

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	The Group		The Bank		
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000	
Assets					
Cash and short term funds	1	7,899,089	6,983,561	7,899,032	6,983,515
Deposits and placements with banks and other financial institutions	2	158,115	163,318	158,115	163,318
Financial assets held for trading	3	3,307,648	3,168,537	3,307,648	3,168,537
Financial investments available-for-sale	4	1,750,616	1,288,106	1,750,616	1,288,106
Financial investments held-to-maturity	5	672,210	602,177	672,210	602,177
Islamic derivative financial instruments	6	172,419	246,800	172,419	246,800
Financing, advances and other financing/loans	7	34,720,832	35,072,564	34,720,832	35,072,564
Other assets	8	204,467	283,094	204,461	283,094
Deferred taxation		18,796	22,449	18,796	22,449
Amount due from related companies		353	418	370	418
Statutory deposits with Bank Negara Malaysia		1,333,434	1,436,747	1,333,434	1,436,747
Investment in subsidiaries		-	-	20	20
Property, plant and equipment		3,673	5,236	3,673	5,236
Intangible assets		10,127	14,197	10,127	14,197
Goodwill		136,000	136,000	136,000	136,000
Total assets		50,387,779	49,423,204	50,387,753	49,423,178
Liabilities					
Deposits from customers	9	41,706,584	38,466,874	41,706,584	38,466,874
Deposits and placements of banks and other financial institutions	10	3,668,865	6,571,911	3,668,865	6,571,911
Subordinated Sukuk	13	851,472	856,722	851,472	856,722
Other liabilities	11	443,466	287,768	443,466	287,768
Financial liabilities designated at fair value	12	198,165	146,216	198,165	146,216
Islamic derivative financial instruments	6	285,973	285,377	285,973	285,377
Provision for tax and Zakat		58,314	15,437	58,314	15,437
Amount due to holding company		38,588	115,538	38,588	115,538
Amount due to related companies		15,290	6,433	15,290	6,433
Total liabilities		47,266,717	46,752,276	47,266,717	46,752,276
Equity					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		1,901,062	1,600,928	1,901,036	1,600,902
		2,901,062	2,600,928	2,901,036	2,600,902
Perpetual preference shares		220,000	70,000	220,000	70,000
Total equity		3,121,062	2,670,928	3,121,036	2,670,902
Total equity and liabilities		50,387,779	49,423,204	50,387,753	49,423,178
Commitments and contingencies	20	28,440,010	27,126,133	28,440,010	27,126,133
Net assets per share (RM)		2.90	2.60	2.90	2.60

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

		The Group			
		3rd Quarter Ended		9 Months Ended	
		30 September	30 September	30 September	30 September
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14	475,173	448,484	1,455,982	1,435,754
Income derived from investment of shareholder's funds	15	69,939	90,644	140,582	223,456
Allowances for impairment losses on financing, advances and other financing/loans	16	(36,796)	(20,317)	(65,073)	(47,089)
Allowances for impairment losses on other receivables		39	(150)	178	(313)
Total distributable income		508,355	518,661	1,531,669	1,611,808
Income attributable to depositors	17	(268,430)	(290,485)	(772,385)	(881,760)
Total net income		239,925	228,176	759,284	730,048
Personnel expenses	18	(11,500)	(21,925)	(46,547)	(62,014)
Other overheads and expenditures	19	(106,513)	(103,836)	(313,341)	(326,432)
Profit for the the period		121,912	102,415	399,396	341,602
Taxation		(34,487)	(25,864)	(103,749)	(87,264)
Net profit for the period		87,425	76,551	295,647	254,338

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

Profit for the period	87,425	76,551	295,647	254,338
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve financial investments available-for-sale				
- Net gain/(loss) from change in fair value	14,667	(32,223)	8,834	(35,645)
- Realised (gain)/loss transferred to comprehensive income	(1,300)	7,936	(2,939)	(2,820)
- Income tax effects	(3,342)	6,072	(1,474)	9,616
Other comprehensive income for the period, net of tax	10,025	(18,215)	4,421	(28,849)
Total comprehensive income for the period	97,450	58,336	300,068	225,489
Earnings per share (sen)	8.74	7.66	29.56	25.43

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

The Bank					
		3rd Quarter Ended		9 Months Ended	
		30 September	30 September	30 September	30 September
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14	475,173	448,484	1,455,982	1,435,754
Income derived from investment of shareholder's funds	15	69,901	90,619	140,530	223,431
Allowances for impairment losses on financing, advances and other financing/loans	16	(36,796)	(20,317)	(65,073)	(47,089)
Allowances for impairment losses on other receivables		39	(150)	178	(313)
Total distributable income		508,317	518,636	1,531,617	1,611,783
Income attributable to depositors	17	(268,430)	(290,485)	(772,385)	(881,760)
Total net income		239,887	228,151	759,232	730,023
Personnel expenses	18	(11,500)	(21,925)	(46,547)	(62,014)
Other overheads and expenditures	19	(106,475)	(103,832)	(313,289)	(326,428)
Profit for the period		121,912	102,394	399,396	341,581
Taxation		(34,487)	(25,864)	(103,749)	(87,264)
Net profit for the period		87,425	76,530	295,647	254,317

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

Profit for the period	87,425	76,530	295,647	254,317
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve financial investments available-for-sale				
- Net gain/(loss) from change in fair value	14,667	(32,223)	8,834	(35,645)
- Realised (gain)/loss transferred to comprehensive income	(1,300)	7,936	(2,939)	(2,820)
- Income tax effects	(3,342)	6,072	(1,474)	9,616
Other comprehensive income for the period, net of tax	10,025	(18,215)	4,421	(28,849)
Total comprehensive income for the period	97,450	58,315	300,068	225,468
Earnings per share (sen)	8.74	7.65	29.56	25.43

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

The Group	← Attributable to owners of the Parent →									
	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
30 September 2014										
At 1 January 2014	1,000,000	70,000	746,312	(16,396)	(2,457)	458	230,088	606	642,317	2,670,928
Net profit for the financial period	-	-	-	-	-	-	-	-	295,647	295,647
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	4,421	-	-	-	-	-	4,421
Total comprehensive income for the period	-	-	-	4,421	-	-	-	-	295,647	300,068
Share-based payment expense	-	-	-	-	-	-	-	499	-	499
Transfer to statutory reserve	-	-	52,056	-	-	-	-	-	(52,056)	-
Transfer to regulatory reserve	-	-	-	-	-	22,692	-	-	(22,692)	-
Issuance new shares	-	150,000	-	-	-	-	-	-	-	150,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(433)	-	(433)
At 30 September 2014	1,000,000	220,000	798,368	(11,975)	(2,457)	458	252,780	672	863,216	3,121,062
30 September 2013										
At 1 April 2013	1,000,000	70,000	654,922	21,977	(2,457)	458	242,624	335	355,585	2,343,444
Net profit for the financial period	-	-	-	-	-	-	-	-	254,338	254,338
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	(28,849)	-	-	-	-	-	(28,849)
Total comprehensive income for the period	-	-	-	(28,849)	-	-	-	-	254,338	225,489
Share-based payment expense	-	-	-	-	-	-	-	426	-	426
Transfer to statutory reserve	-	-	44,667	-	-	-	-	-	(44,667)	-
Transfer to regulatory reserve	-	-	-	-	-	38,947	-	-	(38,947)	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(321)	-	(321)
At 30 September 2013	1,000,000	70,000	699,589	(6,872)	(2,457)	458	281,571	440	526,309	2,569,038

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

←————— Non-distributable —————→ ←————— Distributable —————→

The Bank	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
30 September 2014										
At 1 January 2014	1,000,000	70,000	746,312	(16,396)	(2,457)	458	230,088	606	642,291	2,670,902
Net profit for the financial period	-	-	-	-	-	-	-	-	295,647	295,647
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	4,421	-	-	-	-	-	4,421
Total comprehensive income for the period	-	-	-	4,421	-	-	-	-	295,647	300,068
Share-based payment expense	-	-	-	-	-	-	-	499	-	499
Transfer to statutory reserve	-	-	52,056	-	-	-	-	-	(52,056)	-
Transfer to regulatory reserve	-	-	-	-	-	-	22,692	-	(22,692)	-
Issuance new shares	-	150,000	-	-	-	-	-	-	-	150,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(433)	-	(433)
At 30 September 2014	1,000,000	220,000	798,368	(11,975)	(2,457)	458	252,780	672	863,190	3,121,036
30 September 2013										
At 1 January 2013	1,000,000	70,000	654,922	21,977	(2,457)	458	242,624	335	355,585	2,343,444
Net profit for the financial period	-	-	-	-	-	-	-	-	254,317	254,317
Other comprehensive income (net of tax)										
- Financial investments available-for-sale	-	-	-	(28,849)	-	-	-	-	-	(28,849)
Total comprehensive income for the period	-	-	-	(28,849)	-	-	-	-	254,317	225,468
Share-based payment expense	-	-	-	-	-	-	-	426	-	426
Transfer to statutory reserve	-	-	44,667	-	-	-	-	-	(44,667)	-
Transfer to regulatory reserve	-	-	-	-	-	-	38,947	-	(38,947)	-
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	(321)	-	(321)
At 30 September 2013	1,000,000	70,000	699,589	(6,872)	(2,457)	458	281,571	440	526,288	2,569,017

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

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

	The Group		The Bank	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit before taxation	399,396	341,602	399,396	341,581
Adjustments for non-cash items	116,914	43,241	116,914	43,241
Operating profit before changes in working capital	516,310	384,843	516,310	384,822
Net changes in operating assets	266,457	(1,014,694)	266,446	(1,014,694)
Net changes in operating liabilities	534,533	1,200,040	534,533	1,200,036
Tax paid	(58,593)	(78,490)	(58,593)	(78,490)
Net cash generated from operating activities	1,258,707	491,699	1,258,696	491,674
Net cash flows (used in)/generated from investing activities	(459,497)	1,105,179	(459,497)	1,105,159
Net cash flows generated from/(used in) financing activities	116,318	(33,295)	116,318	(33,295)
Net change in cash and cash equivalents	915,528	1,563,583	915,517	1,563,538
Cash and cash equivalents at beginning of the financial period	6,983,561	6,296,329	6,983,515	6,296,329
Cash and cash equivalents at end of the financial period	7,899,089	7,859,912	7,899,032	7,859,867

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

EXPLANATORY NOTES

A. BASIS OF PREPARATION

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

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

The unaudited condensed interim financial statements should be read in conjunction with the Group’s 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 any material impact on the financial results of the Group and the Bank.

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’s 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.

B. 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.

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

On 31 March 2014, the Bank issued RM150 million of Basel 3 Compliant Perpetual Preference Shares (“PPS”) to CIMB Bank Berhad pursuant to the approval received from CIMB Islamic’s shareholder and Bank Negara Malaysia 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 1 capital ratio and Total capital ratio computation. The capital instrument issued is perpetual, only callable from 5 years onwards subject to conditions imposed and approval required by BNM.

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 30 September 2014.

E. 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 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.

F. GROUP PERFORMANCE REVIEW

The Group achieved a higher pre-tax profit of 16.9% or RM57.8 million from RM341.6 million to RM399.4 million for the nine months ended 30 September 2014. The profit increase was primarily due to higher fee and commission income by RM24.6 million but partially offset by lower financing income and other operating income of RM87.9 million as well as higher allowances for impairment losses on financing, advances and other financing/loans of RM18.0 million. The Group also registered lower income attributable to depositors of RM109.4 million and lower personnel and overhead expenses by RM28.6 million year-on-year.

G. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economic outlook remains sound as 1H14 GDP growth surprised on the upside. CIMB Islamic Bank expects to capitalise on this sustained momentum. Barring unforeseen circumstances, the Bank expects 2014 performance to be better than 2013.

NOTES TO THE ACCOUNTS

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
1 Cash and short-term funds				
Cash and balances with banks and other financial institutions	91,179	276,793	91,122	276,747
Money at call and deposit placements maturing within one month	7,807,910	6,706,768	7,807,910	6,706,768
	7,899,089	6,983,561	7,899,032	6,983,515
2 Deposits and placements with banks and other financial institutions				
Licensed Islamic banks	-	163,318	-	163,318
Licensed banks	158,115	-	158,115	-
	158,115	163,318	158,115	163,318
3 Financial assets held for trading				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Malaysian Islamic treasury bills	14,715	-	14,715	-
Bank Negara Monetary Notes	1,797,799	2,184,340	1,797,799	2,184,340
Islamic negotiable instruments of deposits	1,189,232	748,368	1,189,232	748,368
Government Investment Issues	71,085	27,647	71,085	27,647
	3,072,831	2,960,355	3,072,831	2,960,355
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	234,817	208,182	234,817	208,182
	3,307,648	3,168,537	3,307,648	3,168,537
4 Financial investments available-for-sale				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues	287,368	377,791	287,368	377,791
Islamic Cagamas bonds	8,539	25,491	8,539	25,491
Malaysian Government Sukuk	18,240	34,793	18,240	34,793
Khazanah bonds	80,150	-	80,150	-
	394,297	438,075	394,297	438,075
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	1,355,744	849,456	1,355,744	849,456
Placement with IBFIM	575	575	575	575
	1,750,616	1,288,106	1,750,616	1,288,106
5 Financial investments held-to-maturity				
Money market instruments				
Unquoted				
<u>In Malaysia</u>				
Government Investment Issues	7,649	-	7,649	-
Khazanah bonds	12,661	-	12,661	-
	20,310	-	20,310	-
Unquoted securities				
<u>In Malaysia</u>				
Islamic private debt securities	651,644	602,177	651,644	602,177
Amortisation of premium less accretion of discount	256	-	256	-
	672,210	602,177	672,210	602,177

6 Islamic derivative financial instruments

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

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

The Group and the Bank	30 September 2014			31 December 2013		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	1,025,022	12,987	(1,208)	1,311,116	30,226	(5,215)
- Less than 1 year	364,238	4,175	(1,177)	650,332	21,019	(3,922)
- 1 year to 3 years	5,478	106	(8)	1,787	32	-
- More than 3 years	655,306	8,706	(23)	658,997	9,175	(1,293)
Currency swaps	2,837,049	37,390	(17,718)	2,891,198	30,675	(29,390)
- Less than 1 year	2,837,049	37,390	(17,718)	2,891,198	30,675	(29,390)
Currency spot	5,515	12	(10)	8,625	10	(5)
- Less than 1 year	5,515	12	(10)	8,625	10	(5)
Currency options	78,263	678	(678)	27,230	93	(93)
- Less than 1 year	78,263	678	(678)	27,230	93	(93)
Cross currency profit rate swaps	1,050,230	28,770	(28,321)	834,259	37,104	(36,600)
- Less than 1 year	308,785	1,775	(1,744)	93,859	4,878	(4,878)
- More than 3 years	741,445	26,995	(26,577)	740,400	32,226	(31,722)
	4,996,079	79,837	(47,935)	5,072,428	98,108	(71,303)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	9,627,845	73,049	(71,917)	8,360,308	89,938	(85,548)
- Less than 1 year	909,380	465	(387)	450,000	839	(455)
- 1 year to 3 years	3,580,089	19,797	(19,028)	1,335,090	3,993	(3,457)
- More than 3 years	5,138,376	52,787	(52,502)	6,575,218	85,106	(81,636)
<u>Equity related derivatives</u>						
Equity options	587,783	10,951	(10,951)	641,323	13,513	(13,513)
- Less than 1 year	102,723	2,655	(2,655)	-	-	-
- 1 year to 3 years	98,297	4,347	(4,347)	119,822	3,043	(3,043)
- More than 3 years	386,763	3,949	(3,949)	521,501	10,470	(10,470)
<u>Credit related contracts</u>						
Total return swaps	113,800	318	(318)	115,960	586	(586)
- More than 3 years	113,800	318	(318)	115,960	586	(586)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	6,915,093	8,264	(154,852)	6,930,427	44,655	(114,427)
- 1 year to 3 years	550,000	1,784	(4,977)	265,304	2,882	(320)
- More than 3 years	6,365,093	6,480	(149,875)	6,665,123	41,773	(114,107)
Total derivative assets/(liabilities)	22,240,600	172,419	(285,973)	21,120,446	246,800	(285,377)

7 Financing, advances and other financing/loans

(i) Financing by types and Shariah contracts

At amortised cost: 30 September 2014	The Group and the Bank				Total RM'000
	Bai' RM'000	Ijarah RM'000	Qard RM'000	Others RM'000	
Cash line [^]	513,262	-	11,620	-	524,882
Term financing					
- House financing	8,748,757	879,587	-	-	9,628,344
- Syndicated financing	323,856	223,835	-	-	547,691
- Hire purchase receivables	-	5,536,060	-	-	5,536,060
- Other term financing	16,113,039	50,874	-	-	16,163,913
Bills receivable	4,286	-	-	-	4,286
Islamic trust receipts	28,157	-	-	-	28,157
Claims on customer under Islamic accepted bills	372,769	-	-	-	372,769
Credit card receivables	-	-	-	106,624	106,624
Revolving credits	2,103,953	-	-	-	2,103,953
Share purchase financing	16,031	-	-	-	16,031
Ar Rahnū	-	-	-	1,353	1,353
Gross financing, advances and other financing/loans	28,224,110	6,690,356	11,620	107,977	35,034,063
Fair value changes arising from fair value hedges					67,246
Less : Allowance for impairment losses					
- Individual impairment allowance					(23,150)
- Portfolio impairment allowance					(357,327)
Total net financing, advances and other financing/loans					<u>34,720,832</u>

31 December 2013

Cash line [^]	476,126	-	2,006	-	478,132
Term financing					
- House financing	8,730,311	435,622	-	-	9,165,933
- Syndicated financing	276,330	226,666	-	-	502,996
- Hire purchase receivables	-	6,288,975	-	-	6,288,975
- Other term financing	15,714,558	609,684	-	-	16,324,242
Bills receivable	2,885	-	-	-	2,885
Islamic trust receipts	25,934	-	-	-	25,934
Claims on customer under Islamic accepted bills	370,754	-	-	-	370,754
Credit card receivables	-	-	-	104,449	104,449
Revolving credits	2,157,033	-	-	-	2,157,033
Share purchase financing	16,441	-	-	-	16,441
Ar Rahnū	-	-	-	892	892
Gross financing, advances and other financing/loans	27,770,372	7,560,947	2,006	105,341	35,438,666
Fair value changes arising from fair value hedges					40,548
Less : Allowance for impairment losses					
- Individual impairment allowance					(29,801)
- Portfolio impairment allowance					(376,849)
Total net financing, advances and other financing/loans					<u>35,072,564</u>

[^] Includes current account in excess

7 Financing, advances and other financing/loans (cont'd.)

(a) The Group and the Bank have undertaken fair value hedges on financing using Islamic profit rate swaps.

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

The fair value loss on Islamic profit rate swaps of the Group and the Bank in this hedge transaction as at 30 September 2014 were RM143 million (31 December 2013 : fair value loss of RM67 million).

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

As at 30 September 2014, the gross exposures to RPSIA financing is RM1,884 million (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 and the Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
As at 1 January 2014/2013	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

7 Financing, advances and other financing/loans (cont'd.)

	The Group		The Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
(ii) By geographical distribution:				
Malaysia	35,034,063	35,438,666	35,034,063	35,438,666
	35,034,063	35,438,666	35,034,063	35,438,666
(iii) By type of customer :				
Domestic non-bank financial institutions	1,561,510	1,505,087	1,561,510	1,505,087
Domestic business enterprises				
- Small medium enterprises	3,782,331	1,906,985	3,782,331	1,906,985
- Others	3,128,736	5,095,000	3,128,736	5,095,000
Government and statutory bodies	6,802,973	6,746,098	6,802,973	6,746,098
Individuals	19,579,443	19,920,730	19,579,443	19,920,730
Other domestic entities	63,484	31,022	63,484	31,022
Foreign entities	115,586	233,744	115,586	233,744
	35,034,063	35,438,666	35,034,063	35,438,666
(iv) By profit rate sensitivity :				
Fixed rate				
- House financing	177,687	225,098	177,687	225,098
- Hire purchase receivables	5,536,060	6,288,975	5,536,060	6,288,975
- Others	11,319,008	12,016,056	11,319,008	12,016,056
Variable rate				
- House financing	9,450,657	8,940,835	9,450,657	8,940,835
- Other financing	8,550,651	7,967,702	8,550,651	7,967,702
	35,034,063	35,438,666	35,034,063	35,438,666
(v) By economic purpose :				
Personal use	2,965,563	3,171,403	2,965,563	3,171,403
Credit card	106,624	104,449	106,624	104,449
Construction	1,469,827	1,929,558	1,469,827	1,929,558
Residential property	9,751,593	9,214,629	9,751,593	9,214,629
Non-residential property	3,315,040	3,206,670	3,315,040	3,206,670
Purchase of fixed assets other than land and building	187,347	270,074	187,347	270,074
Merger and acquisition	1,021	1,243	1,021	1,243
Purchase of securities	172,035	21,839	172,035	21,839
Purchase of transport vehicles	5,589,133	6,346,225	5,589,133	6,346,225
Working capital	8,835,048	8,225,496	8,835,048	8,225,496
Other purpose	2,640,832	2,947,080	2,640,832	2,947,080
	35,034,063	35,438,666	35,034,063	35,438,666
(vi) By residual contractual maturity :				
Within one year	3,249,297	3,308,386	3,249,297	3,308,386
One year to less than three years	1,339,791	1,162,098	1,339,791	1,162,098
Three years to less than five years	6,571,540	5,259,909	6,571,540	5,259,909
Five years and more	23,873,435	25,708,273	23,873,435	25,708,273
	35,034,063	35,438,666	35,034,063	35,438,666

7 **Financing, advances and other financing/loans (cont'd.)**

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(vii) Impaired financing by economic purpose :				
Personal use	27,090	25,081	27,090	25,081
Credit card	2,653	2,285	2,653	2,285
Construction	1,293	1,312	1,293	1,312
Residential property	95,617	76,714	95,617	76,714
Non-residential property	40,993	29,202	40,993	29,202
Purchased of fixed assets other than land & building	890	1,682	890	1,682
Purchase of securities	203	223	203	223
Purchase of transport vehicles	159,466	100,454	159,466	100,454
Working capital	74,254	64,953	74,254	64,953
Other purpose	385	8,245	385	8,245
	402,844	310,151	402,844	310,151
(viii) Impaired financing by geographical distribution:				
Malaysia	402,844	310,151	402,844	310,151
	402,844	310,151	402,844	310,151
(ix) Movement in impaired financing, advances and other financing/loans :				
As at 1 January	310,151	304,128	310,151	304,128
Classified as impaired during the financial year	539,595	414,409	539,595	414,409
Reclassified as non-impaired during the period/year	(255,661)	(175,388)	(255,661)	(175,388)
Amount written back in respect of recoveries	(68,608)	(85,628)	(68,608)	(85,628)
Amount written off	(122,633)	(147,370)	(122,633)	(147,370)
As at 30 September/ 31 December	402,844	310,151	402,844	310,151
Ratio of gross impaired financing to total financing advances, and other financing/loans	1.15%	0.88%	1.15%	0.88%
(x) Movements in allowance for impaired financing :				
Individual impairment allowance				
As at 1 January	29,801	60,925	29,801	60,925
Net allowance (written back)/made during the period/year	349	(20,744)	349	(20,744)
Amount written off	(7,000)	(10,380)	(7,000)	(10,380)
As at 30 September/ 31 December	23,150	29,801	23,150	29,801
Portfolio impairment allowance				
As at 1 January	376,849	347,704	376,849	347,704
Net allowance made during the period/year	96,111	163,420	96,111	163,420
Transfer from intercompany	-	2,715	-	2,715
Amount written off	(115,633)	(136,990)	(115,633)	(136,990)
As at 30 September/ 31 December	357,327	376,849	357,327	376,849
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.30%	2.30%	2.30%	2.30%

	The Group		The Bank	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
8 Other assets				
Deposits and prepayments	2,381	3,983	2,381	3,983
Sundry debtors	134,381	36,789	134,375	36,789
Credit Support Annex for derivative transactions	57,150	58,230	57,150	58,230
Clearing accounts	10,555	184,092	10,555	184,092
	204,467	283,094	204,461	283,094

9 Deposits from customers

(i) By type of deposit

Savings deposits	2,006,045	1,905,402	2,006,045	1,905,402
Wadiah	2,006,045	1,330,874	2,006,045	1,330,874
Mudharabah	-	574,528	-	574,528
Demand deposits	8,422,430	8,086,544	8,422,430	8,086,544
Wadiah	7,636,656	3,293,989	7,636,656	3,293,989
Qard	44,383	11,854	44,383	11,854
Mudharabah	741,391	4,780,701	741,391	4,780,701
Commodity Murabahah	21,124,925	5,397,061	21,124,925	5,397,061
Islamic negotiable instruments	3,580,501	5,934,040	3,580,501	5,934,040
Mudharabah	391,745	414,592	391,745	414,592
Hybrid (Bai Bithamin Ajil and Bai al-Dayn)	3,188,756	5,519,448	3,188,756	5,519,448
Short term money market deposit-i	4,189,452	14,331,913	4,189,452	14,331,913
Wakalah	4,189,452	14,331,913	4,189,452	14,331,913
Fixed Deposit-i	348,576	527,377	348,576	527,377
Wakalah	340,659	507,007	340,659	507,007
Wadiah	7,917	20,370	7,917	20,370
General investment account	1,834,730	2,083,240	1,834,730	2,083,240
Mudharabah	1,834,730	2,083,240	1,834,730	2,083,240
Specific investment account	177,970	175,870	177,970	175,870
Mudharabah	177,970	175,455	177,970	175,455
Murabahah	-	415	-	415
Term deposit	31,256,154	28,449,501	31,256,154	28,449,501
Others - Qard	21,955	25,427	21,955	25,427
	41,706,584	38,466,874	41,706,584	38,466,874

(ii) Maturity structures of term deposits

Due within six months	30,290,945	27,273,049	30,290,945	27,273,049
Six months to one year	411,506	553,838	411,506	553,838
One year to three years	372,084	67,032	372,084	67,032
Three years to five years	8,748	383,128	8,748	383,128
More than five years	172,871	172,454	172,871	172,454
	31,256,154	28,449,501	31,256,154	28,449,501

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
9 Deposits from customers (cont'd.)				
(iii) By type of customer				
Government and statutory bodies	4,779,334	4,827,079	4,779,334	4,827,079
Business enterprises	14,892,400	16,344,695	14,892,400	16,344,695
Individuals	5,318,967	4,214,843	5,318,967	4,214,843
Others	16,715,883	13,080,257	16,715,883	13,080,257
	41,706,584	38,466,874	41,706,584	38,466,874

10 Deposits and placements of banks and other financial institutions

Mudharabah

Licensed banks	1,882,741	2,475,265	1,882,741	2,475,265
Licensed investment banks	215,465	230	215,465	230
Other financial institutions	100,010	-	100,010	-
	2,198,216	2,475,495	2,198,216	2,475,495

Non-Mudharabah

Licensed Islamic banks	323,387	390,292	323,387	390,292
Licensed banks	802,808	3,670,013	802,808	3,670,013
Bank Negara Malaysia	34,696	-	34,696	-
Other financial institutions	309,758	36,111	309,758	36,111
	1,470,649	4,096,416	1,470,649	4,096,416
	3,668,865	6,571,911	3,668,865	6,571,911

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	3,668,865	6,066,486	3,668,865	6,066,486
Six months to one year	-	505,425	-	505,425
	3,668,865	6,571,911	3,668,865	6,571,911

11 Other liabilities

Accruals and other payables	70,906	76,281	70,906	76,281
Clearing accounts	312,112	195,545	312,112	195,545
Others	60,448	15,942	60,448	15,942
	443,466	287,768	443,466	287,768

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

12 Financial liabilities designated at fair value

Deposits from customers - structured investments	198,165	146,216	198,165	146,216
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The Group and the Bank have issued structured investments, 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 above are individual, domestic other non-bank financial institution and domestic business entities customers deposits with contractual amount due on maturity amounting to RM53,374,000 (2013: RM3,562,000), RM151,707,000 (2013: RM151,118,000) and RM4,015,000 (2013: nil) accordingly.

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

13 Subordinated sukuk

The Group and the Bank

The RM850 million subordinated Sukuk (“the Sukuk”) is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

On 18 September 2012, the Bank had issued the third tranche of Sukuk of RM300 million at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The RM850 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

	3rd Quarter Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000

14 Income derived from investment of depositors funds and others

The Group and The Bank

Income derived from investment of :

a) General investment deposits	250,845	198,217	696,868	663,036
b) Specific investment deposits	20,993	23,963	68,532	59,498
c) Other deposits	203,335	226,304	690,582	713,220
	475,173	448,484	1,455,982	1,435,754

a) Income derived from investment of general investment deposits

Financing, advances and other financing/loans				
- Profit income	219,855	181,313	592,851	577,368
- Unwinding income [^]	1,116	762	2,704	2,332
Financial assets held for trading	3,824	3,000	9,412	13,127
Financial investments available-for-sale	8,789	8,122	21,006	35,620
Financial investments held-to-maturity	4,279	3,389	11,212	10,762
Money at call and deposit with financial institutions	33,607	25,918	84,070	58,671
	271,470	222,504	721,255	697,880
Accretion of discount less amortisation of premium	(9,264)	839	(28,474)	17,912
Total finance income and hibah	262,206	223,343	692,781	715,792
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	226	(257)	294	(1,683)
- unrealised loss	(686)	(108)	(852)	(1,048)
- Net gain from sale of financial investments available-for-sale	676	1,459	1,415	7,011
- Net gain from sale of financial investments held-to-maturity	-	-	-	117
- Net (loss)/gain from foreign exchange transactions	(12,267)	(26,772)	1,235	(58,202)
	(12,051)	(25,678)	2,092	(53,805)
Fee and commission income	690	552	1,995	1,049
	250,845	198,217	696,868	663,036

b) Income derived from investment of specific investment deposits

Financing, advances and other financing/loans				
- Profit income	14,974	21,182	51,373	41,333
Money at call and deposit with financial institutions	6,019	2,781	17,159	18,165
	20,993	23,963	68,532	59,498

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

	3rd Quarter Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
14 Income derived from investment of depositors funds and others (cont'd.)				
c) Income derived from investment of other deposits				
Financing advances and other financing/loans				
- Profit income	178,213	207,002	585,184	622,377
- Unwinding income [^]	904	870	2,640	2,524
Financial assets held for trading	3,100	3,424	9,202	14,012
Financial investments available-for-sale	7,125	9,274	20,492	38,121
Financial investments held-to-maturity	3,469	3,870	11,050	11,594
Money at call and deposit with financial institutions	27,242	29,590	82,141	63,977
	<u>220,053</u>	<u>254,030</u>	<u>710,709</u>	<u>752,605</u>
Accretion of discount less amortisation of premium	(7,510)	957	(28,349)	18,796
Total finance income and hibah	<u>212,543</u>	<u>254,987</u>	<u>682,360</u>	<u>771,401</u>
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	184	(293)	247	(1,860)
- unrealised loss	(555)	(124)	(714)	(1,101)
- Net gain from sale of financial investments available-for-sale	547	1,665	1,353	7,672
- Net gain from sale of financial investments held-to-maturity	-	-	-	118
- Net (loss)/gain from foreign exchange transactions	(9,944)	(30,562)	5,343	(64,164)
	<u>(9,768)</u>	<u>(29,314)</u>	<u>6,229</u>	<u>(59,335)</u>
Fee and commission income	560	631	1,993	1,154
	<u>203,335</u>	<u>226,304</u>	<u>690,582</u>	<u>713,220</u>

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

	3rd Quarter Ended		9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
15 Income derived from investment of shareholder's funds				
The Group				
Financing, advances and other financing/loans				
- Profit income	25,228	18,861	72,744	58,668
- Unwinding income^	128	79	331	237
Financial assets held for trading	439	312	1,152	1,329
Financial investments available-for-sale	1,008	845	2,571	3,609
Financial investments held-to-maturity	491	353	1,377	1,094
Money at call and deposit with financial institutions	3,856	2,696	10,257	5,988
	31,150	23,146	88,432	70,925
Accretion of discount less amortisation of premium	(1,063)	87	(3,490)	1,802
Total finance income and hibah	30,087	23,233	84,942	72,727
Other operating income				
- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	26	(27)	33	(171)
- unrealised loss	(79)	(12)	(96)	(106)
- Net gain from sale of financial investments available-for-sale	78	151	172	712
- Net gain from sale of financial investments held-to-maturity	-	-	-	12
- Net (loss)/gain from foreign exchange transactions	(1,408)	(2,786)	407	(5,953)
- Net loss arising from hedging activities	(355)	(508)	(695)	(279)
-Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	(918)	(584)	(2,469)	(976)
- unrealised (loss)/gain	(1,922)	1,648	2,468	5,982
-Net gain/(loss) arising from derivative financial instrument				
- realised (loss)/gain	(13,436)	56,988	(13,987)	66,449
- unrealised gain	38,321	287	1,841	40,583
	20,307	55,157	(12,326)	106,253
Fee and commission income	20,476	10,207	67,341	41,986
Less : fee and commission expense	(1,988)	874	(2,757)	(236)
Net fee and commission income	18,488	11,081	64,584	41,750
Other income				
- Sundry income	1,057	1,173	3,382	2,726
	69,939	90,644	140,582	223,456

	3rd Quarter Ended		9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
15 Income derived from investment of shareholder's funds (cont'd.)				
The Bank				
Financing, advances and other financing/loans				
- Profit income	25,228	18,861	72,744	58,668
- Unwinding income [^]	128	79	331	237
Financial assets held for trading	439	312	1,152	1,329
Financial investments available-for-sale	1,008	845	2,571	3,609
Financial investments held-to-maturity	491	353	1,377	1,094
Money at call and deposit with financial institutions	3,856	2,696	10,257	5,988
	<u>31,150</u>	<u>23,146</u>	<u>88,432</u>	<u>70,925</u>
Accretion of discount less amortisation of premium	(1,063)	87	(3,490)	1,802
Total finance income and hibah	<u>30,087</u>	<u>23,233</u>	<u>84,942</u>	<u>72,727</u>
Other operating income				
- Net gain/(loss) from sale of financial investments held for trading				
- realised gain/(loss)	26	(27)	33	(171)
- unrealised loss	(79)	(12)	(96)	(106)
- Net gain from sale of financial investments available-for-sale	78	151	172	712
- Net gain from sale of financial investments held-to-maturity	-	-	-	12
- Net (loss)/gain from foreign exchange transactions	(1,408)	(2,786)	407	(5,953)
- Net loss arising from hedging activities	(355)	(508)	(695)	(279)
Net gain/(loss) arising from financial liabilities designated at fair value				
- realised loss	(918)	(584)	(2,469)	(976)
- unrealised (loss)/gain	(1,922)	1,648	2,468	5,982
- Net gain/(loss) arising from derivative financial instrument				
- realised (loss)/gain	(13,436)	56,988	(13,987)	66,449
- unrealised gain	38,321	287	1,841	40,583
	<u>20,307</u>	<u>55,157</u>	<u>(12,326)</u>	<u>106,253</u>
Fee and commission income	20,476	10,207	67,341	41,986
Less : fee and commission expense	(1,988)	874	(2,757)	(236)
Net fee and commission income	<u>18,488</u>	<u>11,081</u>	<u>64,584</u>	<u>41,750</u>
Other income				
- Sundry income	1,019	1,148	3,330	2,701
	<u>69,901</u>	<u>90,619</u>	<u>140,530</u>	<u>223,431</u>

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

	3rd Quarter Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
16 Allowance for impairment losses on financing, advances and other financing/loans				
The Group and The Bank				
Individual impairment allowance				
- Made during the period	34	(6,887)	349	(19,601)
Portfolio impairment allowance				
- Made during the period	47,146	40,364	96,111	104,273
Impaired financing :				
- recovered	(10,941)	(13,542)	(33,029)	(39,124)
- written off	557	382	1,642	1,541
	<u>36,796</u>	<u>20,317</u>	<u>65,073</u>	<u>47,089</u>

17 Income attributable to depositors

The Group and The Bank

Deposits from customers

- Mudharabah	19,310	28,582	71,590	90,592
- Non-Mudharabah	206,743	164,150	545,473	497,132
- Financial liabilities designated at fair value	1,877	1,275	5,074	3,240

Deposits and placements of banks and other financial institutions

- Mudharabah	20,497	29,255	65,689	71,709
- Non-Mudharabah	10,246	57,668	55,787	190,676

Subordinated Sukuk

	9,757	9,555	28,772	28,411
	<u>268,430</u>	<u>290,485</u>	<u>772,385</u>	<u>881,760</u>

18 Personnel expenses

The Group and The Bank

Salaries, allowances and bonuses	9,666	19,411	39,143	54,009
Pension cost (defined contribution plan)	849	735	2,406	2,215
Training fees	24	88	92	201
Overtime	29	36	90	93
Others	932	1,655	4,816	5,496
	<u>11,500</u>	<u>21,925</u>	<u>46,547</u>	<u>62,014</u>

3rd Quarter Ended		9 Months Ended	
30 September	30 September	30 September	30 September
2014	2013	2014	2013
RM'000	RM'000	RM'000	RM'000

19 Other overheads and expenditures

The Group

Establishment

Rental	327	378	1,133	1,036
Depreciation of property, plant and equipment	1,210	408	2,278	1,413
Repairs and maintenance	598	454	2,108	1,972
Outsourcing expenses	235	55	303	394
Others	756	360	1,351	1,126
Total	3,126	1,655	7,173	5,941

Marketing

Advertisement and publicity	2,325	1,883	4,434	6,882
Others	440	467	1,443	1,284
	2,765	2,350	5,877	8,166

General expenses

Auditor's remuneration-statutory audit	106	40	255	166
Amortisation of intangible assets	2,717	736	7,408	2,007
Professional fees	368	1,485	900	3,568
Incidental expenses on banking operations	1,605	1,399	2,467	3,285
Donation	2,495	2,288	2,494	5,588
Postages	649	539	2,188	2,053
Others	3,395	2,462	10,229	8,105
	11,335	8,949	25,941	24,772

Total other overheads and expenditures

	17,226	12,954	38,991	38,879
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Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank

	89,287	90,882	274,350	287,553
	106,513	103,836	313,341	326,432

	3rd Quarter Ended		9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
19 Other overheads and expenditures (cont'd.)				
The Bank				
Establishment				
Rental	327	378	1,133	1,036
Depreciation of property, plant and equipment	1,210	408	2,278	1,413
Repairs and maintenance	598	454	2,108	1,972
Outsourcing expenses	235	55	303	394
Others	756	360	1,351	1,126
	3,126	1,655	7,173	5,941
Marketing				
Advertisement and publicity	2,325	1,883	4,434	6,882
Others	440	467	1,443	1,284
	2,765	2,350	5,877	8,166
General expenses				
Auditor's remuneration-statutory audit	106	40	255	166
Amortisation of intangible assets	2,717	736	7,408	2,007
Professional fees	368	1,485	900	3,568
Incidental expenses on banking operations	1,605	1,399	2,467	3,285
Donation	2,495	2,288	2,494	5,588
Postages	649	539	2,188	2,053
Others	3,357	2,458	10,177	8,101
	11,297	8,945	25,889	24,768
Total other overheads and expenditures	17,188	12,950	38,939	38,875
Shared service costs paid/payable to CIMB Bank/CIMB Investment Bank	89,287	90,882	274,350	287,553
	106,475	103,832	313,289	326,428

20 Commitments and contingencies

	30 September 2014 Principal amount	31 December 2013 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	147,538	153,960
Certain transaction-related contingent items	389,121	390,323
Short-term self-liquidating trade-related contingencies	70,140	19,725
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,344,289	4,383,087
- maturity exceeding one year	2,199,624	868,416
Miscellaneous commitments and contingencies	48,698	190,176
Total credit-related commitments and contingencies	<u>6,199,410</u>	<u>6,005,687</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	3,593,851	3,671,244
- one year to less than five years	510,204	505,478
- more than five years	892,025	895,706
Profit rate related contracts :		
- less than one year	909,380	450,000
- one year to less than five years	12,099,379	8,208,201
- more than five years	3,534,177	6,632,534
Equity related contracts :		
- less than one year	102,723	-
- one year to less than five years	144,005	249,221
- more than five years	341,056	392,102
Credit related contracts:		
- more than five years	113,800	115,960
Total treasury-related commitments and contingencies	<u>22,240,600</u>	<u>21,120,446</u>
	<u>28,440,010</u>	<u>27,126,133</u>

21 Capital Adequacy

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

The risk-weighted assets of the Group and 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 Advanced 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.

30 September 2014 - Basel III

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

	The Group 30 September 2014	The Bank 30 September 2014
Common equity tier 1 ratio	10.371%	10.371%
Tier 1 ratio	11.300%	11.300%
Total capital ratio	<u>14.607%</u>	<u>14.607%</u>

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

	30 September 2014 RM'000	30 September 2014 RM'000
Credit risk	19,599,211	19,599,426
Market risk	587,522	587,522
Operational risk	1,973,980	1,973,884
Total risk-weighted assets	<u>22,160,713</u>	<u>22,160,832</u>

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

	30 September 2014 RM'000	30 September 2014 RM'000
Common Equity Tier I capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	1,816,613	1,816,587
Common Equity Tier I capital before regulatory adjustments	<u>2,816,613</u>	<u>2,816,587</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(7,794)	(7,794)
Deferred tax assets	(21,129)	(21,129)
Others	(353,449)	(353,449)
Common Equity Tier I capital after regulatory adjustments	<u>2,298,241</u>	<u>2,298,215</u>
Additional Tier I capital		
Perpetual preference shares	206,000	206,000
Additional Tier I capital before regulatory adjustments	<u>206,000</u>	<u>206,000</u>
<u>Less: Regulatory adjustments</u>		
Additional Tier I capital after regulatory adjustments	<u>206,000</u>	<u>206,000</u>
Total Tier I capital	<u>2,504,241</u>	<u>2,504,215</u>
Tier II capital		
Subordinated notes	680,000	680,000
Portfolio impairment allowance and regulatory reserves ^	52,729	52,729
Total Tier II capital	<u>732,729</u>	<u>732,729</u>
Total capital	<u>3,236,970</u>	<u>3,236,944</u>

21 Capital Adequacy (Continued)

31 December 2013 - Basel III

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

	The Group 31 December 2013	The Bank 31 December 2013
Common equity tier 1 ratio	9.905%	9.905%
Tier 1 ratio	10.201%	10.201%
Total capital ratio	14.020%	14.020%

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

	31 December 2013 RM'000	31 December 2013 RM'000
Credit risk	18,769,386	18,769,614
Market risk	620,945	620,945
Operational risk	1,866,607	1,866,592
Total risk-weighted assets	21,256,938	21,257,151

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

	31 December 2013 RM'000	31 December 2013 RM'000
Common Equity Tier I capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	1,600,928	1,600,902
Common Equity Tier I capital before regulatory adjustments	2,600,928	2,600,902
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(11,080)	(11,080)
Deferred tax assets	(25,566)	(25,566)
Others	(322,811)	(322,814)
Common Equity Tier I capital after regulatory adjustments	2,105,471	2,105,442
Additional Tier I capital		
Perpetual preference shares	63,000	63,000
Additional Tier I capital before regulatory adjustments	63,000	63,000
Additional Tier I capital after regulatory adjustments	63,000	63,000
Total Tier I capital	2,168,471	2,168,442
Tier II capital		
Subordinated notes	765,000	765,000
Portfolio impairment allowance and regulatory reserves ^	46,854	46,857
Total Tier II capital	811,854	811,857
Total capital	2,980,325	2,980,299

^ The capital base of the Group and the Bank as at 30 September 2014 have excluded portfolio impairment allowance on impaired financings restricted from Tier II capital of RM23.5 million (31 December 2013: RM24.9 million) respectively.

22 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.

22 Fair Value Estimation (Continued)

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

The Group and the Bank	Fair Value							
	30 September 2014				31 December 2013			
	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total	Carrying amount	Observable inputs (Level 2)	Fair Value Significant unobservable inputs (Level 3)	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets								
Financial assets held for trading								
-Money market instruments	3,072,831	3,072,831	-	3,072,831	2,960,355	2,960,355	-	2,960,355
-Unquoted securities	234,817	234,817	-	234,817	208,182	208,182	-	208,182
Financial investments available-for-sale								
-Money market instruments	394,297	394,297	-	394,297	438,075	438,075	-	438,075
-Unquoted securities	1,356,319	1,355,744	575	1,356,319	850,031	849,456	575	850,031
Derivative financial instruments								
-Trading derivatives	164,155	164,155	-	164,155	202,145	202,145	-	202,145
-Hedging derivatives	8,264	8,264	-	8,264	44,655	44,655	-	44,655
Total	5,230,683	5,230,108	575	5,230,683	4,703,443	4,702,868	575	4,703,443
Financial liabilities								
Derivative financial instruments								
Trading derivatives	131,121	131,121	-	131,121	170,950	170,950	-	170,950
Hedging derivatives	154,852	154,852	-	154,852	114,427	114,427	-	114,427
Financial liabilities designated at fair value	198,165	198,165	-	198,165	146,216	146,216	-	146,216
Total	484,138	484,138	-	484,138	431,593	431,593	-	431,593

23 Change in accounting policies

There were no changes in the accounting policy during the financial period.