CIMB Bank 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.

d) On 23 January 2014, CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of CIMB Bank, completed a private placement of ordinary shares of approximately RM3,550 million. Pursuant to completion of the private placement, CIMB Group proposed to inject into the Bank, cash of RM2,183 million via rights issue. The rights issue was done on basis of 1 rights share for every 9.07 existing ordinary shares of the Bank.

The rights issue was approved by the shareholder of the Bank on 19 March 2014. The rights issue was completed on 8 April 2014 with issuance of 455,742,954 units of new CIMB Bank ordinary shares of RM1.00 each.

e) On 14 May 2014, CIMB Bank 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.

f) On 24 April 2014, CIMB Group completed its third Dividend Reinvestment Scheme ("DRS") of which approximately RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest into CIMB Bank, the cash dividend surplus of RM454 million via the rights issue. The rights issue was done on basis of 1 rights share for every 48.4 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 11 June 2014. The rights issue was completed on 30 June 2014 with issuance of 94,775,586 units of new CIMB Bank shares.

g) 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.

h) On 21 August 2014, CIMB Bank Berhad issued HKD150 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 21 August 2019 (subject to adjustment in accordance with the modified following business day convention). It bears a coupon rate of 2.47% per annum payable quarterly in arrear.

i) On 25 September 2014, CIMB Bank Berhad issued AUD100 million 5-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

PART A - EXPLANATORY NOTES

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 25.29 sen per share on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM752 million in respect of the financial year ended 31 December 2013, which was approved by the Board of Directors on 10 February 2014, was paid on 21 March 2014.

A single tier first interim dividend of approximately 28.82 sen per share, on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM857 million in respect of the financial year ending 31 December 2014, which was approved by the Board of Directors on 8 August 2014, was paid on 2 September 2014.

A5. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals proposed or entered into during the financial period ended 30 September 2014.

A6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Bank Negara Malaysia ("BNM") has, via its letter dated 10 July 2014, stated that it has no objection for the bank's ultimate holding company, CIMB Group Holdings Berhad ("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.

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	450,438	422,188	450,438	422,188
Cagamas bonds	10,151	14,891	10,151	14,891
Malaysian Government treasury bills	63,828	75,075	49,102	75,075
Other Government securities	5,441,958	4,197,517	5,441,958	4,197,517
Bank Negara Malaysia Monetary Notes	3,039,683	3,638,917	1,241,884	1,454,575
Bankers' acceptances and Islamic accepted bills	715,666	345,728	715,666	345,728
Negotiable instruments of deposit	3,916,941	1,874,343	2,727,709	1,125,975
Credit-linked notes	-	49,347	-	49,347
Commercial papers	101,899	362,189	101,899	362,189
Government Investment Issue	233,142	106,451	162,028	78,804
	<u>13,973,706</u>	<u>11,086,646</u>	<u>10,900,835</u>	<u>8,126,289</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	2,992,405	1,532,268	2,992,405	1,532,268
	<u>2,992,405</u>	<u>1,532,268</u>	<u>2,992,405</u>	<u>1,532,268</u>
<u>Outside Malaysia</u>				
Private debt securities	151,135	122,429	-	-
Other Government bonds	524,751	906,725	-	-
	<u>675,886</u>	<u>1,029,154</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	6,772	6,716	6,772	6,716
Private and Islamic debt securities	2,269,963	5,325,099	2,037,268	5,118,247
	<u>2,276,735</u>	<u>5,331,815</u>	<u>2,044,040</u>	<u>5,124,963</u>
<u>Outside Malaysia</u>				
Shares	70,245	66,332	-	-
Private and Islamic debt securities	3,135,187	2,791,653	3,135,187	2,791,653
	<u>3,205,432</u>	<u>2,857,985</u>	<u>3,135,187</u>	<u>2,791,653</u>
Total financial assets held-for-trading	<u>23,124,164</u>	<u>21,837,868</u>	<u>19,072,467</u>	<u>17,575,173</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	438,154	621,477	438,154	621,477
Malaysian Government Sukuk	18,240	34,793	-	-
Khazanah bonds	523,521	322,874	443,371	322,874
Government Investment Issue	2,522,561	2,518,856	2,235,192	2,141,065
Other Government treasury bills	43,396	27,052	43,396	27,052
Other Government securities	255,329	254,035	255,329	254,035
Commercial papers	29,574	-	29,574	-
Cagamas bonds	65,515	239,735	56,975	214,244
	<u>3,896,290</u>	<u>4,018,822</u>	<u>3,501,991</u>	<u>3,580,747</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	-	27	-	27
Other Government bonds	2,124,066	2,363,788	-	-
Unit trusts	71,614	72,728	-	-
Private debt securities	382,753	255,070	-	-
	<u>2,578,433</u>	<u>2,691,613</u>	<u>-</u>	<u>27</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	926,310	924,266	916,427	915,779
Private debt securities	13,939,204	13,580,740	12,579,846	12,727,179
Loan stocks	10,433	10,433	10,433	10,433
	<u>14,875,947</u>	<u>14,515,439</u>	<u>13,506,706</u>	<u>13,653,391</u>
<u>Outside Malaysia</u>				
Shares	25,999	27,511	147	1,028
Private equity funds	366,596	384,807	247,471	257,211
Private debt securities	5,025,083	4,754,200	5,024,149	4,754,199
	<u>5,417,678</u>	<u>5,166,518</u>	<u>5,271,767</u>	<u>5,012,438</u>
	<u>26,768,348</u>	<u>26,392,392</u>	<u>22,280,464</u>	<u>22,246,603</u>
Allowance for impairment losses:				
Private debt securities	(64,924)	(67,110)	(64,924)	(67,110)
Private equity funds	(56,065)	(33,126)	(52,515)	(29,493)
Unquoted shares	(96,091)	(95,841)	(73,821)	(73,821)
Loan stocks	(10,433)	(10,433)	(10,433)	(10,433)
Unit trusts	(372)	(386)	-	-
	<u>(227,885)</u>	<u>(206,896)</u>	<u>(201,693)</u>	<u>(180,857)</u>
Total financial investments available-for-sale	<u>26,540,463</u>	<u>26,185,496</u>	<u>22,078,771</u>	<u>22,065,746</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	972,744	802,446	972,744	802,446
Government Investment Issue	2,502,158	808,104	2,494,508	808,104
Other Government securities	772,821	780,810	772,821	780,810
Cagamas bonds	186,909	160,997	186,909	160,997
Khazanah bonds	245,639	66,736	232,707	66,736
	<u>4,680,271</u>	<u>2,619,093</u>	<u>4,659,689</u>	<u>2,619,093</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Private debt securities	2,336,133	1,637,403	-	-
	<u>2,336,133</u>	<u>1,637,403</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	27,388	27,388	-	-
Private debt securities	7,551,862	4,477,636	6,901,692	3,876,918
	<u>7,579,250</u>	<u>4,505,024</u>	<u>6,901,692</u>	<u>3,876,918</u>
<u>Outside Malaysia</u>				
Private debt securities	1,030,204	1,117,503	1,029,196	1,116,501
Accretion of discount, net of amortisation of premium	(33,853)	(22,698)	(31,892)	(21,985)
Less : Allowance for impairment losses	(27,520)	(27,519)	-	-
Total financial investments held-to-maturity	<u>15,564,485</u>	<u>9,828,806</u>	<u>12,558,685</u>	<u>7,590,527</u>

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 RM13 million arising from the sharing agreement.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,302,010	5,498,157	3,884,857	4,122,209
Term loans/financing				
- Housing loan/financing	55,076,945	50,418,831	40,638,877	37,496,022
- Syndicated term loan	13,486,592	13,909,892	12,935,792	13,403,780
- Other term loans/financing	77,185,687	74,136,477	53,454,676	50,642,650
- Factoring receivables	19,231	22,312	-	-
- Lease receivables	38,468	52,638	-	-
- Hire purchase receivables	15,332,062	14,428,652	7,726,820	6,264,561
Bills receivable	10,789,124	9,198,490	7,699,105	6,327,629
Trust receipts	1,587,664	1,986,719	625,998	652,172
Claim on customers under acceptance credit	3,179,354	3,397,107	2,805,158	3,024,575
Staff loans	514,470	452,395	434,644	385,390
Credit card receivables	5,703,235	5,344,131	5,596,570	5,239,682
Revolving credit	11,934,568	9,424,452	9,794,764	7,239,751
Share margin financing	958,527	720,691	942,496	704,250
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>
Fair value changes arising from fair value hedges	151,437	140,453	86,853	102,195
	<u>201,259,374</u>	<u>189,131,397</u>	<u>146,626,610</u>	<u>135,604,866</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	<u>(1,559,994)</u>	<u>(1,767,230)</u>	<u>(1,323,660)</u>	<u>(1,526,098)</u>
- Portfolio impairment allowance	<u>(1,958,278)</u>	<u>(1,933,552)</u>	<u>(1,252,815)</u>	<u>(1,245,458)</u>
	<u>(3,518,272)</u>	<u>(3,700,782)</u>	<u>(2,576,475)</u>	<u>(2,771,556)</u>
Total net loans, advances and financing	<u>197,741,102</u>	<u>185,430,615</u>	<u>144,050,135</u>	<u>132,833,310</u>

(a) Included in the Group's and the Bank'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.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,024 million (2013: RM8,182 million) and RM1,630 million (2013: RM1,788 million) respectively, using interest rate swaps.

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Gross loan hedged	8,023,716	8,181,776	1,629,820	1,788,383
Fair value changes arising from fair value hedges	151,437	140,453	86,853	102,195
	<u>8,175,153</u>	<u>8,322,229</u>	<u>1,716,673</u>	<u>1,890,578</u>

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 30 September 2014 were RM178 million (2013: RM101 million) and RM34 million (2013: RM34 million) respectively.

(c) As part of an arrangement with CIMB Islamic in relation to the Restricted Profit Sharing Investment Accounts ("RPSIA"), the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 September 2014, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM1,884 million (2013: RM2,476 million) and RM6.8 million (2013: RM11.3 million) respectively.

There was no individual impairment allowance provided for the RPSIA financing.

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	2,207,876	1,707,606	2,181,802	1,673,733
Domestic non-bank financial institutions				
- Stockbroking companies	48,243	10,210	10,015	10,210
- others	2,622,667	2,572,679	816,428	811,748
Domestic business enterprises				
- small medium enterprises	16,482,001	12,439,147	11,703,782	9,552,603
- others	33,480,701	35,983,520	21,683,504	21,941,915
Government and statutory bodies	8,908,702	11,885,181	2,101,665	5,133,700
Individuals	106,746,070	98,484,803	78,089,652	71,021,672
Other domestic entities	712,594	223,211	351,267	117,820
Foreign entities	29,899,083	25,684,587	29,601,642	25,239,270
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
(iii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/ financing	1,705,759	1,697,993	953,684	918,107
- Hire purchase receivables	15,318,300	14,414,001	7,702,466	6,242,650
- Other fixed rate loans	28,299,412	32,187,877	15,316,503	18,864,708
Variable rate				
- BLR plus	86,636,782	79,352,093	71,977,655	66,094,967
- Cost-plus	30,961,346	27,402,289	25,413,064	21,269,784
- Other variable rates	38,186,338	33,936,691	25,176,385	22,112,455
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>
(iv) By economic purpose				
Personal use	7,840,519	7,931,464	3,001,474	3,114,867
Credit cards	5,703,235	5,344,131	5,596,570	5,239,682
Purchase of consumer durables	473,849	170,389	453,766	152,394
Construction	7,330,827	7,139,816	4,050,040	3,590,808
Residential property (housing)	56,462,954	50,780,646	41,852,703	37,761,385
Non-residential property	20,053,505	17,775,165	16,738,465	14,568,495
Purchase of fixed assets other than land and buildings	2,679,883	2,915,178	2,220,502	2,371,977
Mergers and acquisitions	4,176,007	5,410,650	4,174,986	5,409,407
Purchase of securities	16,586,369	14,336,939	16,414,333	14,315,100
Purchase of transport vehicles	15,472,861	14,489,405	7,999,194	6,455,672
Working capital	51,063,413	47,207,201	37,645,091	34,205,710
Other purposes	13,264,515	15,489,960	6,392,633	8,317,174
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>
(v) By geographical distribution				
Malaysia	146,560,052	140,617,289	111,321,625	104,944,286
Indonesia	3,068,631	1,886,152	3,057,179	1,833,295
Thailand	20,322,907	17,731,310	1,737,378	568,534
Singapore	19,430,458	18,551,524	19,430,458	18,551,524
United Kingdom	775,960	1,152,021	775,960	1,152,021
Hong Kong	651,052	636,761	651,052	636,761
China	6,327,151	5,672,236	6,327,151	5,672,236
Other countries	3,971,726	2,743,651	3,238,954	2,144,014
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>
(vi) By residual contractual maturity				
Within one year	44,581,668	43,412,675	35,781,898	34,549,208
One year to less than three years	13,592,571	14,945,686	10,681,403	12,151,916
Three years to less than five years	25,211,852	23,436,171	16,364,666	16,211,287
Five years and more	117,721,846	107,196,412	83,711,790	72,590,260
Gross loans, advances and financing	<u>201,107,937</u>	<u>188,990,944</u>	<u>146,539,757</u>	<u>135,502,671</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	192,397	150,886	72,894	57,152
Credit cards	68,676	79,870	66,023	77,585
Purchase of consumer durables	26,867	128	26,867	56
Construction	1,025,136	1,068,220	1,014,720	1,057,328
Residential property (housing)	929,844	853,432	655,749	658,753
Non-residential property	165,099	167,774	124,106	138,572
Purchase of fixed assets other than land and buildings	5,203	12,402	1,767	5,980
Purchase of securities	133,868	151,740	133,665	151,517
Purchase of transport vehicles	424,582	288,377	200,409	146,097
Working capital	946,236	1,163,152	735,700	980,032
Other purposes	281,576	338,962	48,935	58,227
Gross impaired loans	<u>4,199,484</u>	<u>4,274,943</u>	<u>3,080,835</u>	<u>3,331,299</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,197,606	3,329,154	2,784,511	3,001,533
Indonesia	100,114	101,192	100,114	101,192
Thailand	687,455	598,558	597	615
Singapore	32,650	41,788	32,650	41,788
United Kingdom	2,650	3,636	2,650	3,636
China	89,542	111,869	89,542	111,869
Other countries	89,467	88,746	70,771	70,666
Gross impaired loans	<u>4,199,484</u>	<u>4,274,943</u>	<u>3,080,835</u>	<u>3,331,299</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	4,274,943	4,541,316	3,331,299	3,692,842
Classified as impaired during the financial period/year	2,267,893	2,677,680	1,406,824	1,818,887
Reclassified as not impaired during the financial period/year	(1,067,520)	(1,190,196)	(724,864)	(879,878)
Amount written back in respect of recoveries	(629,933)	(950,462)	(515,518)	(725,958)
Amount written off	(651,886)	(849,993)	(416,007)	(599,489)
Reclassification from unwinding income	-	21,266	-	-
Exchange fluctuation	5,987	25,332	(899)	24,895
At 30 September/31 December	<u>4,199,484</u>	<u>4,274,943</u>	<u>3,080,835</u>	<u>3,331,299</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.09%</u>	<u>2.26%</u>	<u>2.10%</u>	<u>2.46%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
<u>Individual impairment allowance</u>				
At 1 January	1,767,230	1,902,985	1,526,098	1,652,134
Net allowance (written-back)/made during the financial period/year	(11,842)	104,894	(27,882)	113,315
Allowance written-back and charged to deferred assets	(2,735)	(959)	(2,735)	(959)
Amount written off	(195,842)	(284,604)	(170,947)	(260,011)
Amount transferred from portfolio impairment allowance	1,532	1,043	-	-
Unwinding income	-	21,266	-	-
Exchange fluctuation	1,651	22,605	(874)	21,619
At 30 September/31 December	<u>1,559,994</u>	<u>1,767,230</u>	<u>1,323,660</u>	<u>1,526,098</u>
<u>Portfolio impairment allowance</u>				
At 1 January	1,933,552	1,841,225	1,245,458	1,255,788
Net allowance made during the financial period/year	468,634	652,951	253,146	330,086
Allowance made and charged to deferred assets	117	258	117	258
Amount written off	(446,849)	(557,542)	(245,523)	(339,965)
Amount transferred to individual impairment allowance	(1,532)	(1,043)	-	-
Amount transferred to a subsidiary	-	-	-	(2,715)
Exchange fluctuation	4,356	(2,297)	(383)	2,006
At 30 September/31 December	<u>1,958,278</u>	<u>1,933,552</u>	<u>1,252,815</u>	<u>1,245,458</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. OTHER ASSETS

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Deferred assets	55,819	83,017	55,819	83,017
Foreclosed properties	146,338	136,348	-	-
Option premium receivables	193,668	193,721	193,668	193,721
Collateral pledged for derivative transactions	1,938,030	1,582,685	1,805,170	1,269,613
Other debtors, deposits and prepayments	3,093,069	1,485,468	2,913,986	1,000,429
	<u>5,426,924</u>	<u>3,481,239</u>	<u>4,968,643</u>	<u>2,546,780</u>

A12. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
(i) By type of deposit				
Demand deposits	51,476,865	50,785,507	42,555,966	42,008,751
Saving deposits	21,503,995	20,732,042	15,341,793	14,660,351
Fixed deposits	86,926,330	86,918,072	70,366,317	59,716,950
Negotiable instruments of deposit	4,499,420	6,434,760	1,034,447	529,467
Others	56,590,201	55,377,309	33,291,823	39,199,512
	<u>220,996,811</u>	<u>220,247,690</u>	<u>162,590,346</u>	<u>156,115,031</u>
(ii) By type of customer				
Government and statutory bodies	10,588,635	9,634,958	5,796,778	4,775,912
Business enterprises	89,544,412	87,597,022	68,789,082	57,113,656
Individuals	74,935,036	74,352,611	58,936,967	59,370,640
Others	45,928,728	48,663,099	29,067,519	34,854,823
	<u>220,996,811</u>	<u>220,247,690</u>	<u>162,590,346</u>	<u>156,115,031</u>
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	73,470,993	76,680,516	58,793,779	49,568,805
Six months to less than one year	15,564,646	14,416,673	10,907,994	9,279,737
One year to less than three years	1,424,174	1,749,805	733,541	921,019
Three years to less than five years	324,162	203,474	323,675	174,492
Five years and more	641,775	302,364	641,775	302,364
	<u>91,425,750</u>	<u>93,352,832</u>	<u>71,400,764</u>	<u>60,246,417</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Licensed banks	24,774,574	16,528,562	26,249,618	27,221,840
Licensed finance companies	610,843	223,121	29,513	26,044
Licensed investment banks	802,109	785,337	586,644	785,107
Bank Negara Malaysia	2,076,367	795,996	2,041,671	795,996
Other financial institutions	1,719,368	1,666,817	1,359,903	1,588,721
	29,983,261	19,999,833	30,267,349	30,417,708

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

	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Due within six months	27,280,084	17,581,373	27,572,606	26,860,150
Six months to less than one year	1,655,824	1,399,598	1,648,215	2,514,835
One year to less than three years	39,841	34,574	39,016	58,435
Three years to less than five years	336,184	357,080	336,184	357,080
Five years and more	671,328	627,208	671,328	627,208
	29,983,261	19,999,833	30,267,349	30,417,708

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,963,002	2,132,170	2,764,838	1,985,954
Bonds	3,281	-	3,281	-
	2,966,283	2,132,170	2,768,119	1,985,954

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

Included in the 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) and RM151,707,000 (2013: RM151,118,000) and RM4,015,000 (2013: RMNil) respectively for the Group, and RM3,070,033,000 (2013: RM2,249,997,000) individual customers deposits for the Bank.

The carrying amount of the Group and the Bank at 30 September 2014 of financial liabilities designated at fair value were RM316,127,000 (2013: RM272,507,000) and RM305,195,000 (2013: RM264,043,000) respectively 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.

A15. OTHER LIABILITIES

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	20,306	40,757	20,306	40,757
Accrued employee benefits	19,561	19,847	19,545	17,688
Post employment benefit obligations	140,333	135,791	25,031	26,031
Sundry creditors	1,744,408	938,086	1,660,464	890,844
Expenditure payable	979,997	1,169,113	817,378	974,302
Allowance for commitments and contingencies	3,138	13,824	664	2,492
Provision for legal claims	86,476	81,970	68,932	63,536
Credit card expenditure payable	98,691	91,183	96,671	91,183
Call deposit borrowing	685,421	926,272	627,889	787,817
Others	480,295	561,821	330,163	283,291
	4,258,626	3,978,664	3,667,043	3,177,941

PART A - EXPLANATORY NOTES (CONTINUED)

A16. INTEREST INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Group				
Loans and advances				
- interest income	2,030,951	1,774,297	5,851,582	5,095,330
- unwinding income [^]	8,126	14,482	34,572	43,977
Money at call and deposits with financial institutions	81,886	127,591	290,089	383,570
Reverse repurchase agreements	26,860	74,127	95,327	218,380
Financial assets held for trading	109,416	106,923	350,734	319,966
Financial investments available-for-sale	224,093	241,925	676,407	662,708
Financial investments held-to-maturity	142,362	69,254	405,813	213,990
Others	-	914	-	4,299
	<u>2,623,694</u>	<u>2,409,513</u>	<u>7,704,524</u>	<u>6,942,220</u>
Accretion of discount, net of amortisation of premium	2,575	(5,103)	875	36,991
	<u>2,626,269</u>	<u>2,404,410</u>	<u>7,705,399</u>	<u>6,979,211</u>
Bank				
Loans and advances				
- interest income	1,701,496	1,470,987	4,881,635	4,235,619
- unwinding income [^]	11,711	14,423	36,060	41,182
Money at call and deposits with financial institutions	103,680	198,107	388,304	589,332
Reverse repurchase agreements	25,523	68,064	86,550	203,277
Financial assets held for trading	104,697	103,341	334,750	308,068
Financial investments available-for-sale	205,940	223,211	625,503	625,096
Financial investments held-to-maturity	121,200	53,303	353,259	162,443
Others	-	914	-	4,299
	<u>2,274,247</u>	<u>2,132,350</u>	<u>6,706,061</u>	<u>6,169,316</u>
Accretion of discount, net of amortisation of premium	7,156	(4,783)	8,884	37,978
	<u>2,281,403</u>	<u>2,127,567</u>	<u>6,714,945</u>	<u>6,207,294</u>

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

PART A - EXPLANATORY NOTES (CONTINUED)**A17. INTEREST EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Group				
Deposits and placements of banks and other financial institutions	68,078	32,862	164,325	92,471
Deposits from other customers	829,639	821,604	2,474,076	2,421,943
Repurchase agreements	15,565	56,646	51,004	149,270
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
Bonds and debentures	30,841	26,373	96,434	69,238
Redeemable preference shares	10,560	10,111	32,182	31,090
Subordinated obligations	104,724	83,802	284,819	260,576
Other borrowings	15,474	11,909	35,158	43,129
	<u>1,125,842</u>	<u>1,090,759</u>	<u>3,282,909</u>	<u>3,181,418</u>
Bank				
Deposits and placements of banks and other financial institutions	73,756	52,529	214,586	146,598
Deposits from other customers	728,991	712,761	2,141,743	2,118,003
Repurchase agreements	13,577	49,049	38,321	138,917
Financial liabilities designated at fair value	29,085	12,648	62,718	25,201
Negotiable certificates of deposits	19,482	32,693	75,338	85,261
Bonds and debentures	15,107	8,427	35,545	22,912
Subordinated obligations	102,886	85,932	298,045	267,442
Other borrowings	8,902	9,228	25,139	28,890
	<u>991,786</u>	<u>963,267</u>	<u>2,891,435</u>	<u>2,833,224</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Net fee and commission income				
Commissions	76,519	58,968	226,057	160,891
Fee on loans and advances	123,961	90,499	367,448	306,032
Service charges and fees	120,727	110,044	355,736	323,420
Guarantee fees	18,984	16,201	59,706	45,303
Other fee income	53,236	54,991	174,331	164,281
Fee and commission income	393,427	330,703	1,183,278	999,927
Fee and commission expense	(92,423)	(58,647)	(282,561)	(221,975)
Net fee and commission income	301,004	272,056	900,717	777,952
Gross dividend income from:				
Financial assets held for trading	27,145	11,835	41,549	20,327
Financial investments available-for-sale	2,430	8,035	11,978	23,344
	29,575	19,870	53,527	43,671
Net loss arising from financial assets held for trading:				
- realised gain/(loss)	55,735	(118,386)	(29,611)	(128,799)
- unrealised (loss)/gain	(123,502)	47,415	24,040	(78,838)
	(67,767)	(70,971)	(5,571)	(207,637)
Net gain arising from derivative financial instrument				
- realised gain	181,170	54,991	257,676	508,142
- unrealised (loss)/gain	(78,906)	161,779	205,601	(54,226)
	102,264	216,771	463,277	453,916
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised loss	(18,435)	(13,827)	(39,510)	(25,172)
- unrealised gain	2,629	88,337	41,173	194,172
	(15,806)	74,509	1,663	169,000
Net gain/(loss) arising from hedging derivatives	18,141	(15,911)	15,070	(40,811)
Net gain from sale of financial investments available-for-sale	10,022	9,788	64,670	156,350
Net gain from sale of financial investments held-to-maturity	15	-	2,629	44,666
Other non-interest income				
Foreign exchange gain/(loss)	181,125	(4,741)	48,538	135,210
Rental income	5,261	3,082	10,227	8,693
Gain/(loss) on disposal of property, plant and equipment/assets held for sale	844	(232)	96	10,798
Loss on disposal of foreclosed properties	(19,264)	(11,965)	(51,001)	(24,782)
Others	18,921	29,611	56,492	61,022
	186,887	15,755	64,352	190,941
	564,335	521,867	1,560,334	1,588,048

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Bank				
Net fee and commission income				
Commissions	67,453	51,231	198,155	138,911
Fee on loans and advances	123,930	90,485	367,373	305,979
Service charges and fees	104,785	98,484	308,345	284,290
Guarantee fees	16,165	12,878	51,159	34,829
Other fee income	35,567	40,202	127,079	117,145
Fee and commission income	347,900	293,280	1,052,111	881,154
Fee and commission expense	(84,718)	(53,086)	(257,581)	(206,330)
Net fee and commission income	263,182	240,194	794,530	674,824
Gross dividend income from:				
Financial assets held for trading	27,145	11,835	41,549	20,327
Financial investments available-for-sale	726	1,020	6,802	7,646
Subsidiaries	-	75,095	21,161	85,012
Associate	20,037	-	20,037	-
	47,908	87,950	89,549	112,985
Net loss arising from financial assets held for trading				
- realised gain/(loss)	56,267	(118,116)	(39,133)	(132,128)
- unrealised (loss)/gain	(127,050)	47,780	22,673	(76,764)
	(70,783)	(70,336)	(16,460)	(208,892)
Net gain arising from derivative financial instrument				
- realised gain	160,524	41,487	248,395	468,899
- unrealised (loss)/gain	(35,513)	177,120	173,255	(14,561)
	125,011	218,607	421,650	454,338
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised loss	(18,435)	(13,827)	(39,510)	(25,172)
- unrealised gain	2,629	88,337	41,173	194,172
	(15,806)	74,510	1,663	169,000
Net gain/(loss) arising from hedging derivatives				
	18,049	(14,867)	14,871	(37,037)
Net gain from sale of financial investments available-for-sale				
	7,982	7,467	33,455	142,334
Net gain from sale of financial investments held-to-maturity				
	15	-	2,629	44,616
Other non-interest income				
Foreign exchange gain/(loss)	88,509	(23,288)	31,418	80,795
Rental income	4,305	2,282	7,820	6,316
Gain/(loss) on disposal of property, plant and equipment	387	(147)	810	10,822
Others	11,829	12,676	35,619	33,306
	105,030	(8,477)	75,667	131,239
	480,588	535,048	1,417,554	1,483,407

PART A - EXPLANATORY NOTES (CONTINUED)**A19. OVERHEADS**

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	481,399	522,153	1,503,801	1,571,841
- Pension costs (defined contribution plan)	46,861	47,165	143,677	147,588
- Pension costs (defined benefit plan)	3,345	3,122	10,109	9,197
- Overtime	3,664	3,636	12,043	11,886
- Staff incentives and other staff payments	48,701	39,578	139,742	122,077
- Medical expenses	20,419	17,269	59,884	52,749
- Others	22,715	13,233	48,347	41,066
	627,104	646,156	1,917,603	1,956,404
Establishment costs				
- Depreciation of property, plant and equipment	45,459	49,141	141,381	149,021
- Amortisation of prepaid lease payments	74	76	219	226
- Rental	57,647	53,007	169,547	162,289
- Repair and maintenance	71,848	36,902	207,920	176,753
- Outsourced services	48,702	39,758	121,920	117,795
- Security expenses	26,878	24,121	80,475	76,382
- Others	34,434	22,323	90,399	71,394
	285,042	225,328	811,861	753,860
Marketing expenses				
- Sales commission	1,273	1,353	3,757	3,039
- Advertisement	44,103	41,364	107,845	115,313
- Others	6,516	7,905	19,408	18,017
	51,892	50,622	131,010	136,369
Administration and general expenses				
- Communication	12,062	14,631	34,665	42,358
- Consultancy and professional fees	12,222	20,453	33,285	54,664
- Legal expenses	9,540	2,909	14,575	7,841
- Stationery	8,547	9,089	28,723	30,288
- Amortisation and impairment of intangible assets	52,343	31,926	142,405	212,011
- Postages	9,879	6,929	32,188	28,339
- Administrative travelling and vehicle expenses	9,434	8,310	27,346	24,963
- Incidental expenses on banking operations	10,827	8,613	29,102	23,016
- Insurance	32,830	28,395	95,673	81,417
- Others	24,828	27,896	83,620	87,225
	182,512	159,151	521,582	592,122
Shared service cost	57,568	56,167	180,353	166,609
	1,204,118	1,137,424	3,562,409	3,605,364

PART A - EXPLANATORY NOTES (CONTINUED)**A19. OVERHEADS (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	375,781	421,055	1,182,035	1,274,254
- Pension costs (defined contribution plan)	42,002	42,457	128,956	133,161
- Overtime	2,409	1,976	7,691	7,627
- Staff incentives and other staff payments	42,342	33,328	121,924	103,427
- Medical expenses	19,428	15,974	56,995	48,997
- Others	20,446	11,477	42,498	35,970
	502,408	526,267	1,540,099	1,603,436
Establishment costs				
- Depreciation of property, plant and equipment	32,846	34,885	104,236	107,742
- Rental	46,427	41,413	136,020	128,390
- Repair and maintenance	65,011	31,835	188,511	161,143
- Outsourced services	62,825	59,547	172,250	179,139
- Security expenses	27,572	24,966	83,518	79,186
- Others	27,956	16,873	72,418	54,201
	262,637	209,519	756,953	709,801
Marketing expenses				
- Sales commission	292	374	1,040	616
- Advertisement	38,525	37,039	94,088	100,481
- Others	3,124	5,129	9,706	11,719
	41,941	42,542	104,834	112,816
Administration and general expenses				
- Communication	10,036	12,674	29,504	37,122
- Consultancy and professional fees	10,458	16,633	29,100	42,968
- Legal expenses	8,174	1,873	10,619	5,511
- Stationery	6,122	7,086	21,904	24,237
- Amortisation and impairment of intangible assets	46,692	27,239	126,450	198,023
- Postages	7,079	8,229	23,441	23,774
- Administrative travelling and vehicle expenses	6,705	5,741	19,344	17,680
- Incidental expenses on banking operations	5,429	5,186	16,016	12,412
- Insurance	8,552	6,962	25,259	20,273
- Others	3,860	6,728	24,679	28,870
	113,107	98,351	326,316	410,870
Shared service cost	(31,719)	(34,714)	(93,998)	(120,942)
	888,374	841,965	2,634,204	2,715,981

PART A - EXPLANATORY NOTES (CONTINUED)**A20. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for impaired loans and financing :				
Net allowance made/(written-back) during the financial period				
- Individual impairment allowance	(15,189)	(3,975)	(11,842)	3,521
- Portfolio impairment allowance	184,577	189,115	468,634	443,041
Impaired loans and advances :				
- recovered	(60,096)	(82,984)	(196,054)	(247,195)
- written off	4,469	8,738	15,834	17,505
	<u>113,761</u>	<u>110,894</u>	<u>276,572</u>	<u>216,872</u>
Bank				
Allowances for bad and doubtful debts and financing :				
Net allowance made/(written-back) during the financial period				
- Individual impairment allowance	(17,509)	19,576	(27,882)	40,926
- Portfolio impairment allowance	83,709	104,323	253,146	225,975
Impaired loans and advances :				
- recovered	(41,212)	(59,152)	(127,668)	(169,609)
- written off	2,757	4,481	9,914	9,305
	<u>27,745</u>	<u>69,228</u>	<u>107,510</u>	<u>106,597</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purpose. 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.

(i) Derivative financial instruments

At 30 September 2014	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	17,286,769	146,933	(164,945)	12,684,430	118,509	(151,842)
- Up to 1 year	14,401,255	124,857	(79,289)	9,914,957	102,501	(62,343)
- More than 1 year to 3 years	1,573,946	16,250	(33,821)	1,523,791	14,613	(33,828)
- More than 3 years	1,311,568	5,826	(51,835)	1,245,682	1,395	(55,671)
Currency swaps	122,370,952	696,436	(734,004)	79,396,737	534,166	(542,027)
- Up to 1 year	121,066,208	656,207	(730,443)	78,346,166	495,805	(537,888)
- More than 1 year to 3 years	961,462	23,620	(3,561)	769,834	23,684	(3,046)
- More than 3 years	343,282	16,609	-	280,737	14,677	(1,093)
Currency spots	9,530,215	7,680	(6,681)	8,846,764	7,349	(6,468)
- Up to 1 year	9,530,215	7,680	(6,681)	8,846,764	7,349	(6,468)
Currency options	7,909,889	52,411	(62,574)	6,981,975	38,933	(52,008)
- Up to 1 year	7,185,611	33,753	(45,145)	6,624,173	29,631	(42,724)
- More than 1 year to 3 years	482,962	10,015	(10,000)	238,645	4,994	(4,979)
- More than 3 years	241,316	8,643	(7,429)	119,157	4,308	(4,305)
Cross currency interest rate swaps	36,667,091	779,882	(603,811)	24,797,252	656,364	(454,022)
- Up to 1 year	7,337,976	55,081	(101,231)	3,672,759	28,119	(80,417)
- More than 1 year to 3 years	11,964,959	289,495	(216,053)	8,287,456	252,982	(162,668)
- More than 3 years	17,364,156	435,306	(286,527)	12,837,037	375,263	(210,937)
	193,764,916	1,683,342	(1,572,015)	132,707,158	1,355,321	(1,206,367)
<u>Interest rate derivatives</u>						
Interest rate swaps	299,593,126	1,830,672	(1,417,809)	246,546,123	1,462,831	(1,090,245)
- Up to 1 year	105,389,881	116,399	(127,507)	86,833,996	81,636	(87,610)
- More than 1 year to 3 years	95,975,572	449,283	(399,765)	78,018,184	347,809	(292,960)
- More than 3 years	98,227,673	1,264,990	(890,537)	81,693,943	1,033,386	(709,675)
Interest rate futures	2,458,127	3,232	(557)	2,458,127	3,232	(557)
- Up to 1 year	2,010,134	2,998	(491)	2,010,134	2,998	(491)
- More than 1 year to 3 years	447,993	234	(66)	447,993	234	(66)
Interest rate options	493,593	1,323	(4,568)	503,698	1,584	(4,568)
- Up to 1 year	391,891	1,004	(3,593)	391,891	1,004	(3,593)
- More than 1 year to 3 years	101,702	319	(975)	111,807	580	(975)
	302,544,846	1,835,227	(1,422,934)	249,507,948	1,467,647	(1,095,370)
<u>Equity related derivatives</u>						
Equity swap	1,080,222	232,097	(220,956)	1,080,222	232,097	(220,956)
- Up to 1 year	118,927	10,924	(186,969)	118,927	10,924	(186,969)
- More than 1 year to 3 years	343,149	36,334	(18,348)	343,149	36,334	(18,348)
- More than 3 years	618,146	184,839	(15,639)	618,146	184,839	(15,639)
Equity options	6,817,121	120,656	(1,957,914)	6,469,827	110,076	(1,947,333)
- Up to 1 year	2,722,905	94,881	(1,089,728)	2,620,182	92,226	(1,087,072)
- More than 1 year to 3 years	3,096,856	11,316	(852,120)	2,998,559	6,969	(847,774)
- More than 3 years	997,360	14,459	(16,066)	851,086	10,881	(12,487)
Equity futures	753,186	16,846	(5,545)	753,186	16,846	(5,545)
- Up to 1 year	753,186	16,846	(5,545)	753,186	16,846	(5,545)
	8,650,529	369,599	(2,184,415)	8,303,235	359,019	(2,173,834)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 30 September 2014	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,188,364	373,957	(367,970)	3,166,032	373,468	(367,976)
- Up to 1 year	2,652,402	327,955	(325,191)	2,630,070	327,466	(325,197)
- More than 1 year to 3 years	535,962	46,002	(42,779)	535,962	46,002	(42,779)
Commodity futures	6,686	101	(149)	6,686	101	(149)
- Up to 1 year	6,686	101	(149)	6,686	101	(149)
Commodity options	437,168	131,499	(42,224)	437,168	131,499	(42,224)
- Up to 1 year	272,678	27,263	(27,263)	272,678	27,263	(27,263)
- More than 1 year to 3 years	164,490	104,236	(14,961)	164,490	104,236	(14,961)
	3,632,218	505,557	(410,343)	3,609,886	505,068	(410,349)
<u>Credit related contract</u>						
Credit default swaps	5,668,326	42,910	(39,522)	5,608,386	42,817	(39,428)
- Up to 1 year	661,755	1,683	(697)	661,755	1,683	(697)
- More than 1 year to 3 years	2,931,154	14,350	(15,160)	2,931,154	14,350	(15,160)
- More than 3 years	2,075,417	26,877	(23,665)	2,015,477	26,784	(23,571)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	3,026,748	9,232	(40,365)	2,620,623	9,232	(37,327)
- Up to 1 year	50,705	-	(2,720)	50,705	-	(2,720)
- More than 1 year to 3 years	2,085,395	9,066	(19,046)	2,085,395	9,066	(19,046)
- More than 3 years	890,648	166	(18,599)	484,523	166	(15,561)
Interest rate swaps	20,427,063	89,989	(268,021)	27,282,978	244,238	(276,284)
- Up to 1 year	19,688	-	(37)	19,688	-	(37)
- More than 1 year to 3 years	6,186,173	55,514	(35,550)	6,697,205	60,094	(37,334)
- More than 3 years	14,221,202	34,475	(232,434)	20,566,085	184,144	(238,913)
Total derivatives assets/(liabilities)	537,714,646	4,535,856	(5,937,615)	429,640,214	3,983,342	(5,238,959)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	15,249,878	237,684	(233,952)	11,832,409	160,023	(224,670)
- Up to 1 year	12,335,258	200,783	(131,204)	9,671,368	136,973	(123,395)
- More than 1 year to 3 years	831,402	18,567	(21,322)	792,085	16,166	(21,142)
- More than 3 years	2,083,218	18,334	(81,426)	1,368,956	6,884	(80,133)
Currency swaps	72,670,565	844,626	(984,889)	47,264,144	430,115	(478,908)
- Up to 1 year	72,009,893	813,317	(979,139)	46,778,266	399,226	(472,918)
- More than 1 year to 3 years	391,499	12,559	(3,224)	284,449	14,267	(4,561)
- More than 3 years	269,173	18,750	(2,526)	201,429	16,622	(1,429)
Currency spots	7,041,465	6,139	(12,534)	6,661,501	6,066	(12,346)
- Up to 1 year	7,041,465	6,139	(12,534)	6,661,501	6,066	(12,346)
Currency options	3,101,853	97,749	(88,096)	2,247,220	38,670	(37,526)
- Up to 1 year	2,125,689	33,998	(24,933)	1,758,931	21,807	(20,676)
- More than 1 year to 3 years	520,621	12,429	(12,424)	260,421	6,152	(6,147)
- More than 3 years	455,543	51,322	(50,739)	227,868	10,711	(10,703)
Cross currency interest rate swaps	30,515,357	877,410	(825,810)	24,474,295	743,835	(644,238)
- Up to 1 year	3,425,966	100,069	(76,737)	2,404,502	88,077	(61,417)
- More than 1 year to 3 years	10,774,950	213,787	(280,920)	9,105,093	176,196	(225,122)
- More than 3 years	16,314,441	563,554	(468,153)	12,964,700	479,562	(357,699)
	128,579,118	2,063,608	(2,145,281)	92,479,569	1,378,709	(1,397,688)
<u>Interest rate derivatives</u>						
Interest rate swaps	261,802,629	2,014,385	(1,536,574)	224,394,018	1,788,820	(1,338,152)
- Up to 1 year	71,764,827	96,473	(109,199)	59,834,372	75,044	(93,083)
- More than 1 year to 3 years	111,889,411	599,280	(576,801)	98,043,875	511,273	(488,830)
- More than 3 years	78,148,391	1,318,632	(850,574)	66,515,771	1,202,503	(756,239)
Interest rate futures	4,646,388	12,418	(199)	4,646,388	12,418	(199)
- Up to 1 year	3,734,506	10,901	(162)	3,734,506	10,901	(162)
- More than 1 year to 3 years	911,882	1,517	(37)	911,882	1,517	(37)
Interest rate options	598,180	1,701	(7,776)	598,180	1,701	(7,776)
- Up to 1 year	359,691	108	(5,157)	359,691	108	(5,157)
- More than 1 year to 3 years	238,489	1,593	(2,619)	238,489	1,593	(2,619)
	267,047,197	2,028,504	(1,544,549)	229,638,586	1,802,939	(1,346,127)
<u>Equity related derivatives</u>						
Equity swaps	812,041	17,113	(172,249)	578,632	15,992	(171,128)
- Up to 1 year	115,944	8,935	(140,632)	115,944	8,935	(140,632)
- More than 1 year to 3 years	61,862	4,591	(28,020)	61,862	4,591	(28,020)
- More than 3 years	634,235	3,587	(3,597)	400,826	2,466	(2,476)
Equity options	7,319,356	103,068	(1,400,623)	6,911,442	90,678	(1,388,233)
- Up to 1 year	2,656,925	59,227	(821,728)	2,656,925	59,227	(821,728)
- More than 1 year to 3 years	1,983,267	15,310	(541,463)	1,863,445	12,269	(538,421)
- More than 3 years	2,679,164	28,531	(37,432)	2,391,072	19,182	(28,084)
Equity futures	43,473	-	(755)	43,473	-	(755)
- Up to 1 year	43,473	-	(755)	43,473	-	(755)
	8,174,870	120,181	(1,573,627)	7,533,547	106,670	(1,560,116)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2013	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	1,961,518	106,882	(105,681)	1,977,648	107,255	(105,989)
- Up to 1 year	1,850,789	79,803	(79,308)	1,866,919	80,176	(79,616)
- More than 1 year to 3 years	103,658	20,960	(20,254)	103,658	20,960	(20,254)
- More than 3 years	7,071	6,119	(6,119)	7,071	6,119	(6,119)
Commodity options	238,781	158,512	(48,376)	222,731	158,116	(48,088)
- Up to 1 year	73,965	1,086	(944)	57,915	690	(656)
- More than 1 year to 3 years	77,304	109,769	(33,496)	77,304	109,769	(33,496)
- More than 3 years	87,512	47,657	(13,936)	87,512	47,657	(13,936)
	2,200,299	265,394	(154,057)	2,200,379	265,371	(154,077)
<u>Credit related contract</u>						
Credit default swaps	9,051,826	55,143	(114,688)	8,935,866	54,556	(114,102)
- Up to 1 year	3,423,416	1,493	(64,225)	3,423,416	1,493	(64,225)
- More than 1 year to 3 years	2,606,556	15,732	(18,797)	2,606,556	15,732	(18,797)
- More than 3 years	3,021,854	37,918	(31,666)	2,905,894	37,331	(31,080)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	2,224,201	5,004	(43,840)	2,224,201	5,004	(44,490)
- Up to 1 year	326,652	-	(19,187)	326,652	-	(19,837)
- More than 1 year to 3 years	1,380,496	414	(4,918)	1,380,496	414	(4,918)
- More than 3 years	517,053	4,590	(19,735)	517,053	4,590	(19,735)
Interest rate swaps	19,124,974	181,513	(218,671)	25,950,567	295,941	(263,037)
- Up to 1 year	13,173	-	(12)	13,174	-	(12)
- More than 1 year to 3 years	3,942,730	77,098	(25,010)	4,171,166	77,418	(27,820)
- More than 3 years	15,169,071	104,415	(193,649)	21,766,227	218,523	(235,205)
Total derivatives assets/(liabilities)	436,402,485	4,719,347	(5,794,713)	368,962,715	3,909,190	(4,879,637)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

The Group's and the Bank'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 and the Bank, measured in terms of the cost to replace the profitable contracts, was RM4,536 million and RM3,983 million respectively (31 December 2013: RM4,719 million and RM3,909 million respectively). 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 financial statements for the financial year ended 31 December 2013.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

	30 Sept 2014	31 Dec 2013
	Principal	Principal
The Group	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	2,800,599	2,373,416
Transaction-related contingent items	4,521,831	4,575,789
Short-term self-liquidating trade-related contingencies	5,387,155	4,027,282
Obligations under underwriting agreement	190,000	163,500
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	44,680,594	49,940,987
- maturity exceeding one year	21,628,101	8,604,067
Miscellaneous commitments and contingencies	5,019,152	2,412,227
Total credit-related commitments and contingencies	<u>84,227,432</u>	<u>72,097,268</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	159,571,970	97,264,923
- more than one year to five years	31,007,282	26,360,999
- more than five years	6,212,412	7,177,397
	<u>196,791,664</u>	<u>130,803,319</u>
Interest rate related contracts :		
- up to one year	107,811,594	75,872,197
- more than one year to five years	193,970,044	184,470,911
- more than five years	21,190,271	25,829,063
	<u>322,971,909</u>	<u>286,172,171</u>
Equity related contracts:		
- up to one year	3,595,018	2,833,547
- more than one year to five years	3,943,359	3,732,189
- more than five years	1,112,152	1,609,134
	<u>8,650,529</u>	<u>8,174,870</u>
Credit related contracts:		
- up to one year	661,755	3,423,416
- more than one year to five years	3,685,963	4,238,782
- more than five years	1,320,608	1,389,628
	<u>5,668,326</u>	<u>9,051,826</u>
Commodity related contracts:		
- up to one year	2,931,766	1,924,754
- more than one year to five years	700,452	275,545
	<u>3,632,218</u>	<u>2,200,299</u>
Total treasury-related commitments and contingencies	<u>537,714,646</u>	<u>436,402,485</u>
	<u>621,942,078</u>	<u>508,499,753</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (continued)

	30 Sept 2014	31 Dec 2013
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	2,641,216	2,113,500
Transaction-related contingent items	3,326,765	3,164,293
Short-term self-liquidating trade-related contingencies	4,906,222	3,684,877
Obligations under underwriting agreement	190,000	163,500
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	39,534,305	43,737,047
- maturity exceeding one year	19,399,495	7,712,497
Miscellaneous commitments and contingencies	3,392,090	1,496,974
Total credit-related commitments and contingencies	<u>73,390,093</u>	<u>62,072,688</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	107,455,524	67,601,220
- more than one year to five years	22,736,419	21,830,276
- more than five years	5,135,838	5,272,274
	135,327,781	94,703,770
Interest rate related contracts :		
- up to one year	89,255,709	63,941,743
- more than one year to five years	154,611,425	155,485,516
- more than five years	32,923,792	36,161,894
	276,790,926	255,589,153
Equity related contracts:		
- up to one year	3,492,295	2,833,547
- more than one year to five years	3,799,355	3,482,968
- more than five years	1,011,585	1,217,032
	8,303,235	7,533,547
Credit related contracts:		
- up to one year	661,755	3,423,416
- more than one year to five years	3,685,963	4,238,782
- more than five years	1,260,668	1,273,668
	5,608,386	8,935,866
Commodity related contracts:		
- up to one year	2,909,434	1,924,834
- more than one year to five years	700,452	275,545
	3,609,886	2,200,379
Total treasury-related commitments and contingencies	<u>429,640,214</u>	<u>368,962,715</u>
	<u>503,030,307</u>	<u>431,035,403</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

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 set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Group (other than CIMB Thai Bank and CIMB Bank PLC) and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures with retail exposures on 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 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 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) approach while 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.

30 September 2014 - Basel III

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

	The Group	The Bank*
	RM'000	RM'000
Common equity tier 1 ratio	9.215%	10.265%
Tier 1 ratio	10.437%	11.796%
Total capital ratio	<u>13.857%</u>	<u>13.926%</u>

CIMB Group Holdings Berhad ("CIMB Group") recently completed its third Dividend Reinvestment Scheme ("DRS") of which RM702 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group 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.

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk	157,205,489	119,090,368
Market risk	14,585,683	12,568,154
Large exposure risk requirements	640,006	640,006
Operational risk	15,588,353	11,809,104
Total risk-weighted assets	<u>188,019,531</u>	<u>144,107,632</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 September 2014 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares	4,681,930	4,681,930
Other reserves	21,417,269	17,849,875
Qualifying non-controlling interests	243,750	-
Common Equity Tier I capital before regulatory adjustments	<u>26,342,949</u>	<u>22,531,805</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,903,783)	(3,555,075)
Intangible assets	(953,469)	(930,995)
Deferred tax assets	(306,919)	(185,541)
Shortfall of eligible provisions to expected losses	(524,851)	(368,396)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(140,492)	(765,837)
Others	(2,187,624)	(1,932,672)
Common Equity Tier I capital after regulatory adjustments	<u>17,325,811</u>	<u>14,793,289</u>
Additional Tier I capital		
Perpetual preference shares	160,000	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	-
	<u>2,298,038</u>	<u>2,249,440</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(44,000)
Additional Tier I capital after regulatory adjustments	<u>2,298,038</u>	<u>2,205,440</u>
Total Tier I capital	<u>19,623,849</u>	<u>16,998,729</u>
Tier II capital		
Subordinated notes	6,050,000	6,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	390,264	-
Portfolio impairment allowance and regulatory reserves ^	522,663	231,094
Tier II capital before regulatory adjustments	<u>6,992,667</u>	<u>6,310,834</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(561,967)	(3,241,415)
Total Tier II capital	<u>6,430,700</u>	<u>3,069,419</u>
Total capital	<u>26,054,549</u>	<u>20,068,148</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier 1 ratio	10.371%	10.229%	N/A
Tier 1 ratio	11.300%	10.229%	N/A
Total capital ratio	<u>14.607%</u>	<u>15.469%</u>	<u>17.190%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2013 - Basel III

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

	The Group	The Bank*
Common equity tier I ratio	8.274%	9.649%
Tier I ratio	9.750%	11.552%
Total capital ratio	<u>13.068%</u>	<u>12.910%</u>

CIMB Group completed its second DRS of which RM783 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM400 million and additional cash of RM735 million into CIMB Bank via rights issue which was completed on 30 December 2013.

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

	The Group RM'000	The Bank* RM'000
Credit risk	145,845,320	109,355,392
Market risk	13,826,815	12,107,705
Large exposure risk requirements	423,320	423,320
Operational risk	14,615,092	11,115,336
Total risk-weighted assets	<u>174,710,547</u>	<u>133,001,753</u>

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares	4,131,410	4,131,410
Other reserves	18,954,705	15,810,362
Qualifying non-controlling interests	243,991	-
Less: Proposed dividends	(752,000) #	(752,000) #
Common Equity Tier I capital before regulatory adjustments	<u>22,578,106</u>	<u>19,189,772</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,890,179)	(3,555,075)
Intangible assets	(874,518)	(852,787)
Deferred tax assets	(263,926)	(212,431)
Shortfall of eligible provisions to expected losses	(282,726)	(151,434)
Others	(1,811,720)	(1,584,536)
Common Equity Tier I capital after regulatory adjustments	<u>14,455,037</u>	<u>12,833,509</u>
Additional Tier I capital		
Perpetual preference shares	180,000	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 and after regulatory adjustments	<u>2,578,800</u>	<u>2,530,620</u>
Total Tier I capital	<u>17,033,837</u>	<u>15,364,129</u>
Tier II capital		
Subordinated notes	6,050,000	6,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	30,471	-
Portfolio impairment allowance and regulatory reserves ^	486,766	207,315
Tier II capital before regulatory adjustments	<u>6,596,977</u>	<u>6,287,055</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(800,439)	(4,480,601)
Total Tier II capital	<u>5,796,538</u>	<u>1,806,454</u>
Total capital	<u>22,830,375</u>	<u>17,170,583</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2013 - Basel III (Continued)

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier 1 ratio	9.905%	9.907%	N/A
Core capital ratio	10.201%	9.907%	N/A
Risk-weighted capital ratio	<u>14.020%</u>	<u>14.082%</u>	<u>20.045%</u>

The dividends on Redeemable Preference Shares was paid on 21 March 2014.

* Includes the operations of CIMB Bank (L) Limited.

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM253 million (31 December 2013: RM245 million) and RM229 million (31 December 2013: RM220 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

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 Retail Financial Services and Commercial Banking.

Retail Financial Services focuses on innovative products and services to individual customers. It offers products such as credit facilities (residential mortgages, personal loans, share financing, credit card and hire purchase), remittance services, deposit collection and wealth management.

Commercial Banking is responsible for offering products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products include credit facilities (loans, banker's acceptances, revolving credit, leasing, factoring, hire purchase), remittance services and deposit collection.

Wholesale Banking

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

Corporate Banking, Treasury and Markets (CBTM) is responsible for corporate lending and deposit taking, transaction banking, treasury and markets activities as well as provides nominee services. 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, debt restructuring, initial public offerings, secondary offerings and general corporate advisory. Equities provides 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 stock broking services to retail and corporate clients.

Investments

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

Foreign Banking Operations

Foreign Banking Operations comprise of CIMB Thai Bank Public Company Limited, Bank of Yingkou Co Ltd and CIMB Bank PLC which are involved in the provision of commercial banking and related services.

Support and others

Support services comprises unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 Sept 2014

	Consumer Banking		Wholesale Banking					Total RM'000
	Commercial Banking RM'000	Retail Financial Services RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	
Net interest income								
- external income	425,592	2,232,979	811,046	20,044	268,108	671,360	(6,639)	4,422,490
- inter-segment	195,567	(462,103)	295,765	(13,183)	14,127	(116)	(30,057)	-
	621,159	1,770,876	1,106,811	6,861	282,235	671,244	(36,696)	4,422,490
Income from Islamic Banking operations	158,242	443,414	299,883	120	61,833	-	-	963,492
Net non-interest income	144,854	672,775	493,928	13,944	77,538	134,078	23,217	1,560,334
Net income	924,255	2,887,065	1,900,622	20,925	421,606	805,322	(13,479)	6,946,316
Overheads	(481,753)	(1,649,048)	(682,907)	(16,038)	(120,640)	(563,722)	(48,301)	(3,562,409)
of which:								
Depreciation of property, plant and equipment	(20,223)	(72,238)	(15,026)	(86)	(1,888)	(31,920)	-	(141,381)
Amortisation of prepaid lease payments	-	-	-	-	-	(219)	-	(219)
Amortisation of intangible assets	(12,634)	(74,312)	(13,310)	(13)	(26,542)	(15,594)	-	(142,405)
Profit/(loss) before allowances	442,502	1,238,017	1,217,715	4,887	300,966	241,600	(61,780)	3,383,907
Allowances for impairment losses on loans, advances and financing written-back/(made)	58,422	(227,606)	32,070	(144)	5,579	(144,893)	-	(276,572)
Allowances for losses on other receivables	-	-	-	-	-	-	(956)	(956)
Allowances for commitments and contingencies written-back	1,829	-	-	-	-	9,089	-	10,918
Allowances for other impairment losses (made)/written-back	(35)	-	109	-	(20,841)	-	-	(20,767)
Segment result	502,718	1,010,411	1,249,894	4,743	285,704	105,796	(62,736)	3,096,530
Share of results of joint venture	-	2,001	-	-	-	-	-	2,001
Share of results of associates	-	-	-	-	(3,885)	96,271	-	92,386
Taxation								(659,100)
Profit for the financial period								2,531,817

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 Sept 2013

	Consumer Banking		Wholesale Banking					Total RM'000
	Commercial Banking RM'000	Retail Financial Services RM'000	Corporate Banking, Treasury and Markets RM'000	Investment Banking RM'000	Investments RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	
Net interest income								
- external income	266,088	1,770,845	892,344	14,042	288,452	567,051	(1,029)	3,797,793
- inter-segment	268,548	(178,657)	12,053	(2,756)	(79,604)	-	(19,584)	-
	534,636	1,592,188	904,397	11,286	208,848	567,051	(20,613)	3,797,793
Income from Islamic Banking operations	130,727	427,254	363,167	306	72,281	-	-	993,735
Net non-interest income	88,915	466,562	745,073	35,935	73,089	157,410	21,064	1,588,048
Net income	754,278	2,486,004	2,012,637	47,527	354,218	724,461	451	6,379,576
Overheads	(464,547)	(1,662,844)	(636,735)	(29,297)	(246,119)	(506,263)	(59,559)	(3,605,364)
of which:								
Depreciation of property, plant and equipment	(23,229)	(78,520)	(11,463)	(205)	(655)	(34,949)	-	(149,021)
Amortisation of prepaid lease payments	-	-	-	-	-	(226)	-	(226)
Amortisation and impairment of intangible assets	(8,538)	(52,943)	(12,227)	(1)	(119,704)	(18,598)	-	(212,011)
Profit/(loss) before allowances	289,731	823,160	1,375,902	18,230	108,099	218,198	(59,108)	2,774,212
Allowances for impairment losses on loans, advances and financing written-back/(made)	29,178	(100,644)	(36,730)	(114)	-	(108,562)	-	(216,872)
Allowances for losses on other receivables made	-	-	-	-	-	-	(907)	(907)
Allowances for commitments and contingencies written-back	-	-	1,334	-	-	-	-	1,334
Allowances for other impairment losses written-back/(made)	1,425	-	4,175	-	(2,930)	(925)	-	1,745
Segment result	320,334	722,516	1,344,681	18,116	105,169	108,711	(60,015)	2,559,512
Share of results of joint venture	-	4,710	-	-	-	-	-	4,710
Share of results of associates	-	-	-	-	21,689	69,561	-	91,250
Taxation								(557,798)
Profit for the financial period								2,097,674

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 Sept 2014

	Consumer Banking		Wholesale Banking			Investment	Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services	Corporate Banking, Treasury and Markets	Investments Banking	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	25,854,375	100,624,640	131,862,932	9,933,179	11,821,554	29,680,283	309,776,963	
Unallocated assets							10,369,420	
Total assets							320,146,383	
Segment liabilities	34,553,123	75,263,501	133,424,830	9,817,194	10,272,486	25,300,956	288,632,090	
Unallocated liabilities							4,118,689	
Total liabilities							292,750,779	
Other segment items								
Capital expenditure	61,901	224,504	22,977	62	217	31,080	340,741	
Investment in joint venture	-	160,308	-	-	-	-	160,308	
Investment in associates	-	-	-	-	106,735	659,299	766,034	

Group
31 Dec 2013

	Consumer Banking		Wholesale Banking			Investment	Foreign Banking Operations	Total
	Commercial Banking	Retail Financial Services	Corporate Banking, Treasury and Markets	Investments Banking	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	22,539,973	92,886,265	134,449,858	5,193,994	11,269,316	30,467,336	296,806,742	
Unallocated assets							6,621,103	
Total assets							303,427,845	
Segment liabilities	32,187,960	70,211,880	131,450,286	6,306,373	10,183,585	26,109,988	276,450,072	
Unallocated liabilities							3,326,980	
Total liabilities							279,777,052	
Other segment items								
Capital expenditure	96,733	354,005	35,357	-	243	29,108	515,446	
Investment in joint venture	-	158,307	-	-	-	-	158,307	
Investment in associates	-	-	-	-	93,501	599,842	693,343	

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

		Group		Bank	
	Note	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
Assets					
Cash and short-term funds		8,649,338	7,784,200	652,749	598,420
Deposits and placements with banks and other financial institutions		512,478	231,893	548,551	73,466
Financial assets held for trading		3,422,020	3,329,824	114,372	161,286
Financial investments available-for-sale		2,110,985	1,671,430	345,033	359,700
Financial investments held-to-maturity		994,642	928,623	322,431	326,446
Islamic derivative financial instruments		172,930	247,882	511	1,082
Financing, advances and other financing/loans	A24c	36,885,174	36,101,287	2,164,342	1,028,723
Other assets		211,001	285,555	6,533	2,461
Deferred taxation		18,796	22,449	-	-
Tax recoverable		-	1,761	-	-
Amount due from conventional operations		1,253,431	1,175,807	2,189	-
Amount due from related companies		2,256,789	2,208,664	2,256,436	2,208,246
Statutory deposits with Bank Negara Malaysia		1,333,434	1,436,747	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		10,211	14,225	82	27
Property, plant and equipment		3,720	5,236	47	-
Total assets		57,970,949	55,581,583	6,413,276	4,759,857
Liabilities					
Deposits from customers	A24d	42,731,639	39,283,843	1,025,055	810,501
Deposits and placements of banks and other financial institutions		5,433,453	7,015,928	1,861,278	715,474
Financial liabilities designated at fair value	A24e	198,165	146,216	-	-
Islamic derivative financial instruments		289,547	285,377	3,574	-
Other liabilities		3,463,539	3,346,263	3,026,945	3,065,359
Amount due to conventional operations		38,588	115,538	-	-
Amount due to related company		489,360	670,788	380,455	95,797
Provision for taxation and Zakat		56,553	15,437	-	-
Subordinated Sukuk		851,472	856,722	-	-
Total liabilities		53,552,316	51,736,112	6,297,307	4,687,131
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	70,000	-	-
Reserves		3,198,633	2,775,471	115,969	72,726
Total equity		4,418,633	3,845,471	115,969	72,726
Total equity and liabilities		57,970,949	55,581,583	6,413,276	4,759,857

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	489,314	459,384	1,498,043	1,465,106
Net income derived from investment of shareholders' funds	74,179	88,366	145,396	218,540
Allowance for impairment losses on financing, advances and other financing/loans	(36,521)	(20,368)	(66,036)	(52,867)
Allowance for losses on other receivables written-back/(made)	39	(150)	178	(313)
Total distributable income	527,011	527,232	1,577,581	1,630,466
Income attributable to depositors	(249,098)	(224,482)	(679,947)	(689,911)
Total net income	277,913	302,750	897,634	940,555
Other operating expenses	(118,773)	(126,478)	(362,176)	(389,733)
Profit before taxation	159,140	176,272	535,458	550,822
Taxation	(40,242)	(42,621)	(128,894)	(137,656)
Profit for the financial period	118,898	133,651	406,564	413,166

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

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	118,898	133,651	406,564	413,166
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	21,024	(6,438)	16,762	(23,673)
- Net gain/(loss) from change in fair value	25,650	(24,840)	23,262	(29,396)
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(1,284)	12,694	(5,026)	(3,893)
- Income tax effects	(3,342)	5,708	(1,474)	9,616
Exchange fluctuation reserve	(1,147)	85	(233)	(2,967)
Other comprehensive income/(expense) for the financial period, net of tax	19,877	(6,353)	16,529	(26,640)
Total comprehensive income for the period	138,775	127,298	423,093	386,526
Total net income	277,913	302,750	897,634	940,555
Add: Allowance for impairment losses on financing, advances and other financing/loans	36,521	20,368	66,036	52,867
Add: Allowance for losses on other receivables (written-back)/made	(39)	150	(178)	313
Income from Islamic operations (per page 2)	314,395	323,268	963,492	993,735

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24b. UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14,135	10,429	40,612	27,602
Net income/(loss) derived from investment of shareholders' funds	4,097	108	5,023	(3,512)
Allowance for impairment losses on financing, advances and other financing/loans written-back/(made)	273	(51)	(963)	(5,778)
Total distributable income	18,505	10,486	44,672	18,312
Income attributable to depositors	(3,544)	(2,971)	(8,345)	(9,604)
Total net income	14,961	7,515	36,327	8,708
Profit for the financial period	14,961	7,515	36,327	8,708

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

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	14,961	7,515	36,327	8,708
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	6,308	308	9,631	(3,749)
- Net gain from change in fair value	6,300	382	10,668	655
- Realised loss/(gain) transferred to statement of income on disposal and impairment	8	(74)	(1,037)	(4,404)
Exchange fluctuation reserve	470	2,768	(426)	2,622
Other comprehensive income/(expense) for the financial period, net of tax	6,778	3,076	9,205	(1,127)
Total comprehensive income/(expense) for the period	21,739	10,591	45,532	7,581
Total net income	14,961	7,515	36,327	8,708
Add: Allowances for impairment losses on financing, advances and other financing/loans (written-back)/made	(273)	51	963	5,778
Income from Islamic operations (per page 4)	14,688	7,566	37,290	14,486

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
At 30 Sept 2014	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	11,620	513,262	-	-	524,882
Term financing					
- Housing financing	-	8,748,757	879,587	-	9,628,344
- Syndicated term financing	-	323,857	223,835	27,382	575,074
- Hire purchase receivables	-	-	5,536,060	-	5,536,060
- Other term financing	-	16,795,215	50,874	1,213,597	18,059,686
Credit card receivables	-	-	-	106,624	106,624
Bills receivable	-	4,286	-	-	4,286
Islamic trust receipts	-	85,406	-	-	85,406
Claim on customers under acceptance credit	-	372,769	-	-	372,769
Revolving credits	-	2,214,156	-	74,692	2,288,848
Share purchases financing	-	16,031	-	-	16,031
Ar Rahn	-	-	-	1,353	1,353
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	11,620	29,073,739	6,690,356	1,423,650	37,199,365
Fair value changes arising from fair value hedges					67,246
					37,266,611
Less: Allowance for impairment losses					
- Individual impairment allowance					(23,150)
- Portfolio impairment allowance					(358,287)
					(381,437)
					36,885,174

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
At 31 Dec 2013	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	2,006	476,126	-	-	478,132
Term financing					
- Housing financing	-	8,730,311	435,622	-	9,165,933
- Syndicated term financing	-	276,330	226,666	-	502,996
- Hire purchase receivables	-	-	6,288,975	-	6,288,975
- Other term financing	-	15,714,558	609,684	752,064	17,076,306
Credit card receivables	-	-	-	104,449	104,449
Bills receivable	-	2,885	-	-	2,885
Islamic trust receipts	-	25,934	-	40,681	66,615
Claim on customers under acceptance credit	-	370,754	-	-	370,754
Revolving credits	-	2,242,158	-	150,851	2,393,009
Share purchases financing	-	16,441	-	-	16,441
Ar Rahn	-	-	-	894	894
Gross financing, advances and other financing/loans	2,006	27,855,497	7,560,947	1,048,939	36,467,389
Fair value changes arising from fair value hedges					40,548
					36,507,937
Less: Allowance for impairment losses					
- Individual impairment allowance					(29,801)
- Portfolio impairment allowance					(376,849)
					(406,650)
					36,101,287

^ Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (continued)

The Bank

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
At 30 Sept 2014			
Term financing			
- Syndicated term financing	-	27,382	27,382
- Other term financing	682,177	1,213,597	1,895,774
Islamic trust receipts	57,249	-	57,249
Revolving credits	110,203	74,692	184,895
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	849,629	1,315,673	2,165,302
Fair value changes arising from fair value hedges			-
			2,165,302
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			(960)
			(960)
			2,164,342

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
At 31 Dec 2013			
Term financing			
- Other term financing	-	752,064	752,064
Islamic trust receipts	-	40,681	40,681
Revolving credits	85,125	150,851	235,976
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	85,125	943,598	1,028,723
Fair value changes arising from fair value hedges			-
			1,028,723
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			-
			-
			1,028,723

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Gross financing hedged	6,350,000	6,350,000	-	-
Fair value changes arising from fair value hedges	67,246	40,548	-	-
	6,417,246	6,390,548	-	-

The fair values loss on Islamic profit rate swaps in this hedge transaction as at 30 September 2014 was RM143 million (31 Dec 2013: RM 67 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 (31 December 2013: RM2,476 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM6.8 million (31 December 2013: RM11.3 million) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 Sept 2014	31 Dec 2013
	RM'000	RM'000
As at 1 January	2,006	4,594
New disbursement	11,424	1,571
Repayment	(1,810)	(4,159)
As at 30 September/31 December	11,620	2,006
Sources of Qard fund:		
Depositors' fund	10,928	1,886
Shareholders' fund	692	120
	11,620	2,006
Uses of Qard fund:		
Personal use	1,156	410
Business purpose	10,464	1,596
	11,620	2,006

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	35,144,266	35,523,791	110,203	85,125
Indonesia	57,249	40,681	57,249	40,681
Singapore	1,315,673	902,917	1,315,673	902,917
Other countries	682,177	-	682,177	-
Gross financing, advances and other financing/loans	37,199,365	36,467,389	2,165,302	1,028,723

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

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	402,844	310,150	-	-
Gross impaired financing, advances and other financing/loans	402,844	310,150	-	-

iv) Movements in impaired financing, advances and other financing/loans are as follows :

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	310,150	396,399	-	92,271
Classified as impaired during the financial period/year	539,595	414,409	-	-
Reclassified as not impaired during the financial period/year	(255,660)	(175,390)	-	-
Amount written back in respect of recoveries	(68,608)	(127,800)	-	(42,172)
Amount written off	(122,633)	(204,044)	-	(56,675)
Exchange fluctuation	-	6,576	-	6,576
Balance as at 30 September/31 December	402,844	310,150	-	-
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	1.08%	0.85%	0.00%	0.00%

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

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	29,801	108,184	-	47,259
Net allowance made/(written-back) during the financial period/year	349	(14,929)	-	5,815
Amount written off	(7,000)	(67,055)	-	(56,675)
Exchange fluctuation	-	3,601	-	3,601
Balance as at 30 September/31 December	23,150	29,801	-	-
Portfolio impairment allowance				
At 1 January	376,849	347,704	-	-
Net allowance made during the financial period/year	97,074	163,420	963	-
Amount written off	(115,633)	(136,990)	-	-
Amount transferred to holding company	-	2,715	-	-
Exchange fluctuation	(3)	-	(3)	-
Balance as at 30 September/31 December	358,287	376,849	960	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.13%	2.21%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2014 RM'000	31 Dec 2013 RM'000	30 Sept 2014 RM'000	31 Dec 2013 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	2,089,166	1,358,418	83,121	27,544
Mudharabah	-	574,528	-	-
Demand deposit				
Wadiah	7,715,683	3,336,447	79,027	39,016
Qard	44,383	11,854	-	-
Mudharabah	741,391	4,780,701	-	-
Term deposit				
Commodity Murabahah	21,411,993	5,652,819	287,068	255,758
Islamic negotiable instruments				
Mudharabah	391,745	414,592	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	3,188,756	5,519,448	-	-
Short term money market deposit-i				
Wakalah	4,200,091	14,334,939	10,639	-
Wadiah	5,663	-	5,663	-
Fixed Deposit-i				
Wakalah	471,487	507,007	130,828	-
Wadiah	436,626	502,921	428,709	482,551
General investment account				
Mudharabah	1,834,730	2,088,871	-	5,631
Specific investment account				
Mudharabah	177,970	175,455	-	-
Murabahah	-	415	-	-
Others - Qard	21,955	25,428	-	1
	42,731,639	39,283,843	1,025,055	810,501
(ii) By maturity structures of term deposits				
Due within six months	31,153,852	28,020,015	862,907	743,940
Six months to less than one year	411,506	553,838	-	-
One year to less than three years	372,084	67,032	-	-
Three years to less than five years	8,748	383,128	-	-
Five years and more	172,871	172,454	-	-
	32,119,061	29,196,467	862,907	743,940
(iii) By type of customer				
Government and statutory bodies	4,779,334	4,827,079	-	-
Business enterprises	15,684,993	17,081,689	792,594	730,526
Individuals	5,546,284	4,291,361	227,317	76,518
Others	16,721,028	13,083,714	5,144	3,457
	42,731,639	39,283,843	1,025,055	810,501

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24e. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	198,165	146,216	-	-

The Group has issued structured investments, 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 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) and RM151,707,000 (2013: RM151,118,000) and RM4,015,000 (2013: RMNil) respectively.

The carrying amount of the Group as at 30 September 2014 of financial liabilities designated at fair value was RM10,931,000 (31 December 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 A-EXPLANATORY NOTES (CONTINUED)

A25. 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.

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	Fair Value 30 September 2014					The Group Fair Value 31 December 2013				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	13,973,706	-	13,973,706	-	13,973,706	11,086,646	-	11,086,646	-	11,086,646
-Quoted securities	3,668,291	2,992,405	675,886	-	3,668,291	2,561,422	1,532,268	1,029,154	-	2,561,422
-Unquoted securities	5,482,167	-	5,405,150	77,017	5,482,167	8,189,800	-	8,116,752	73,048	8,189,800
Financial investments available-for-sale										
-Money market instruments	3,896,290	-	3,896,290	-	3,896,290	4,018,822	-	4,018,822	-	4,018,822
-Quoted securities	2,578,061	71,242	2,506,819	-	2,578,061	2,691,227	72,370	2,618,857	-	2,691,227
-Unquoted securities	20,066,112	-	18,898,344	1,167,768	20,066,112	19,475,447	-	18,267,255	1,208,192	19,475,447
Derivative financial instruments										
-Trading derivatives	4,436,635	20,105	4,341,433	75,097	4,436,635	4,532,830	12,418	4,470,737	49,675	4,532,830
-Hedging derivatives	99,221	-	99,221	-	99,221	186,517	-	186,517	-	186,517
Non-financial assets										
Investment Properties	4,000	-	4,000	-	4,000	4,000	-	4,000	-	4,000
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	17,438	-	17,438	-	17,438	21,589	-	21,589	-	21,589
Total	54,221,921	3,083,752	49,818,287	1,319,882	54,221,921	52,768,300	1,617,056	49,820,329	1,330,915	52,768,300
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	5,629,229	60,844	4,465,279	1,103,106	5,629,229	5,532,202	954	4,588,097	943,151	5,532,202
- Hedging derivatives	308,386	-	308,386	-	308,386	262,511	-	262,511	-	262,511
Financial liabilities designated at fair values	2,966,283	-	2,966,283	-	2,966,283	2,132,170	-	2,132,170	-	2,132,170
Total	8,903,898	60,844	7,739,948	1,103,106	8,903,898	7,926,883	954	6,982,778	943,151	7,926,883

	Fair Value 30 September 2014					The Bank Fair Value 31 December 2013				
	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	10,900,835	-	10,900,835	-	10,900,835	8,126,289	-	8,126,289	-	8,126,289
-Quoted securities	2,992,405	2,992,405	-	-	2,992,405	1,532,268	1,532,268	-	-	1,532,268
-Unquoted securities	5,179,227	-	5,172,455	6,772	5,179,227	7,916,616	-	7,909,900	6,716	7,916,616
Financial investments available-for-sale										
-Money market instruments	3,501,991	-	3,501,991	-	3,501,991	3,580,747	-	3,580,747	-	3,580,747
-Quoted securities	-	-	-	-	-	27	27	-	-	27
-Unquoted securities	18,576,780	-	17,539,073	1,037,707	18,576,780	18,484,972	-	17,414,269	1,070,703	18,484,972
Derivative financial instruments										
-Trading derivatives	3,729,872	20,105	3,634,670	75,097	3,729,872	3,608,245	12,418	3,546,152	49,675	3,608,245
-Hedging derivatives	253,470	-	253,470	-	253,470	300,945	-	300,945	-	300,945
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	13,238	-	13,238	-	13,238	3,429	-	3,429	-	3,429
Total	45,147,818	3,012,510	41,015,732	1,119,576	45,147,818	43,553,538	1,544,713	40,881,731	1,127,094	43,553,538
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	4,925,348	60,844	3,761,398	1,103,106	4,925,348	4,572,110	954	3,628,005	943,151	4,572,110
-Hedging derivatives	313,611	-	313,611	-	313,611	307,527	-	307,527	-	307,527
Financial liabilities designated at fair values	2,768,119	-	2,768,119	-	2,768,119	1,985,954	-	1,985,954	-	1,985,954
Total	8,007,078	60,844	6,843,128	1,103,106	8,007,078	6,865,591	954	5,921,486	943,151	6,865,591

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 30 September 2014 and 31 December 2013 for the Group and the Bank :

	Financial Assets			Total	Financial Liabilities	
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments		Derivative financial instruments	
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	Total RM'000
The Group						
2014						
At 1 January	73,048	1,208,192	49,675	1,330,915	943,151	943,151
Total gains/(losses) recognised in statement of income	4,063	(17,087)	(40,948)	(53,972)	(192,149)	(192,149)
Total gains recognised in other comprehensive income	-	1,271	-	1,271	-	-
Purchases	-	30,156	92,362	122,518	875,250	875,250
Sales	-	(51,850)	(25,992)	(77,842)	(523,146)	(523,146)
Transfers out of Level 3	-	(876)	-	(876)	-	-
Exchange fluctuation	(94)	(2,038)	-	(2,132)	-	-
At 30 September	77,017	1,167,768	75,097	1,319,882	1,103,106	1,103,106
	-	-	-	-	-	-
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2014 under "net non-interest income"	4,063	(17,087)	(40,948)	(53,972)	(192,149)	(192,149)
Total gains recognised in other comprehensive income for financial period ended 30 September 2014 under "revaluation reserves"	-	1,271	-	1,271	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2014 under "net non-interest income"	4,063	-	(11,618)	(7,555)	(8,265)	(8,265)
The Group						
2013						
At 1 January	66,313	1,105,586	-	1,171,899	-	-
Total gains/(losses) recognised in statement of income	2,387	(40,530)	251	(37,892)	195	195
Total gains recognised in other comprehensive income	-	72,374	-	72,374	-	-
Purchases	-	77,008	49,424	126,432	943,051	943,051
Sales	-	(19,914)	-	(19,914)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	4,348	23,718	-	28,066	-	-
At 31 December	73,048	1,208,192	49,675	1,330,915	943,151	943,151
	-	-	-	-	-	-
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2013 under "net non-interest income"	2,612	(21,387)	251	(18,524)	195	195
Total gains recognised in other comprehensive income for financial year ended 31 December 2013 under "revaluation reserves"	-	72,374	-	72,374	-	-
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	2,638	195	195

During the financial period, the transfer out of Level 3 of RM876,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

PART A-EXPLANATORY NOTES (CONTINUED)

A25. FAIR VALUE ESTIMATION (CONTINUED)

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

	Financial Assets			Total RM'000	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	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
The Bank						
2014						
At 1 January	6,716	1,070,703	49,675	1,127,094	943,151	943,151
Total gains/(losses) recognised in statement of income	56	(21,322)	(40,948)	(62,214)	(192,149)	(192,149)
Total losses recognised in other comprehensive income	-	(871)	-	(871)	-	-
Purchases	-	18,092	92,362	110,454	875,250	875,250
Sales	-	(26,250)	(25,992)	(52,242)	(523,146)	(523,146)
Transfers out of Level 3	-	(876)	-	(876)	-	-
Exchange fluctuation	-	(1,769)	-	(1,769)	-	-
At 30 September	6,772	1,037,707	75,097	1,119,576	1,103,106	1,103,106
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2014 under "net non-interest income"	56	(21,322)	(40,948)	(62,214)	(192,149)	(192,149)
Total losses recognised in other comprehensive income for financial period ended 30 September 2014 under "revaluation reserves"	-	(871)	-	(871)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2014 under "net non-interest income"	56	-	(11,618)	(11,562)	(8,265)	(8,265)

	Financial Assets			Total RM'000	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	Trading derivatives RM'000		Trading derivatives RM'000	RM'000
The Bank						
2013						
At 1 January	6,544	968,397	-	974,941	-	-
Total gains/(losses) recognised in statement of income	172	(37,422)	251	(36,999)	195	195
Total gains recognised in other comprehensive income	-	84,416	-	84,416	-	-
Purchases	-	61,374	49,424	110,798	943,051	943,051
Sales	-	(11,233)	-	(11,233)	(95)	(95)
Settlements	-	(4,270)	-	(4,270)	-	-
Transfers out of Level 3	-	(5,780)	-	(5,780)	-	-
Exchange fluctuation	-	15,221	-	15,221	-	-
At 31 December	6,716	1,070,703	49,675	1,127,094	943,151	943,151
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2013 under "net non-interest income"	397	(28,314)	251	(27,666)	195	195
Total gains recognised in other comprehensive income for financial year ended 31 December 2013 under "revaluation reserves"	-	84,416	-	84,416	-	-
Change in unrealised gains recognised in statement of income relating to assets held on 31 December 2013 under "net non-interest income"	172	-	251	423	195	195

During the financial period, the transfer out of Level 3 of RM876,000 (2013: RM5,780,000) was due to the conversion of convertible notes to quoted shares in active markets.

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

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM3,190.9 million for the nine months period ended 30 September 2014, RM535.4 million or 20.2% higher as compared to the pre-tax profit of RM2,655.5 million registered in the previous corresponding period.

Net interest income increased by 16.4% to RM4,422.5 million, mainly due to higher interest income from loans and advances as a result of loans growth. Net non-interest income reduced by 1.7% to RM1,560.3 million and overheads decreased by 1.2% to RM3,562.4 million.

Allowances for impairment losses on loans, advances and financing increased by RM59.7 million while allowances made for other impairment losses increased by RM22.5 million as compared to the previous corresponding period.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Malaysia should maintain steady growth in 4Q14, while CIMB Singapore is expected to expand supported by improved global conditions. The outlook for CIMB Thai is positive in view of encouraging signs of economic recovery and improving consumer confidence.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group and Bank basic EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Net profit for the financial period after non-controlling interests (RM '000)	872,179	733,769	2,521,636	2,089,487
Weighted average number of ordinary shares in issue - proforma ('000)	4,457,510	3,767,686	4,457,510	3,767,686
Basic earnings per share (expressed in sen per share)	19.57	19.48	56.57	55.46

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2014 RM'000	30 Sept 2013 RM'000	30 Sept 2014 RM'000	30 Sept 2013 RM'000
Net profit for the financial period (RM '000)	685,539	624,912	2,003,405	1,608,577
Weighted average number of ordinary shares in issue - proforma ('000)	4,457,510	3,767,686	4,457,510	3,767,686
Basic earnings per share (expressed in sen per share)	15.38	16.59	44.94	42.69

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2014 and 30 September 2013.