

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Group		Bank	
		30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Assets					
Cash and short term funds		23,395,093	25,456,055	19,753,428	21,435,099
Reverse repurchase agreements		6,491,246	4,512,949	5,932,347	4,406,653
Deposits and placements with banks and other financial institutions		5,729,005	3,844,882	7,186,399	5,383,015
Financial assets held for trading	A7	18,363,810	22,718,087	14,921,186	18,390,932
Derivative financial instruments	A21(i)	8,243,235	6,931,371	6,654,892	5,999,209
Financial investments available-for-sale	A8	33,615,041	27,533,335	27,407,659	22,769,832
Financial investments held-to-maturity	A9	18,468,950	16,714,871	15,032,360	13,496,116
Loans, advances and financing	A10	221,486,252	207,954,719	160,587,559	150,874,563
Other assets	A11	9,236,847	5,829,992	8,998,795	5,263,421
Tax recoverable		6,276	3,601	-	-
Deferred taxation		222,842	191,246	102,207	69,009
Statutory deposits with central banks		7,056,999	6,839,444	5,446,244	5,125,836
Amount due from ultimate holding company		-	28,853	-	-
Amount due from subsidiaries		-	-	11,926	6,264
Amount due from related companies		1,262,566	1,233,998	1,259,926	1,230,514
Investment in subsidiaries		-	-	5,055,014	5,036,252
Investment in joint venture		162,829	161,188	125,000	125,000
Investment in associates		767,061	785,797	305,584	318,329
Goodwill		5,029,859	4,965,324	3,555,075	3,555,075
Intangible assets		1,081,925	1,074,429	967,484	956,067
Prepaid lease payments		776	855	-	-
Property, plant and equipment		852,632	854,725	498,368	502,102
Investment properties		4,000	4,000	-	-
		361,477,244	337,639,721	283,801,453	264,943,288
Non-current assets/disposal groups held for sale		4,905	9,858	705	5,658
Total Assets		361,482,149	337,649,579	283,802,158	264,948,946
Liabilities					
Deposits from customers	A12	243,121,895	235,267,154	180,022,338	174,320,567
Deposits and placements of banks and other financial institutions	A13	36,914,549	31,417,322	37,654,534	31,538,303
Repurchase agreements		7,118,467	5,735,839	7,118,467	5,735,839
Financial liabilities designated at fair value	A14	4,305,695	3,690,701	2,717,413	2,726,392
Derivative financial instruments	A21(i)	8,104,282	7,558,799	6,380,079	6,601,809
Bills and acceptances payable		2,803,749	1,556,909	1,294,313	761,214
Amount due to subsidiaries		-	-	318,092	126,290
Amount due to related companies		21,388	40,783	14,676	23,250
Other liabilities	A15	6,765,947	4,144,584	5,611,901	3,437,224
Provision for taxation and Zakat		131,587	121,491	105,235	101,553
Deferred taxation		2,324	2,346	-	-
Bonds and debentures		8,226,905	6,014,471	5,617,395	3,921,746
Other borrowings		2,872,362	2,730,742	2,872,362	2,730,742
Subordinated obligations		10,132,880	10,068,609	8,898,300	8,833,276
Redeemable preference shares		772,837	733,522	-	-
Total Liabilities		331,294,867	309,083,272	258,625,105	240,858,205
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		4,896,591	4,787,023	4,896,591	4,787,023
Reserves		24,698,137	23,197,849	20,050,722	19,073,978
		29,594,728	27,984,872	24,947,313	23,861,001
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		362,814	351,695	-	-
Total Equity		30,187,282	28,566,307	25,177,053	24,090,741
Total Equity and Liabilities		361,482,149	337,649,579	283,802,158	264,948,946
Commitments and contingencies	A21(ii)	801,597,677	683,524,925	595,047,292	535,881,943
Net assets per ordinary share attributable to owners of the Parent (RM)		6.04	5.85	5.09	4.98

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

GROUP	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Interest income	A16	2,861,650	2,597,965	5,631,046	5,079,130
Interest expense	A17	(1,305,730)	(1,088,316)	(2,609,199)	(2,157,067)
Net interest income		1,555,920	1,509,649	3,021,847	2,922,063
Income from Islamic Banking operations	A25(b)	340,520	319,201	670,333	649,097
Net non-interest income	A18	745,273	413,002	1,358,079	995,999
Net income		2,641,713	2,241,852	5,050,259	4,567,159
Overheads	A19	(1,551,008)	(1,175,569)	(2,812,405)	(2,358,291)
Profit before allowances		1,090,705	1,066,283	2,237,854	2,208,868
Allowances for impairment losses on loans, advances and financing	A20	(207,298)	(75,469)	(378,543)	(162,811)
Allowances for losses on other receivables written-back/(made)		1,496	(384)	(217)	(547)
Allowances for commitments and contingencies written-back		-	-	-	1,829
Allowances for other impairment losses (made)/written-back		(4,138)	180	(3,931)	(13,464)
Profit after allowances		880,765	990,610	1,855,163	2,033,875
Share of results of joint venture		1,179	1,304	1,640	1,694
Share of results of associates		29,443	33,447	44,546	60,889
Profit before taxation		911,387	1,025,361	1,901,349	2,096,458
Taxation		(201,313)	(217,787)	(398,689)	(439,129)
Profit for the financial period		710,074	807,574	1,502,660	1,657,329
Profit for the financial period attributable to:					
Owners of the Parent		708,599	804,077	1,498,706	1,649,457
Non-controlling interests		1,475	3,497	3,954	7,872
		710,074	807,574	1,502,660	1,657,329
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	14.79	18.51	31.29	37.98

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

GROUP	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended	30 June 2014	Six Months Ended	30 June 2014
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	710,074	807,574	1,502,660	1,657,329
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	13,400	41,528	144,772	(30,218)
- Net gain from change in fair value	61,419	74,716	251,638	6,788
- Realised gain transferred to statement of income on disposal and impairment	(36,645)	(23,092)	(72,262)	(54,648)
- Income tax effects	(11,108)	(10,556)	(37,830)	17,876
- Currency translation difference	(266)	460	3,226	(234)
Net investment hedge	(148,931)	61,485	(351,629)	67,940
Cash flow hedge	(5,755)	5,525	(7,180)	8,774
- Net (loss)/gain from change in fair value	(6,913)	6,772	(9,247)	10,166
- Income tax effects	1,158	(1,247)	2,067	(1,392)
Exchange fluctuation reserve	61,589	(114,967)	539,784	(87,871)
Share of other comprehensive (expense)/income of associate	(7,136)	1,443	(595)	(2,983)
	(86,833)	(4,986)	325,152	(44,358)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	203	83	(545)	1,063
- Income tax effects	-	(7)	-	1,016
- Currency translation difference	203	90	(545)	47
Other comprehensive (expense)/income for the period, net of tax	(86,630)	(4,903)	324,607	(43,295)
Total comprehensive income for the financial period	623,444	802,671	1,827,267	1,614,034
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	625,063	801,828	1,815,080	1,607,596
Non-controlling interests	(1,619)	843	12,187	6,438
	623,444	802,671	1,827,267	1,614,034

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>BANK</u>					
Interest income	A16	2,469,538	2,268,082	4,846,127	4,433,542
Interest expense	A17	(1,153,622)	(959,261)	(2,290,550)	(1,899,649)
Net interest income		1,315,916	1,308,821	2,555,577	2,533,893
Income from Islamic Banking operations	A25(b)	22,579	11,758	37,908	22,602
Net non-interest income	A18	682,386	406,083	1,201,157	936,966
Net income		2,020,881	1,726,662	3,794,642	3,493,461
Overheads	A19	(1,201,514)	(870,698)	(2,111,822)	(1,745,830)
Profit before allowances		819,367	855,964	1,682,820	1,747,631
Allowances for impairment losses on loans, advances and financing	A20	(63,001)	(35,402)	(113,168)	(79,765)
Allowances for losses on other receivables written-back/(made)		1,550	(355)	(120)	(711)
Allowances for commitments and contingencies written-back		-	-	-	1,829
Allowances for other impairment losses (made)/written-back		(4,145)	199	(3,902)	(13,444)
Profit before taxation		753,771	820,406	1,565,630	1,655,540
Taxation		(153,216)	(169,658)	(306,543)	(337,674)
Profit for the financial period		600,555	650,748	1,259,087	1,317,866
Earnings per share - basic (sen)	B3	12.54	14.98	26.29	30.34

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

<u>BANK</u>	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	600,555	650,748	1,259,087	1,317,866
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	32,354	47,825	157,629	(25,979)
- Net gain from change in fair value	53,578	72,825	222,033	(16,142)
- Realised gain transferred to statement of income on disposal and impairment	(10,825)	(14,884)	(30,963)	(25,473)
- Income tax effects	(10,091)	(10,738)	(33,191)	15,722
- Currency translation difference	(308)	622	(250)	(86)
Net investment hedge	(148,931)	35,782	(351,629)	14,123
Cash flow hedge	(5,755)	5,525	(7,180)	8,774
- Net (loss)/gain from change in fair value	(6,913)	6,772	(9,247)	10,166
- Income tax effects	1,158	(1,247)	2,067	(1,392)
Exchange fluctuation reserve	102,892	(28,628)	233,390	(25,447)
Other comprehensive (expense)/income for the financial period, net of tax	(19,440)	60,504	32,210	(28,529)
Total comprehensive income for the financial period	581,115	711,252	1,291,297	1,289,337

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

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 2015	4,787,023	29,740	8,898,945	5,839,094	541,793	275,761	(1,085,928)	735,457	(316,382)	593,795	57,542	(10,548)	7,668,320	28,014,612	200,000	351,695	28,566,307
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,498,706	1,498,706	-	3,954	1,502,660
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	530,877	143,935	-	-	(358,809)	-	916	(545)	-	316,374	-	8,233	324,607
- financial investments available-for-sale	-	-	-	-	-	144,530	-	-	-	-	-	-	-	144,530	-	242	144,772
- net investment hedge	-	-	-	-	-	-	-	-	(351,629)	-	-	-	-	(351,629)	-	-	(351,629)
- cash flow hedge	-	-	-	-	-	-	-	-	(7,180)	-	-	-	-	(7,180)	-	-	(7,180)
- currency translation difference	-	-	-	-	530,877	-	-	-	-	-	916	-	-	531,793	-	7,991	539,784
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(545)	-	(545)	-	-	(545)
- share of other comprehensive income of associate	-	-	-	-	-	(595)	-	-	-	-	-	-	-	(595)	-	-	(595)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	530,877	143,935	-	-	(358,809)	-	916	(545)	1,498,706	1,815,080	-	12,187	1,827,267
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	167,341	-	-	(167,341)	-	-	-	-
Transfer to statutory reserve	-	-	-	47,393	-	-	-	-	-	-	-	-	(47,393)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,946	-	-	31,946	-	-	31,946
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	-	(753,000)	(753,000)	-	-	(753,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(29,817)	-	-	(29,817)	-	-	(29,817)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,068)	(1,068)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647	-	-	545,647
At 30 June 2015	4,896,591	29,740	9,335,024	5,886,487	1,072,670	419,696	(1,085,928)	735,457	(675,191)	761,136	60,587	(11,093)	8,199,292	29,624,468	200,000	362,814	30,187,282
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	-	-	-	-	-	-	-	-	-	-	-	-	1,649,457	1,649,457	-	7,872	1,657,329
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	(86,426)	(33,127)	-	-	76,714	-	(85)	1,063	-	(41,861)	-	(1,434)	(43,295)
- financial investments available-for-sale	-	-	-	-	-	(30,144)	-	-	-	-	-	-	-	(30,144)	-	(74)	(30,218)
- net investment hedge	-	-	-	-	-	-	-	-	67,940	-	-	-	-	67,940	-	-	67,940
- cash flow hedge	-	-	-	-	-	-	-	-	8,774	-	-	-	-	8,774	-	-	8,774
- currency translation difference	-	-	-	-	(86,426)	-	-	-	-	-	(85)	-	-	(86,511)	-	(1,360)	(87,871)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	1,063	-	1,063	-	-	1,063
- share of other comprehensive expense of associate	-	-	-	-	-	(2,983)	-	-	-	-	-	-	-	(2,983)	-	-	(2,983)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	(86,426)	(33,127)	-	-	76,714	-	(85)	1,063	1,649,457	1,607,596	-	6,438	1,614,034
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	154,504	-	-	(154,504)	-	-	-	-
Transfer to statutory reserve	-	-	-	381,522	-	-	-	-	-	-	-	-	(381,522)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	25,263	-	-	25,263	-	-	25,263
Second interim dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	-	(752,007)	(752,007)	-	-	(752,007)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,552)	(4,552)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(32,054)	-	-	(32,054)	-	-	(32,054)
Issue of shares from rights issue	550,520	-	2,086,471	-	-	-	-	-	-	-	-	-	-	2,636,991	-	-	2,636,991
At 30 June 2014	4,681,930	29,740	8,489,081	5,503,370	12,420	111,665	(1,085,928)	735,457	(49,776)	1,898,387	38,001	(4,066)	6,241,363	26,601,644	200,000	336,824	27,138,468

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 2014.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	← 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 2015	4,787,023	29,740	8,898,945	5,119,366	245,317	220,441	(1,047,872)	746,852	(227,853)	593,795	55,626	4,469,361	200,000	24,090,741
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,259,087	-	1,259,087
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	232,546	157,629	-	-	(358,809)	-	844	-	-	32,210
- financial investments available-for-sale	-	-	-	-	-	157,629	-	-	-	-	-	-	-	157,629
- net investment hedge	-	-	-	-	-	-	-	-	(351,629)	-	-	-	-	(351,629)
- cash flow hedge	-	-	-	-	-	-	-	-	(7,180)	-	-	-	-	(7,180)
- currency translation difference	-	-	-	-	232,546	-	-	-	-	-	844	-	-	233,390
Total comprehensive (expenses)/income for the financial period	-	-	-	-	232,546	157,629	-	-	(358,809)	-	844	1,259,087	-	1,291,297
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	117,611	-	(117,611)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	30,725	-	-	30,725
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(753,000)	-	(753,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(28,357)	-	-	(28,357)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647
At 30 June 2015	4,896,591	29,740	9,335,024	5,119,366	477,863	378,070	(1,047,872)	746,852	(586,662)	711,406	58,838	4,857,837	200,000	25,177,053
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	-	-	-	-	-	-	-	-	-	-	-	1,317,866	-	1,317,866
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	(25,370)	(25,979)	-	-	22,897	-	(77)	-	-	(28,529)
- financial investments available-for-sale	-	-	-	-	-	(25,979)	-	-	-	-	-	-	-	(25,979)
- net investment hedge	-	-	-	-	-	-	-	-	14,123	-	-	-	-	14,123
- cash flow hedge	-	-	-	-	-	-	-	-	8,774	-	-	-	-	8,774
- currency translation difference	-	-	-	-	(25,370)	-	-	-	-	-	(77)	-	-	(25,447)
Total comprehensive income/(expenses) for the financial period	-	-	-	-	(25,370)	(25,979)	-	-	22,897	-	(77)	1,317,866	-	1,289,337
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	134,787	-	(134,787)	-	-
Transfer to statutory reserve	-	-	-	329,467	-	-	-	-	-	-	-	(329,467)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	24,619	-	-	24,619
Second interim dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	-	(752,007)	-	(752,007)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(31,331)	-	-	(31,331)
Issue of shares from rights issue	550,520	-	2,086,471	-	-	-	-	-	-	-	-	-	-	2,636,991
At 30 June 2014	4,681,930	29,740	8,489,081	4,829,424	88,336	99,252	(1,047,872)	746,852	(15,064)	1,648,582	37,082	3,401,746	200,000	23,189,089

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 2014.

CIMB BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Group		Bank	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit before taxation	1,901,349	2,096,458	1,565,630	1,655,540
Adjustments for non-operating and non-cash items	(1,164,836)	(392,229)	(1,511,106)	(471,726)
Operating profit before changes in working capital	736,513	1,704,229	54,524	1,183,814
Net changes in operating assets	(17,282,297)	(6,221,210)	(14,193,585)	(7,054,403)
Net changes in operating liabilities	19,634,912	9,878,169	16,574,944	8,458,940
	2,352,615	3,656,959	2,381,359	1,404,537
Cash flows generated from operations	3,089,128	5,361,188	2,435,883	2,588,351
Taxation paid	(428,105)	(335,034)	(333,172)	(244,750)
Net cash flows generated from operating activities	2,661,023	5,026,154	2,102,711	2,343,601
Net cash flows used in investing activities	(6,868,019)	(3,051,806)	(5,284,421)	(2,924,170)
Net cash flows used in financing activities	1,209,133	1,462,276	819,184	1,617,345
Net (decrease)/increase in cash and cash equivalents	(2,997,863)	3,436,624	(2,362,526)	1,036,776
Effects of exchange rate changes	936,901	(177,084)	680,855	(117,078)
Cash and cash equivalents at the beginning of financial period	25,456,055	24,941,166	21,435,099	18,467,152
Cash and cash equivalents at end of financial period	23,395,093	28,200,706	19,753,428	19,386,850

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 2014.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

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

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

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) In January 2015, the Bank has redeemed its USD45 million senior unsecured floating rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

b) During and subsequent to the financial period, CIMB Thai Bank issued various unsecured structured debentures amounting to THB294.6 million and THB9.9 million respectively, with embedded foreign exchange and commodity derivatives and early redemption option. The debentures will mature within 6 months from respective issuance dates.

During and subsequent to the financial period, CIMB Thai Bank has early redeemed structured debentures amounting to THB162.9 million and THB86.6 million respectively.

c) On 29 April 2015, CIMB Group successfully completed its fifth Dividend Reinvestment Scheme ("DRS") of which approximately RM364 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group proposed to reinvest the cash dividend surplus of the DRS via the rights issue amounting to RM 546 million into CIMB Bank. The rights issue was done on the basis of 1 rights share for every 43.69 existing ordinary shares of the Bank.

The rights issue was approved by the shareholders of the Bank on 9 June 2015. The rights issue was completed on 26 June 2015 with issuance of 110 million units of new CIMB Bank shares.

d) On 5 May 2015, CIMB Bank Berhad issued USD313 million 30-years callable zero coupon 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 5 May 2045, and are callable from 5 May 2020 and every two years thereafter up to 5 May 2044. The Notes have a yield to maturity of 4.50% per annum.

e) On 12 May 2015, CIMB Bank Berhad issued EUR30 million 1-year senior floating 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 12 May 2016 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3 months EURIBOR + 0.15 % per annum payable quarterly.

f) On 30 June 2015, CIMB Bank Berhad, acting through its Singapore branch, issued SGD100 million 3-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 30 June 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 2.12% per annum payable semi-annually.

g) On 6 August 2015, CIMB Bank Berhad issued CNY220 million 3-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 6 August 2018 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.25% per annum payable annually.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 25.32 sen per share on 2,974,009,486 Redeemable Preference Shares ("RPS") of RM0.01 each, amounting to RM753 million in respect of the financial year ended 31 December 2014, which was approved by the Board of Directors on 29 January 2015, was paid on 17 April 2015.

The Directors have proposed a single tier first interim dividend of approximately 27.50 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM818,000,000 in respect of the financial year ending 31 December 2015.

A5. STATUS OF CORPORATE PROPOSAL

a) On 7 August 2015, the Bank obtained an in-principle approval to establish and operate a 100% owned subsidiary in Vietnam.

A6(a). EVENTS DURING THE REPORTING PERIOD

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

A6(b). SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2015 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	218,683	676,023	218,683	676,023
Cagamas bonds	-	9,970	-	9,970
Malaysian Government treasury bills	52,751	138,038	33,142	123,212
Other Government securities	4,558,116	5,081,737	4,558,116	5,081,737
Bank Negara Malaysia Monetary Notes	109,266	3,662,375	109,266	1,426,838
Bankers' acceptances and Islamic accepted bills	61,862	121,197	32,262	121,197
Negotiable instruments of deposit	4,975,585	2,745,907	2,639,883	1,753,327
Commercial papers	575,192	151,700	575,192	151,700
Government Investment Issue	217,094	151,724	50,802	138,839
	<u>10,768,549</u>	<u>12,738,671</u>	<u>8,217,346</u>	<u>9,482,843</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	283,506	1,581,650	283,506	1,581,650
	<u>283,506</u>	<u>1,581,650</u>	<u>283,506</u>	<u>1,581,650</u>
<u>Outside Malaysia</u>				
Shares	790,483	1,558,635	790,483	1,558,635
Private debt securities	382,114	210,698	-	-
Other Government bonds	223,029	510,339	-	-
	<u>1,395,626</u>	<u>2,279,672</u>	<u>790,483</u>	<u>1,558,635</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	6,842	6,716	6,842	6,716
Private and Islamic debt securities	2,222,043	2,538,048	2,093,990	2,331,870
	<u>2,228,885</u>	<u>2,544,764</u>	<u>2,100,832</u>	<u>2,338,586</u>
<u>Outside Malaysia</u>				
Private equity funds	140,158	125,965	57,732	51,886
Private and Islamic debt securities	3,547,086	3,447,365	3,471,287	3,377,332
	<u>3,687,244</u>	<u>3,573,330</u>	<u>3,529,019</u>	<u>3,429,218</u>
Total financial assets held-for-trading	<u>18,363,810</u>	<u>22,718,087</u>	<u>14,921,186</u>	<u>18,390,932</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	772,916	527,247	772,916	527,247
Malaysian Government Sukuk	41,861	19,750	-	-
Khazanah bonds	557,930	553,937	485,792	483,723
Government Investment Issue	2,618,218	2,519,145	2,157,625	2,203,248
Other Government treasury bills	29,588	72,335	29,588	72,335
Other Government securities	981,019	261,407	981,019	261,407
Commercial papers	-	74,805	-	74,805
Cagamas bonds	215,389	148,161	191,432	139,657
	<u>5,216,921</u>	<u>4,176,787</u>	<u>4,618,372</u>	<u>3,762,422</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	9,017	9,795	119	99
Other Government bonds	2,890,510	2,209,594	-	-
Unit trusts	79,494	73,819	-	-
Private debt securities	525,845	297,039	-	-
	<u>3,504,866</u>	<u>2,590,247</u>	<u>119</u>	<u>99</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	905,329	981,039	895,446	971,641
Private debt securities	16,540,799	14,230,343	14,645,648	12,700,845
Loan stocks	10,211	10,433	10,211	10,433
	<u>17,456,339</u>	<u>15,221,815</u>	<u>15,551,305</u>	<u>13,682,919</u>
<u>Outside Malaysia</u>				
Shares	30,505	28,993	894	839
Private equity funds	563,275	615,448	448,005	479,497
Private debt securities	7,092,807	5,141,452	7,009,585	5,057,859
	<u>7,686,587</u>	<u>5,785,893</u>	<u>7,458,484</u>	<u>5,538,195</u>
	<u>33,864,713</u>	<u>27,774,742</u>	<u>27,628,280</u>	<u>22,983,635</u>
Allowance for impairment losses:				
Private debt securities	(62,323)	(64,924)	(62,323)	(64,924)
Private equity funds	(73,860)	(68,420)	(69,764)	(64,625)
Unquoted shares	(102,952)	(97,238)	(78,323)	(73,821)
Loan stocks	(10,211)	(10,433)	(10,211)	(10,433)
Unit trusts	(326)	(392)	-	-
	<u>(249,672)</u>	<u>(241,407)</u>	<u>(220,621)</u>	<u>(213,803)</u>
Total financial investments available-for-sale	<u>33,615,041</u>	<u>27,533,335</u>	<u>27,407,659</u>	<u>22,769,832</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,398,188	1,116,365	1,398,188	1,116,365
Government Investment Issue	3,806,027	3,091,812	3,656,254	3,084,244
Other Government securities	1,310,165	796,713	1,310,165	796,713
Cagamas bonds	354,014	201,076	323,133	201,076
Khazanah bonds	246,025	245,369	232,707	232,707
	<u>7,114,419</u>	<u>5,451,335</u>	<u>6,920,447</u>	<u>5,431,105</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Private debt securities	2,431,879	2,602,142	-	-
	<u>2,431,879</u>	<u>2,602,142</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	27,388	-	-
Private debt securities	8,148,925	7,625,543	7,327,863	7,025,147
	<u>8,155,945</u>	<u>7,652,931</u>	<u>7,327,863</u>	<u>7,025,147</u>
<u>Outside Malaysia</u>				
Private debt securities	827,378	1,075,296	827,243	1,075,700
Amortisation of premium net of accretion of discount	(53,506)	(39,307)	(43,193)	(35,836)
Less : Allowance for impairment losses	(7,165)	(27,526)	-	-
Total financial investments held-to-maturity	<u>18,468,950</u>	<u>16,714,871</u>	<u>15,032,360</u>	<u>13,496,116</u>

Included in the financial investments held-to-maturity of the Group as at 31 December 2014 are 10-year promissory notes of THB9 million which has matured in 2015. The promissory notes 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,348,435	5,472,339	3,747,389	3,890,702
Term loans/financing				
- Housing loan/financing	61,271,019	57,366,545	44,756,319	42,099,364
- Syndicated term loan	16,065,235	14,608,120	14,133,774	14,031,052
- Other term loans/financing	91,441,812	82,732,253	63,519,243	56,888,652
- Factoring receivables	29,889	25,529	-	-
- Lease receivables	27,073	34,610	-	-
- Hire purchase receivables	15,890,833	15,685,097	8,618,226	8,155,403
Bills receivable	9,359,081	10,699,811	5,871,367	7,253,446
Trust receipts	1,331,095	1,316,462	733,435	617,123
Claim on customers under acceptance credit	2,825,378	3,070,409	2,536,470	2,678,005
Staff loans *	594,049	537,940	495,591	446,359
Credit card receivables	6,315,831	6,089,363	6,189,495	5,971,925
Revolving credit	14,026,131	13,243,998	11,952,501	10,813,908
Share margin financing	753,786	801,329	746,227	791,876
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>
Fair value changes arising from fair value hedges	196,399	136,079	69,810	81,704
	<u>225,476,046</u>	<u>211,819,884</u>	<u>163,369,847</u>	<u>153,719,519</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	(1,947,872)	(1,897,017)	(1,547,254)	(1,613,522)
- Portfolio impairment allowance	(2,041,922)	(1,968,148)	(1,235,034)	(1,231,434)
	<u>(3,989,794)</u>	<u>(3,865,165)</u>	<u>(2,782,288)</u>	<u>(2,844,956)</u>
Total net loans, advances and financing	<u>221,486,252</u>	<u>207,954,719</u>	<u>160,587,559</u>	<u>150,874,563</u>

* Included in staff loans of the Group are loans to Directors amounting to RM 4.0 million (2014: RM3.3 million).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM50 million (2014: RM50 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 of RM6,009 million (2014: RM8,120 million) and RM1,085 million (2014: RM1,724 million) respectively, using interest rate swaps.

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Gross loan hedged	6,008,514	8,119,997	1,084,959	1,723,826
Fair value changes arising from fair value hedges	196,399	136,079	69,810	81,704
	<u>6,204,913</u>	<u>8,256,076</u>	<u>1,154,769</u>	<u>1,805,530</u>

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 30 June 2015 were RM183 million (2014: RM112 million) and RM27 million (2014: RM28 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 June 2015, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM2,463 million (2014: RM2,099 million) and RM6.4 million (2014: RM6.4 million) respectively.

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

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(ii) By type of customers				
Domestic banking institutions	1,386,579	2,359,359	1,363,887	2,334,649
Domestic non-bank financial institutions				
- stockbroking companies	-	13,224	-	10,016
- others	2,866,030	3,189,524	1,072,341	1,192,017
Domestic business enterprises				
- small medium enterprises	22,921,704	22,627,554	16,333,077	16,411,211
- others	33,831,744	30,104,596	19,630,975	17,816,636
Government and statutory bodies	8,851,514	8,854,267	2,078,071	2,078,806
Individuals	117,725,978	111,276,128	85,888,409	81,264,868
Other domestic entities	576,370	783,966	172,714	411,303
Foreign entities	37,119,728	32,475,187	36,760,563	32,118,309
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(iii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/ financing	1,680,957	1,678,201	1,080,887	995,268
- Hire purchase receivables	11,117,267	11,761,674	3,833,936	4,220,635
- Other fixed rate loans	29,864,293	29,484,969	16,306,368	16,288,634
Variable rate				
- BLR plus	97,733,326	94,364,692	80,802,726	78,420,393
- Cost-plus	36,900,586	34,419,057	29,738,895	28,095,239
- Other variable rates	47,983,218	39,975,212	31,537,225	25,617,646
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>
(iv) By economic purpose				
Personal use	8,928,771	8,061,845	4,016,636	3,127,394
Credit cards	6,315,831	6,089,363	6,189,495	5,971,925
Purchase of consumer durables	111,168	594,860	89,081	573,051
Construction	7,614,944	7,540,856	4,133,832	3,970,192
Residential property (housing)	63,340,981	59,318,648	46,568,024	43,853,494
Non-residential property	22,867,520	20,573,059	19,257,913	16,999,410
Purchase of fixed assets other than land and buildings	2,123,744	2,394,976	1,609,953	1,902,427
Mergers and acquisitions	4,717,277	5,288,961	4,716,520	5,288,027
Purchase of securities	21,678,177	18,741,333	20,302,711	18,157,220
Purchase of transport vehicles	16,276,067	15,815,995	8,949,583	8,442,752
Working capital	53,368,548	51,389,488	39,296,915	37,316,882
Other purposes	17,936,619	15,874,421	8,169,374	8,035,041
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>
(v) By geographical distribution				
Malaysia	158,239,284	152,322,219	119,274,481	115,446,107
Indonesia	3,172,083	3,147,194	3,172,051	3,147,194
Thailand	24,305,179	22,002,463	2,324,032	1,734,635
Singapore	26,730,909	21,987,428	26,730,909	21,987,428
United Kingdom	602,620	795,982	602,620	795,982
Hong Kong	1,047,943	588,990	1,047,943	588,990
China	4,623,444	5,980,515	4,623,444	5,980,515
Other countries	6,558,185	4,859,014	5,524,557	3,956,964
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>
(vi) By residual contractual maturity				
Within one year	44,315,563	46,557,134	34,543,946	37,060,827
One year to less than three years	18,232,556	15,156,770	14,092,011	11,814,674
Three years to less than five years	32,707,181	25,353,765	19,532,994	15,860,777
Five years and more	130,024,347	124,616,136	95,131,086	88,901,537
Gross loans, advances and financing	<u>225,279,647</u>	<u>211,683,805</u>	<u>163,300,037</u>	<u>153,637,815</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	241,957	226,761	95,958	93,829
Credit cards	116,314	97,279	112,999	94,357
Purchase of consumer durables	150	5,588	129	5,582
Construction	1,159,609	1,069,624	1,108,255	1,016,867
Residential property (housing)	1,098,322	950,842	738,080	652,515
Non-residential property	173,731	151,818	132,903	118,389
Purchase of fixed assets other than land and buildings	6,339	4,986	2,760	1,770
Purchase of securities	127,882	142,961	127,161	142,761
Purchase of transport vehicles	355,480	398,813	165,591	184,142
Working capital	1,319,888	934,734	1,066,497	722,536
Other purposes	470,053	388,398	42,076	37,763
Gross impaired loans, advances and financing	<u>5,069,725</u>	<u>4,371,804</u>	<u>3,592,409</u>	<u>3,070,511</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,343,665	3,224,126	2,899,958	2,758,892
Indonesia	539,348	108,839	539,348	108,839
Thailand	1,033,008	816,468	598	-
Singapore	39,540	30,827	39,540	30,827
United Kingdom	1,920	2,518	1,920	2,518
China	58,557	95,775	58,557	95,775
Other countries	53,687	93,251	52,488	73,660
Gross impaired loans, advances and financing	<u>5,069,725</u>	<u>4,371,804</u>	<u>3,592,409</u>	<u>3,070,511</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	4,371,804	4,274,943	3,070,511	3,331,299
Classified as impaired during the financial period/year	2,283,877	3,178,159	1,578,387	1,875,539
Reclassified as not impaired during the financial period/year	(706,813)	(1,449,335)	(491,907)	(963,866)
Amount written back in respect of recoveries	(496,395)	(831,284)	(310,410)	(659,578)
Amount written off	(451,519)	(860,796)	(279,215)	(533,317)
Exchange fluctuation	68,771	60,117	25,043	20,434
At 30 June/31 December	<u>5,069,725</u>	<u>4,371,804</u>	<u>3,592,409</u>	<u>3,070,511</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.25%</u>	<u>2.07%</u>	<u>2.20%</u>	<u>2.00%</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 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Individual impairment allowance				
At 1 January	1,897,017	1,767,230	1,613,522	1,526,098
Net allowance made during the financial period/year	116,760	310,299	2,487	253,223
Allowance written-back and charged to deferred assets	-	(2,735)	-	(2,735)
Amount written off	(96,785)	(212,388)	(89,879)	(179,094)
Amount transferred (to)/from portfolio impairment allowance	(4,671)	3,160	-	-
Exchange fluctuation	35,551	31,451	21,124	16,030
At 30 June/31 December	<u>1,947,872</u>	<u>1,897,017</u>	<u>1,547,254</u>	<u>1,613,522</u>
Portfolio impairment allowance				
At 1 January	1,968,148	1,933,552	1,231,434	1,245,458
Net allowance made during the financial period/year	385,148	639,287	189,040	338,241
Allowance made and charged to deferred assets	-	381	-	381
Amount written off	(341,434)	(633,170)	(189,004)	(354,668)
Amount transferred from/(to) individual impairment allowance	4,671	(3,160)	-	-
Exchange fluctuation	25,389	31,258	3,564	2,022
At 30 June/31 December	<u>2,041,922</u>	<u>1,968,148</u>	<u>1,235,034</u>	<u>1,231,434</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.3%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.2%</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A11. OTHER ASSETS**

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Foreclosed properties	95,142	154,541	-	-
Structured financing	1,880,108	196,002	1,880,108	196,002
Collateral pledged for derivative transactions	3,585,599	3,116,901	3,259,362	2,912,711
Other debtors, deposits and prepayments	3,675,998	2,362,548	3,859,325	2,154,708
	<u>9,236,847</u>	<u>5,829,992</u>	<u>8,998,795</u>	<u>5,263,421</u>

A12. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(i) By type of deposit				
Demand deposits	55,179,294	53,904,127	44,921,648	45,491,420
Saving deposits	24,525,607	23,096,321	16,110,604	15,515,443
Fixed deposits	100,346,056	92,411,506	75,717,826	71,697,746
Negotiable instruments of deposit	1,173,072	3,507,324	854,248	979,361
Others	61,897,866	62,347,876	42,418,012	40,636,597
	<u>243,121,895</u>	<u>235,267,154</u>	<u>180,022,338</u>	<u>174,320,567</u>
(ii) By type of customer				
Government and statutory bodies	10,380,712	9,587,328	6,085,950	5,826,576
Business enterprises	103,495,951	99,468,496	80,868,148	76,420,167
Individuals	82,825,617	78,603,149	60,394,725	60,088,610
Others	46,419,615	47,608,181	32,673,515	31,985,214
	<u>243,121,895</u>	<u>235,267,154</u>	<u>180,022,338</u>	<u>174,320,567</u>
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	79,380,298	75,053,581	64,083,219	58,206,017
Six months to less than one year	20,233,925	17,111,437	11,003,677	12,760,658
One year to less than three years	936,360	2,719,683	517,000	676,738
Three years to less than five years	417,644	402,914	417,277	402,479
Five years and more	550,901	631,215	550,901	631,215
	<u>101,519,128</u>	<u>95,918,830</u>	<u>76,572,074</u>	<u>72,677,107</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Licensed banks	32,277,368	27,451,929	34,686,034	28,733,819
Licensed finance companies	1,194,725	796,797	60,191	63,257
Licensed investment banks	919,353	776,499	718,904	575,378
Bank Negara Malaysia	550,481	491,349	511,289	461,965
Other financial institutions	1,972,622	1,900,748	1,678,116	1,703,884
	36,914,549	31,417,322	37,654,534	31,538,303

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

Due within six months	34,514,447	28,525,411	35,345,919	28,657,143
Six months to less than one year	1,015,093	1,970,780	924,784	1,960,357
One year to less than three years	909,752	392,596	908,574	392,268
Three years to less than five years	202,386	306,247	202,386	306,247
Five years and more	272,871	222,288	272,871	222,288
	36,914,549	31,417,322	37,654,534	31,538,303

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,919,769	2,876,227	2,717,413	2,726,392
Bills payable	759,789	402,839	-	-
Debentures	626,137	411,635	-	-
	4,305,695	3,690,701	2,717,413	2,726,392

The Group and the Bank have issued structured investments, bills payable and debentures, 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.

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 June 2015 were RM369,176,000 (2014: RM403,475,000) and RM364,075,000 (2014: RM394,924,000) respectively lower than the contractual amount at maturity for the structured investments, RM13,946,000 lower (2014: RM3,610,000 higher) than the contractual amount at maturity for the bills payable and RM73,236,000 (2014: RM78,436,000) higher than the contractual amount at maturity for the debentures. 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 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	-	56,856	-	56,856
Accrued employee benefits	20,512	22,361	20,494	18,697
Post employment benefit obligations	22,530	159,446	22,455	26,952
Sundry creditors	2,838,534	989,616	2,474,080	972,197
Expenditure payable	1,399,114	1,221,971	1,190,395	963,560
Allowance for commitments and contingencies	7,233	6,182	2,704	2,704
Provision for legal claims	60,869	71,135	45,138	54,533
Credit card expenditure payable	114,982	108,618	112,119	108,618
Call deposit borrowing	1,728,443	1,042,645	1,409,076	898,765
Others	573,730	465,754	335,440	334,342
	6,765,947	4,144,584	5,611,901	3,437,224

PART A - EXPLANATORY NOTES (CONTINUED)**A16. INTEREST INCOME**

	2nd Quarter Ended		Six Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Group				
Loans and advances				
- interest income	2,231,097	1,931,556	4,393,541	3,820,631
- unwinding income [^]	7,466	13,443	18,553	26,446
Money at call and deposits with financial institutions	91,524	94,651	189,075	208,203
Reverse repurchase agreements	30,016	32,859	57,813	68,467
Financial assets held for trading	92,912	122,791	178,933	241,318
Financial investments available-for-sale	256,793	226,286	489,166	452,314
Financial investments held-to-maturity	166,148	175,573	323,223	263,451
	<u>2,875,956</u>	<u>2,597,159</u>	<u>5,650,304</u>	<u>5,080,830</u>
Net accretion of discount less amortisation of premium	(14,306)	806	(19,258)	(1,700)
	<u>2,861,650</u>	<u>2,597,965</u>	<u>5,631,046</u>	<u>5,079,130</u>
Bank				
Loans and advances				
- interest income	1,851,870	1,609,140	3,633,613	3,180,139
- unwinding income [^]	8,784	12,147	18,328	24,349
Money at call and deposits with financial institutions	122,155	124,449	252,139	284,624
Reverse repurchase agreements	29,899	31,629	56,998	61,027
Financial assets held for trading	86,588	117,487	168,681	230,053
Financial investments available-for-sale	228,577	210,946	436,517	419,563
Financial investments held-to-maturity	145,372	158,730	280,833	232,059
	<u>2,473,245</u>	<u>2,264,528</u>	<u>4,847,109</u>	<u>4,431,814</u>
Net accretion of discount less amortisation of premium	(3,707)	3,554	(982)	1,728
	<u>2,469,538</u>	<u>2,268,082</u>	<u>4,846,127</u>	<u>4,433,542</u>

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

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	86,903	51,209	190,499	96,247
Deposits from other customers	928,009	832,269	1,860,050	1,644,437
Repurchase agreements	45,261	18,375	67,712	35,439
Financial liabilities designated at fair value	28,394	20,321	55,371	42,544
Negotiable certificates of deposits	50,055	26,269	100,377	60,317
Bonds and debentures	37,144	26,091	75,444	58,453
Redeemable preference shares	12,113	10,705	24,100	21,622
Subordinated obligations	106,743	95,036	213,687	180,095
Other borrowings	11,108	8,041	21,959	17,913
	1,305,730	1,088,316	2,609,199	2,157,067
Bank				
Deposits and placements of banks and other financial institutions	84,982	71,170	188,240	140,830
Deposits from other customers	812,764	718,019	1,615,953	1,412,752
Repurchase agreements	43,053	14,493	61,587	24,744
Financial liabilities designated at fair value	23,404	15,336	46,914	33,633
Negotiable certificates of deposits	49,503	24,215	98,121	55,856
Bonds and debentures	25,669	10,185	51,812	20,438
Subordinated obligations	103,616	98,083	207,142	195,159
Other borrowings	10,631	7,760	20,781	16,237
	1,153,622	959,261	2,290,550	1,899,649

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Net fee and commission income				
Commissions	84,063	84,191	167,966	149,538
Fee on loans and advances	152,580	88,973	288,744	243,487
Service charges and fees	124,563	124,837	254,200	235,009
Guarantee fees	15,020	23,450	30,803	40,722
Other fee income	55,697	65,436	118,697	121,095
Fee and commission income	431,923	386,887	860,410	789,851
Fee and commission expense	(96,157)	(99,306)	(196,206)	(190,138)
Net fee and commission income	335,766	287,581	664,204	599,713
Gross dividend income from:				
Financial assets held for trading	14,275	11,361	23,330	14,404
Financial investments available-for-sale	7,329	3,323	8,953	9,548
	21,604	14,684	32,283	23,952
Net (loss)/gain arising from financial assets held for trading:				
- realised gain/(loss)	60,109	(32,532)	(34,387)	(85,346)
- unrealised (loss)/gain	(303,160)	62,679	(303,790)	147,542
	(243,051)	30,147	(338,177)	62,196
Net gain arising from derivative financial instrument				
- realised (loss)/gain	(1,106,386)	97,162	(762,921)	80,287
- unrealised gain/(loss)	1,393,139	(89,892)	1,502,933	278,757
	286,753	7,270	740,012	359,044
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised loss	(3,243)	(6,400)	(12,922)	(24,856)
- unrealised gain/(loss)	33,826	14,646	(85,387)	49,602
	30,583	8,246	(98,309)	24,746
Net gain/(loss) arising from hedging activities	18,967	(7,979)	28,045	(3,071)
Net gain from sale of financial investments available-for-sale	39,567	23,092	75,184	54,648
Net gain from redemption of financial investments held-to-maturity	-	18	16	2,614
Brokerage income	156	-	393	-
Other non-interest income				
Foreign exchange gain/(loss)	234,177	42,914	224,714	(137,895)
Rental income	2,853	2,287	5,377	4,966
(Loss)/gain on disposal of property, plant and equipment/assets held for sale	(2,740)	637	(663)	(748)
Gain/(loss) on disposal of foreclosed properties	6,360	(16,404)	(7,432)	(31,737)
Others	14,278	20,509	32,432	37,571
	254,928	49,943	254,428	(127,843)
	745,273	413,002	1,358,079	995,999

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Net fee and commission income				
Commissions	69,534	77,448	138,825	130,702
Fee on loans and advances	152,576	88,951	288,730	243,443
Service charges and fees	109,270	107,040	221,385	203,560
Guarantee fees	11,934	20,801	24,725	34,994
Other fee income	46,433	49,460	89,475	91,512
Fee and commission income	389,747	343,700	763,140	704,211
Fee and commission expense	(86,492)	(87,931)	(178,828)	(172,863)
Net fee and commission income	303,255	255,769	584,312	531,348
Gross dividend income from:				
Financial assets held for trading	14,275	11,361	23,330	14,404
Financial investments available-for-sale	5,314	1,609	5,314	6,076
Subsidiary	15,885	21,161	30,885	21,161
Associate	23,920	-	23,920	-
	59,394	34,131	83,449	41,641
Net (loss)/gain arising from financial assets held for trading				
- realised gain/(loss)	53,552	(34,320)	(46,340)	(95,400)
- unrealised (loss)/gain	(305,213)	63,254	(305,496)	149,723
	(251,661)	28,934	(351,836)	54,323
Net gain/(loss) arising from derivative financial instrument				
- realised (loss)/gain	(1,141,468)	100,433	(805,399)	87,871
- unrealised gain/(loss)	1,438,927	(121,309)	1,535,178	208,768
	297,459	(20,876)	729,779	296,639
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised loss	(5,188)	(6,363)	(10,275)	(21,075)
- unrealised (loss)/gain	(2,308)	20,994	(112,070)	43,852
	(7,496)	14,631	(122,345)	22,777
Net gain/(loss) arising from hedging activities				
	19,304	(8,260)	31,030	(3,178)
Net gain from sale of financial investments available-for-sale				
	13,747	14,884	33,885	25,473
Net gain from redemption of financial investments held-to-maturity				
	-	18	16	2,614
Brokerage income				
	156	-	393	-
Other non-interest income				
Foreign exchange gain/(loss)	210,481	72,225	161,268	(62,399)
Rental income	1,784	1,609	3,340	3,515
Gain on disposal of property, plant and equipment/assets held for sale	123	374	2,542	423
Others	35,840	12,644	45,324	23,790
	248,228	86,852	212,474	(34,671)
	682,386	406,083	1,201,157	936,966

PART A - EXPLANATORY NOTES (CONTINUED)

A19. OVERHEADS

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	589,544	503,041	1,186,868	1,022,402
- Pension costs (defined contribution plan)	57,698	48,395	115,008	96,816
- Pension costs (defined benefit plan)	4,075	3,365	8,203	6,764
- Mutual Separation Scheme	302,764	-	302,764	-
- Overtime	4,453	4,061	8,458	8,379
- Staff incentives and other staff payments	39,323	53,441	77,463	91,041
- Medical expenses	24,091	19,769	39,373	39,465
- Others	17,991	14,245	30,992	25,632
	1,039,939	646,317	1,769,129	1,290,499
Establishment costs				
- Depreciation of property, plant and equipment	46,831	48,081	99,107	95,922
- Amortisation of prepaid lease payments	50	73	99	145
- Rental	58,077	56,940	119,827	111,900
- Repair and maintenance	69,136	62,378	137,035	136,072
- Outsourced services	32,463	36,703	67,974	73,218
- Security expenses	25,478	28,813	52,462	53,597
- Others	30,559	28,268	64,204	55,965
	262,594	261,256	540,708	526,819
Marketing expenses				
- Sales commission	799	1,819	1,658	2,803
- Advertisement	41,072	28,490	86,468	63,742
- Others	4,057	5,943	11,324	12,573
	45,928	36,252	99,450	79,118
Administration and general expenses				
- Communication	10,646	9,416	22,633	22,603
- Consultancy and professional fees	10,579	14,727	19,585	21,063
- Legal expenses	4,314	2,631	7,862	5,035
- Stationery	8,374	10,628	16,721	20,176
- Amortisation of intangible assets	43,011	43,389	86,462	90,062
- Postages	11,482	11,231	21,768	22,309
- Administrative travelling and vehicle expenses	10,671	9,356	21,071	17,912
- Incidental expenses on banking operations	10,564	9,092	22,167	18,275
- Insurance	37,426	30,898	77,077	62,843
- Others	45,816	30,364	78,037	58,792
	192,883	171,732	373,383	339,070
Shared service cost	9,664	60,012	29,735	122,785
	1,551,008	1,175,569	2,812,405	2,358,291

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	473,624	395,865	943,383	806,254
- Pension costs (defined contribution plan)	52,173	43,452	103,802	86,954
- Mutual Separation Scheme	290,946	-	290,946	-
- Overtime	2,847	2,442	5,323	5,282
- Staff incentives and other staff payments	32,871	47,046	65,242	79,582
- Medical expenses	22,856	18,572	36,936	37,567
- Others	14,854	12,509	25,886	22,052
	<u>890,171</u>	<u>519,886</u>	<u>1,471,518</u>	<u>1,037,691</u>
Establishment costs				
- Depreciation of property, plant and equipment	32,992	35,828	71,542	71,390
- Rental	47,358	45,992	98,258	89,593
- Repair and maintenance	61,831	56,159	123,273	123,500
- Outsourced services	54,242	55,351	114,003	109,425
- Security expenses	25,550	29,911	52,943	55,946
- Others	16,921	22,835	36,160	44,462
	<u>238,894</u>	<u>246,076</u>	<u>496,179</u>	<u>494,316</u>
Marketing expenses				
- Sales commission	-	687	-	1,067
- Advertisement	32,990	24,123	72,766	55,563
- Others	4,752	2,793	8,328	6,263
	<u>37,742</u>	<u>27,603</u>	<u>81,094</u>	<u>62,893</u>
Administration and general expenses				
- Communication	8,959	7,890	19,258	19,468
- Consultancy and professional fees	9,342	13,530	17,581	18,642
- Legal expenses	2,489	1,295	3,256	2,445
- Stationery	6,273	8,190	12,619	15,782
- Amortisation of intangible assets	37,497	36,911	75,206	79,758
- Postages	9,265	8,378	16,143	16,362
- Administrative travelling and vehicle expenses	8,145	6,553	16,056	12,639
- Incidental expenses on banking operations	5,942	5,342	12,442	10,587
- Insurance	9,254	8,017	19,209	16,707
- Others	18,840	11,761	27,498	20,819
	<u>116,006</u>	<u>107,867</u>	<u>219,268</u>	<u>213,209</u>
Shared service cost	(81,299)	(30,734)	(156,237)	(62,279)
	<u>1,201,514</u>	<u>870,698</u>	<u>2,111,822</u>	<u>1,745,830</u>

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for impaired loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	69,993	4,773	116,760	3,347
- Portfolio impairment allowance	198,221	129,408	385,148	284,057
Impaired loans and advances :				
- recovered	(65,243)	(64,605)	(134,454)	(135,958)
- written off	4,327	5,893	11,089	11,365
	<u>207,298</u>	<u>75,469</u>	<u>378,543</u>	<u>162,811</u>
Bank				
Allowances for impaired loans and financing :				
Net allowance made/(written-back) during the financial period				
- Individual impairment allowance	7,154	9,333	2,487	(10,373)
- Portfolio impairment allowance	92,209	63,994	189,040	169,437
Impaired loans and advances :				
- recovered	(41,271)	(41,242)	(86,598)	(86,456)
- written off	4,909	3,317	8,239	7,157
	<u>63,001</u>	<u>35,402</u>	<u>113,168</u>	<u>79,765</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 June 2015	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	18,556,262	343,938	(595,589)	13,760,383	277,754	(565,841)
- Up to 1 year	14,244,655	264,701	(194,994)	10,610,056	211,822	(162,372)
- More than 1 year to 3 years	2,960,563	78,483	(154,696)	1,891,562	65,927	(151,989)
- More than 3 years	1,351,044	754	(245,899)	1,258,765	5	(251,480)
Currency swaps	168,380,440	1,857,578	(1,546,072)	89,442,220	1,114,867	(874,177)
- Up to 1 year	166,263,185	1,762,405	(1,512,465)	88,436,322	1,028,118	(861,341)
- More than 1 year to 3 years	1,972,169	66,758	(33,159)	907,665	61,989	(12,836)
- More than 3 years	145,086	28,415	(448)	98,233	24,760	-
Currency spots	14,856,967	17,257	(19,960)	13,624,135	16,067	(18,977)
- Up to 1 year	14,856,967	17,257	(19,960)	13,624,135	16,067	(18,977)
Currency options	7,210,553	80,929	(85,628)	6,262,616	62,524	(74,203)
- Up to 1 year	6,456,857	63,699	(64,241)	5,801,581	53,240	(60,548)
- More than 1 year to 3 years	530,767	13,808	(17,716)	269,382	7,055	(10,534)
- More than 3 years	222,929	3,422	(3,671)	191,653	2,229	(3,121)
Cross currency interest rate swaps	54,914,509	2,401,595	(2,629,985)	31,593,491	2,172,596	(2,215,959)
- Up to 1 year	13,026,842	374,011	(597,146)	5,930,474	314,639	(403,745)
- More than 1 year to 3 years	19,196,073	1,051,741	(1,038,776)	10,818,555	914,772	(847,030)
- More than 3 years	22,691,594	975,843	(994,063)	14,844,462	943,185	(965,184)
	263,918,731	4,701,297	(4,877,234)	154,682,845	3,643,808	(3,749,157)
<u>Interest rate derivatives</u>						
Interest rate swaps	384,939,385	2,300,221	(1,646,497)	296,269,237	1,618,074	(1,122,848)
- Up to 1 year	131,332,759	135,450	(122,265)	105,429,451	93,404	(80,230)
- More than 1 year to 3 years	132,365,574	661,398	(669,048)	102,291,603	487,346	(496,266)
- More than 3 years	121,241,052	1,503,373	(855,184)	88,548,183	1,037,324	(546,352)
Interest rate futures	8,693,175	2,634	(3,712)	8,693,175	2,634	(3,712)
- Up to 1 year	5,267,252	2,478	(2,590)	5,267,252	2,478	(2,590)
- More than 1 year to 3 years	3,321,560	68	(1,097)	3,321,560	68	(1,097)
- More than 3 years	104,363	88	(25)	104,363	88	(25)
Interest rate options	129,682	278	(1,624)	140,860	707	(1,624)
- Up to 1 year	53,533	-	(1,351)	53,533	-	(1,351)
- More than 1 year to 3 years	76,149	278	(273)	87,327	707	(273)
	393,762,242	2,303,133	(1,651,833)	305,103,272	1,621,415	(1,128,184)
<u>Equity related derivatives</u>						
Equity swaps	774,065	1,647	(1,556)	774,065	1,647	(1,556)
- More than 3 years	774,065	1,647	(1,556)	774,065	1,647	(1,556)
Equity options	8,825,467	259,305	(175,113)	8,608,656	253,254	(169,062)
- Up to 1 year	2,281,782	36,407	(1,560)	2,281,782	36,407	(1,560)
- More than 1 year to 3 years	3,358,203	13,771	(95,745)	3,273,397	10,247	(92,221)
- More than 3 years	3,185,482	209,127	(77,808)	3,053,477	206,600	(75,281)
Equity futures	869,660	7,463	(3,889)	869,660	7,463	(3,889)
- Up to 1 year	869,660	7,463	(3,889)	869,660	7,463	(3,889)
	10,469,192	268,415	(180,558)	10,252,381	262,364	(174,507)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 30 June 2015	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	1,932,681	610,311	(604,917)	1,930,296	610,307	(604,928)
- Up to 1 year	1,815,060	510,137	(506,097)	1,812,675	510,133	(506,108)
- More than 1 year to 3 years	117,621	100,174	(98,820)	117,621	100,174	(98,820)
Commodity futures	121,664	2,010	(1,994)	121,664	2,010	(1,994)
- Up to 1 year	118,800	1,979	(1,990)	118,800	1,979	(1,990)
- More than 1 year to 3 years	2,864	31	(4)	2,864	31	(4)
Commodity options	2,305,863	169,159	(89,513)	2,305,863	169,159	(89,513)
- Up to 1 year	1,288,843	35,676	(35,676)	1,288,843	35,676	(35,676)
- More than 1 year to 3 years	1,017,020	133,483	(53,837)	1,017,020	133,483	(53,837)
	4,360,208	781,480	(696,424)	4,357,823	781,476	(696,435)
<u>Credit related contract</u>						
Credit default swaps	6,748,280	45,953	(53,519)	6,748,280	45,953	(53,519)
- Up to 1 year	2,502,914	3,531	(2,361)	2,502,914	3,531	(2,361)
- More than 1 year to 3 years	2,825,875	36,229	(36,382)	2,825,875	36,229	(36,382)
- More than 3 years	1,419,491	6,193	(14,776)	1,419,491	6,193	(14,776)
Total return swaps	1,543,177	12,770	(22,824)	1,490,837	12,471	(22,526)
- Up to 1 year	752,442	1,969	-	752,442	1,969	-
- More than 1 year to 3 years	188,725	-	(11,151)	188,725	-	(11,151)
- More than 3 years	602,010	10,801	(11,673)	549,670	10,502	(11,375)
	8,291,457	58,723	(76,343)	8,239,117	58,424	(76,045)
<u>Hedging derivatives</u>						
Currency swaps	3,482,973	1,194	(130,728)	3,482,973	1,194	(130,728)
- Up to 1 year	3,482,973	1,194	(130,728)	3,482,973	1,194	(130,728)
Cross currency interest rate swaps	4,614,407	25,902	(180,932)	3,745,240	25,902	(114,071)
- Up to 1 year	1,086,996	2,220	(20,267)	1,086,996	2,220	(20,267)
- More than 1 year to 3 years	1,915,460	19,128	(54,724)	1,915,460	19,128	(54,724)
- More than 3 years	1,611,951	4,554	(105,941)	742,784	4,554	(39,080)
Interest rate swaps	25,182,121	103,091	(310,230)	30,563,936	260,309	(310,952)
- Up to 1 year	1,900,800	19,487	(6,320)	2,150,800	19,487	(7,042)
- More than 1 year to 3 years	7,541,000	13,626	(17,152)	7,802,751	16,028	(17,152)
- More than 3 years	15,740,321	69,978	(286,758)	20,610,385	224,794	(286,758)
Total derivatives assets/(liabilities)	714,081,331	8,243,235	(8,104,282)	520,427,587	6,654,892	(6,380,079)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	19,274,828	353,364	(362,586)	15,812,299	301,706	(356,894)
- Up to 1 year	16,153,125	302,713	(159,474)	12,889,335	253,609	(146,452)
- More than 1 year to 3 years	1,916,948	49,694	(71,808)	1,786,952	47,140	(71,842)
- More than 3 years	1,204,755	957	(131,304)	1,136,012	957	(138,600)
Currency swaps	139,638,887	1,297,629	(1,280,285)	83,896,785	1,029,484	(1,025,419)
- Up to 1 year	138,482,844	1,224,248	(1,271,050)	82,855,587	956,724	(1,015,203)
- More than 1 year to 3 years	846,165	45,316	(6,942)	795,574	47,120	(6,932)
- More than 3 years	309,878	28,065	(2,293)	245,624	25,640	(3,284)
Currency spots	5,832,872	2,832	(9,310)	5,643,204	2,757	(9,254)
- Up to 1 year	5,832,872	2,832	(9,310)	5,643,204	2,757	(9,254)
Currency options	4,808,447	47,694	(42,246)	4,118,056	35,900	(35,717)
- Up to 1 year	4,136,688	34,486	(29,653)	3,782,244	29,212	(29,034)
- More than 1 year to 3 years	488,553	8,075	(8,073)	244,227	4,096	(4,093)
- More than 3 years	183,206	5,133	(4,520)	91,585	2,592	(2,590)
Cross currency interest rate swaps	42,259,125	1,448,815	(1,528,147)	28,093,113	1,329,679	(1,289,951)
- Up to 1 year	9,372,146	151,249	(309,729)	5,053,246	142,651	(246,213)
- More than 1 year to 3 years	13,810,865	562,938	(534,600)	9,205,548	506,914	(451,343)
- More than 3 years	19,076,114	734,628	(683,818)	13,834,319	680,114	(592,395)
	211,814,159	3,150,334	(3,222,574)	137,563,457	2,699,526	(2,717,235)
<u>Interest rate derivatives</u>						
Interest rate swaps	332,464,741	2,082,528	(1,718,398)	263,420,855	1,495,525	(1,257,086)
- Up to 1 year	118,298,650	107,037	(123,124)	91,189,996	71,800	(84,634)
- More than 1 year to 3 years	107,366,414	503,881	(487,490)	86,980,065	375,402	(357,434)
- More than 3 years	106,799,677	1,471,610	(1,107,784)	85,250,794	1,048,323	(815,018)
Interest rate futures	1,640,898	2,097	(180)	1,640,898	2,097	(180)
- Up to 1 year	1,450,968	1,886	(180)	1,450,968	1,886	(180)
- More than 1 year to 3 years	189,930	211	-	189,930	211	-
Interest rate options	456,064	1,222	(7,665)	466,693	1,593	(7,665)
- Up to 1 year	351,297	964	(6,396)	351,298	964	(6,396)
- More than 1 year to 3 years	104,767	258	(1,269)	115,395	629	(1,269)
	334,561,703	2,085,847	(1,726,243)	265,528,446	1,499,215	(1,264,931)
<u>Equity related derivatives</u>						
Equity swaps	1,070,726	105,165	(28,543)	1,070,726	105,165	(28,543)
- Up to 1 year	64,466	12,631	-	64,466	12,631	-
- More than 1 year to 3 years	416,592	65,313	(19,428)	416,592	65,313	(19,428)
- More than 3 years	589,668	27,221	(9,115)	589,668	27,221	(9,115)
Equity options	7,107,834	233,718	(955,334)	6,761,459	223,594	(945,208)
- Up to 1 year	4,228,691	55,788	(395,037)	4,125,680	53,167	(392,417)
- More than 1 year to 3 years	1,854,927	13,736	(529,323)	1,754,857	9,470	(525,057)
- More than 3 years	1,024,216	164,194	(30,974)	880,922	160,957	(27,734)
Equity futures	1,367,538	8,795	(14,647)	1,367,538	8,795	(14,647)
- Up to 1 year	1,367,538	8,795	(14,647)	1,367,538	8,795	(14,647)
	9,546,098	347,678	(998,524)	9,199,723	337,554	(988,398)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	2,557,153	1,020,245	(1,014,696)	2,557,153	1,020,245	(1,014,696)
- Up to 1 year	2,198,927	569,074	(567,433)	2,198,927	569,074	(567,433)
- More than 1 year to 3 years	358,226	451,171	(447,263)	358,226	451,171	(447,263)
Commodity futures	10,656	34	(219)	10,656	34	(219)
- Less than 1 year	10,656	34	(219)	10,656	34	(219)
Commodity options	491,457	111,059	(22,838)	491,457	111,059	(22,838)
- Up to 1 year	315,601	9,499	(9,498)	315,601	9,499	(9,498)
- More than 1 year to 3 years	175,856	101,560	(13,340)	175,856	101,560	(13,340)
	3,059,266	1,131,338	(1,037,753)	3,059,266	1,131,338	(1,037,753)
<u>Credit related contract</u>						
Credit default swaps	5,588,460	58,511	(65,425)	5,588,460	58,511	(65,425)
- Up to 1 year	1,513,699	2,658	(4,567)	1,513,699	2,658	(4,567)
- More than 1 year to 3 years	2,856,238	48,012	(47,871)	2,856,238	48,012	(47,871)
- More than 3 years	1,218,523	7,841	(12,987)	1,218,523	7,841	(12,987)
Total return swaps	846,335	12,382	(25,940)	787,395	12,083	(25,642)
- More than 1 year to 3 years	174,825	-	(13,104)	174,825	-	(13,104)
- More than 3 years	671,510	12,382	(12,836)	612,570	12,083	(12,538)
	6,434,795	70,893	(91,365)	6,375,855	70,594	(91,067)
<u>Hedging derivatives</u>						
Currency swaps	5,054,260	36,426	(141,369)	5,054,261	36,426	(141,369)
- Up to 1 year	5,054,260	36,426	(141,369)	5,054,261	36,426	(141,369)
Cross currency interest rate swaps	3,483,815	19,806	(79,533)	3,048,869	19,806	(70,145)
- Up to 1 year	162,380	1,436	(4,403)	162,380	1,436	(4,403)
- More than 1 year to 3 years	2,103,854	15,861	(39,871)	2,103,854	15,861	(39,871)
- More than 3 years	1,217,581	2,509	(35,259)	782,635	2,509	(25,871)
Interest rate swaps	21,394,899	89,049	(261,438)	28,250,295	204,750	(290,911)
- Up to 1 year	1,459,768	33,703	(9,288)	1,459,768	33,703	(9,288)
- More than 1 year to 3 years	6,835,197	7,753	(27,686)	7,345,713	12,091	(28,494)
- More than 3 years	13,099,934	47,593	(224,464)	19,444,814	158,956	(253,129)
Total derivatives assets/(liabilities)	595,348,995	6,931,371	(7,558,799)	458,080,172	5,999,209	(6,601,809)

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 June 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM8,243 million and RM6,655 million respectively (31 December 2014: RM6,931 million and RM5,999 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 2014.

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies

	30 June 2015	31 Dec 2014
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	3,256,192	3,030,141
Transaction-related contingent items	4,473,675	4,641,921
Short-term self-liquidating trade-related contingencies	5,882,297	6,013,684
Obligations under underwriting agreement	-	140,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	43,292,724	47,176,313
- maturity exceeding one year	26,779,032	23,742,050
Miscellaneous commitments and contingencies	3,832,426	3,431,821
Total credit-related commitments and contingencies	<u>87,516,346</u>	<u>88,175,930</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	219,418,475	179,194,315
- more than one year to five years	40,604,604	33,042,178
- more than five years	11,993,032	8,115,741
	272,016,111	220,352,234
Interest rate related contracts :		
- up to one year	138,554,344	121,560,683
- more than one year to five years	237,230,887	193,990,442
- more than five years	43,159,132	40,405,477
	418,944,363	355,956,602
Equity related contracts:		
- up to one year	3,151,442	5,660,695
- more than one year to five years	6,463,212	2,974,164
- more than five years	854,538	911,239
	10,469,192	9,546,098
Credit related contracts:		
- up to one year	3,255,356	1,513,699
- more than one year to five years	4,312,829	3,788,047
- more than five years	723,272	1,133,049
	8,291,457	6,434,795
Commodity related contracts:		
- up to one year	3,222,703	2,525,185
- more than one year to five years	1,137,505	534,081
	4,360,208	3,059,266
Total treasury-related commitments and contingencies	<u>714,081,331</u>	<u>595,348,995</u>
	<u>801,597,677</u>	<u>683,524,925</u>

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

	30 June 2015	31 Dec 2014
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,105,741	2,882,929
Transaction-related contingent items	3,180,579	3,388,757
Short-term self-liquidating trade-related contingencies	5,376,752	5,487,561
Obligations under underwriting agreement	-	140,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	37,326,977	41,875,477
- maturity exceeding one year	23,727,427	21,369,075
Miscellaneous commitments and contingencies	1,902,229	2,657,972
Total credit-related commitments and contingencies	<u>74,619,705</u>	<u>77,801,771</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- up to one year	128,972,537	115,440,257
- more than one year to five years	25,122,499	24,366,195
- more than five years	7,816,022	5,860,135
	<u>161,911,058</u>	<u>145,666,587</u>
Interest rate related contracts :		
- up to one year	112,901,036	94,452,030
- more than one year to five years	190,459,742	162,844,011
- more than five years	32,306,430	36,482,700
	<u>335,667,208</u>	<u>293,778,741</u>
Equity related contracts:		
- up to one year	3,151,442	5,557,684
- more than one year to five years	6,339,552	2,829,877
- more than five years	761,387	812,162
	<u>10,252,381</u>	<u>9,199,723</u>
Credit related contracts:		
- up to one year	3,255,356	1,513,699
- more than one year to five years	4,312,829	3,788,047
- more than five years	670,932	1,074,109
	<u>8,239,117</u>	<u>6,375,855</u>
Commodity related contracts:		
- up to one year	3,220,318	2,525,184
- more than one year to five years	1,137,505	534,082
	<u>4,357,823</u>	<u>3,059,266</u>
Total treasury-related commitments and contingencies	<u>520,427,587</u>	<u>458,080,172</u>
	<u>595,047,292</u>	<u>535,881,943</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 June 2015 - 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	9.576%	10.124%
Tier 1 ratio	10.511%	11.262%
Total capital ratio	13.379%	13.354%

CIMB Group Holdings Berhad ("CIMB Group") recently completed its fifth Dividend Reinvestment Scheme ("DRS") of which RM364 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM546 million into CIMB Bank via rights issue which was completed on 26 June 2015.

CIMB Group proposes to continue with the DRS implementation for the first interim dividend in respect of the financial year ending 2015. Pursuant to the completion of DRS, CIMB Group intends 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	184,600,556	140,506,314
Market risk	15,285,005	12,157,549
Large exposure risk requirements	73,498	73,498
Operational risk	16,498,958	12,392,197
Total risk-weighted assets	216,458,017	165,129,558

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 June 2015 - 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	4,896,591	4,896,591
Other reserves	24,698,134	20,255,560
Qualifying non-controlling interests	283,589	-
Less: Proposed dividends	<u>(818,000)</u>	<u>(818,000)</u>
Common Equity Tier I capital before regulatory adjustments	29,060,314	24,334,151
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,029,859)	(3,555,075)
Intangible assets	(991,933)	(891,371)
Deferred tax assets	(310,510)	(179,444)
Shortfall of eligible provisions to expected losses	(721,654)	(541,718)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(300,376)	(1,539,182)
Others	<u>(977,564)</u>	<u>(909,101)</u>
Common Equity Tier I capital after regulatory adjustments	<u>20,728,418</u>	<u>16,718,260</u>
Additional Tier I capital		
Perpetual preference shares	140,000	140,000
Non-innovative Tier I Capital	700,000	700,000
Innovative Tier I Capital	1,128,260	1,128,260
Qualifying capital instruments held by third parties	56,559	-
	<u>2,024,819</u>	<u>1,968,260</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(904)	(88,904)
Additional Tier I capital after regulatory adjustments	<u>2,023,915</u>	<u>1,879,356</u>
Total Tier I capital	<u>22,752,333</u>	<u>18,597,616</u>
Tier II capital		
Subordinated notes	5,600,000	5,600,000
Redeemable preference shares	20,818	20,818
Qualifying capital instruments held by third parties	407,106	-
Portfolio impairment allowance and regulatory reserves ^	630,898	278,113
Tier II capital before regulatory adjustments	<u>6,658,822</u>	<u>5,898,931</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(451,920)	(2,445,725)
Total Tier II capital	<u>6,206,902</u>	<u>3,453,206</u>
Total capital	<u>28,959,235</u>	<u>22,050,822</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	11.519%	9.129%	N/A
Tier I ratio	12.337%	9.129%	N/A
Total capital ratio	<u>15.028%</u>	<u>13.786%</u>	<u>16.286%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2014 - 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	10.114%	11.193%
Tier I ratio	11.272%	12.642%
Total capital ratio	<u>14.509%</u>	<u>14.663%</u>

(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	166,270,354	125,820,234
Market risk	16,080,788	13,831,101
Large exposure risk requirements	502,139	502,139
Operational risk	<u>15,851,297</u>	<u>11,971,135</u>
Total risk-weighted assets	<u>198,704,578</u>	<u>152,124,609</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	4,787,023	4,787,023
Other reserves	23,197,847	19,193,658
Qualifying non-controlling interests	257,010	-
Less: Proposed dividends	<u>(753,000) #</u>	<u>(753,000) #</u>
Common Equity Tier I capital before regulatory adjustments	27,488,880	23,227,681
<u>Less: Regulatory adjustments</u>		
Goodwill	(4,965,324)	(3,555,075)
Intangible assets	(949,186)	(844,072)
Deferred tax assets	(314,145)	(182,140)
Shortfall of eligible provisions to expected losses	(280,596)	(125,800)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(144,137)	(765,837)
Others	<u>(738,239)</u>	<u>(728,079)</u>
Common Equity Tier I capital after regulatory adjustments	<u>20,097,253</u>	<u>17,026,678</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	51,075	-
Additional Tier I capital before and after regulatory adjustments	<u>2,300,515</u>	<u>2,249,440</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(349)</u>	<u>(44,349)</u>
Additional Tier I capital after regulatory adjustments	<u>2,300,166</u>	<u>2,205,091</u>
Total Tier I capital	<u>22,397,419</u>	<u>19,231,769</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	378,488	-
Portfolio impairment allowance and regulatory reserves ^	<u>552,993</u>	<u>240,204</u>
Tier II capital before regulatory adjustments	7,011,221	6,319,944
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(577,946)</u>	<u>(3,245,289)</u>
Total Tier II capital	<u>6,433,275</u>	<u>3,074,655</u>
Total capital	<u>28,830,694</u>	<u>22,306,424</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2014 - 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 I ratio	11.448%	9.913%	N/A
Tier I ratio	12.345%	9.913%	N/A
Total capital ratio	<u>15.493%</u>	<u>14.977%</u>	<u>15.377%</u>

The dividends on Redeemable Preference Shares was paid on 17 April 2015.

* 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 RM211 million (2014: RM223 million) and RM186 million (2014: RM198 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.

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:

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has been re-organised into five major operation divisions. The divisions form the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

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 and services include core banking credit facilities, trade financing, remittance and foreign exchange, as well as general deposit products.

Commercial Banking also secured several cash management mandates from SMEs in various sectors by leveraging on CIMB Bank's online business banking platform, which allows customers to conduct their commercial banking transactions over the internet.

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking.

Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

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.

Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

Equities provides broking services to corporate, institutional and retail clients.

Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Investments

Investments focus on 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 and funding.

Support and others

Support services comprise of 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 June 2015

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	2,037,607	361,615	365,607	260,941	(3,923)	3,021,847
- inter-segment	(368,867)	50,149	332,524	(3,898)	(9,908)	-
	<u>1,668,740</u>	<u>411,764</u>	<u>698,131</u>	<u>257,043</u>	<u>(13,831)</u>	<u>3,021,847</u>
Income from Islamic Banking operations	355,106	66,369	206,830	42,028	-	670,333
Net non-interest income	<u>511,634</u>	<u>120,455</u>	<u>577,874</u>	<u>122,375</u>	<u>25,741</u>	<u>1,358,079</u>
Net income	<u>2,535,480</u>	<u>598,588</u>	<u>1,482,835</u>	<u>421,446</u>	<u>11,910</u>	<u>5,050,259</u>
Overheads	(1,489,283)	(309,269)	(613,472)	(365,462)	(34,919)	(2,812,405)
of which:						
Depreciation of property, plant and equipment	(79,312)	(3,266)	(10,493)	(6,036)	-	(99,107)
Amortisation of prepaid lease payments	(87)	(4)	(8)	-	-	(99)
Amortisation of intangible assets	(66,795)	(1,411)	(6,393)	(11,863)	-	(86,462)
Profit/(loss) before allowances	<u>1,046,197</u>	<u>289,319</u>	<u>869,363</u>	<u>55,984</u>	<u>(23,009)</u>	<u>2,237,854</u>
Allowances for impairment losses on loans, advances and financing	(288,043)	(8,879)	(81,621)	-	-	(378,543)
Allowances for losses on other receivables	-	-	-	-	(217)	(217)
Allowances for other impairment losses written-back/(made)	-	358	8	(4,297)	-	(3,931)
Segment result	<u>758,154</u>	<u>280,798</u>	<u>787,750</u>	<u>51,687</u>	<u>(23,226)</u>	<u>1,855,163</u>
Share of results of joint venture	1,640	-	-	-	-	1,640
Share of results of associates	-	-	-	44,546	-	44,546
Taxation	-	-	-	-	-	<u>(398,689)</u>
Profit for the financial period						<u>1,502,660</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)****Group****30 June 2014**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	1,685,647	348,612	664,634	227,449	(4,279)	2,922,063
- inter-segment	(168,011)	15,308	175,410	(7,317)	(15,390)	-
	1,517,636	363,920	840,044	220,132	(19,669)	2,922,063
Income from Islamic Banking operations	342,769	53,644	208,151	44,533	-	649,097
Net non-interest income	469,639	85,266	394,354	29,663	17,077	995,999
Net income	2,330,044	502,830	1,442,549	294,328	(2,592)	4,567,159
Overheads	(1,402,841)	(284,222)	(590,678)	(67,881)	(12,669)	(2,358,291)
of which:						
Depreciation of property, plant and equipment	(83,706)	(3,538)	(7,842)	(836)	-	(95,922)
Amortisation of prepaid lease payments	(137)	(3)	(5)	-	-	(145)
Amortisation of intangible assets	(52,581)	(1,523)	(7,383)	(28,575)	-	(90,062)
Profit/(loss) before allowances	927,203	218,608	851,871	226,447	(15,261)	2,208,868
Allowances for impairment losses on loans, advances and financing (made)/written-back	(232,398)	73,584	(3,997)	-	-	(162,811)
Allowances for losses on other receivables	-	-	-	-	(547)	(547)
Allowances for commitments and contingencies written-back	-	1,829	-	-	-	1,829
Allowances for other impairment losses written-back/(made)	-	64	-	(13,528)	-	(13,464)
Segment result	694,805	294,085	847,874	212,919	(15,808)	2,033,875
Share of results of joint venture	1,694	-	-	-	-	1,694
Share of results of associates	-	-	-	60,889	-	60,889
Taxation	-	-	-	-	-	(439,129)
Profit for the financial period						1,657,329

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 June 2015

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	125,330,384	28,953,496	172,716,436	22,150,038	349,150,354
Unallocated assets					12,331,795
Total assets					<u>361,482,149</u>
Segment liabilities	101,412,444	30,886,278	190,983,439	1,255,554	324,537,715
Unallocated liabilities					6,757,152
Total liabilities					<u>331,294,867</u>
Other segment items					
Capital expenditure	163,856	5,391	19,203	19,337	207,787
Investment in joint venture	162,829	-	-	-	162,829
Investment in associates	-	-	-	767,061	767,061

Group

31 Dec 2014

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	118,521,121	27,700,589	162,017,692	20,506,543	328,745,945
Unallocated assets					8,903,634
Total assets					<u>337,649,579</u>
Segment liabilities	98,221,773	27,952,128	177,611,902	1,206,525	304,992,328
Unallocated liabilities					4,090,944
Total liabilities					<u>309,083,272</u>
Other segment items					
Capital expenditure	395,051	13,776	47,251	56,233	512,311
Investment in joint venture	161,188	-	-	-	161,188
Investment in associates	-	-	-	785,797	785,797

PART A-EXPLANATORY NOTES (CONTINUED)

A24. 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 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. 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; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

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)

A24. 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 June 2015				The Group					Fair Value 31 Dec 2014			
	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	10,768,549	-	10,768,549	-	10,768,549	12,738,671	-	12,738,671	-	12,738,671			
-Quoted securities	1,679,132	1,073,989	605,143	-	1,679,132	3,861,322	3,140,285	721,037	-	3,861,322			
-Unquoted securities	5,916,129	-	5,769,129	147,000	5,916,129	6,118,094	-	5,985,413	132,681	6,118,094			
Financial investments available-for-sale													
-Money market instruments	5,216,921	-	5,216,921	-	5,216,921	4,176,787	-	4,176,787	-	4,176,787			
-Quoted securities	3,504,540	88,184	3,416,356	-	3,504,540	2,589,855	83,223	2,506,632	-	2,589,855			
-Unquoted securities	24,893,580	-	23,571,272	1,322,308	24,893,580	20,766,693	-	19,306,296	1,460,397	20,766,693			
Derivative financial instruments													
-Trading derivatives	8,113,048	12,126	8,055,149	45,773	8,113,048	6,786,090	11,023	6,708,394	66,673	6,786,090			
-Hedging derivatives	130,187	-	130,187	-	130,187	145,281	-	145,281	-	145,281			
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	4,905	-	4,905	-	4,905	9,858	-	9,858	-	9,858			
Total	60,230,991	1,174,299	57,541,611	1,515,081	60,230,991	57,196,651	3,234,531	52,302,369	1,659,751	57,196,651			
Recurring fair value measurements													
Financial liabilities													
Derivative financial instruments													
- Trading derivatives	7,482,392	63,846	7,370,571	47,975	7,482,392	7,076,459	72,445	6,947,152	56,862	7,076,459			
- Hedging derivatives	621,890	-	621,890	-	621,890	482,340	-	482,340	-	482,340			
Financial liabilities designated at fair values	4,305,695	-	3,938,936	366,759	4,305,695	3,690,701	-	3,329,965	360,736	3,690,701			
Total	12,409,977	63,846	11,931,397	414,734	12,409,977	11,249,500	72,445	10,759,457	417,598	11,249,500			

	Fair Value 30 June 2015				The Bank					Fair Value 31 Dec 2014			
	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	8,217,346	-	8,217,346	-	8,217,346	9,482,843	-	9,482,843	-	9,482,843			
-Quoted securities	1,073,989	1,073,989	-	-	1,073,989	3,140,285	3,140,285	-	-	3,140,285			
-Unquoted securities	5,629,851	-	5,565,277	64,574	5,629,851	5,767,804	-	5,709,202	58,602	5,767,804			
Financial investments available-for-sale													
-Money market instruments	4,618,372	-	4,618,372	-	4,618,372	3,762,422	-	3,762,422	-	3,762,422			
-Quoted securities	119	119	-	-	119	99	99	-	-	99			
-Unquoted securities	22,789,168	-	21,592,910	1,196,258	22,789,168	19,007,311	-	17,693,780	1,313,531	19,007,311			
Derivative financial instruments													
-Trading derivatives	6,367,487	12,126	6,309,588	45,773	6,367,487	5,738,227	11,023	5,660,531	66,673	5,738,227			
-Hedging derivatives	287,405	-	287,405	-	287,405	260,982	-	260,982	-	260,982			
Non-recurring fair value measurements													
Non-financial assets													
Non-current assets/disposal groups held for sale	705	-	705	-	705	5,658	-	5,658	-	5,658			
Total	48,984,442	1,086,234	46,591,603	1,306,605	48,984,442	47,165,631	3,151,407	42,575,418	1,438,806	47,165,631			
Recurring fair value measurements													
Financial liabilities													
Derivative financial instruments													
-Trading derivatives	5,824,328	63,846	5,712,507	47,975	5,824,328	6,099,384	72,445	5,970,077	56,862	6,099,384			
-Hedging derivatives	555,751	-	555,751	-	555,751	502,425	-	502,425	-	502,425			
Financial liabilities designated at fair values	2,717,413	-	2,350,654	366,759	2,717,413	2,726,392	-	2,365,656	360,736	2,726,392			
Total	9,097,492	63,846	8,618,912	414,734	9,097,492	9,328,201	72,445	8,838,158	417,598	9,328,201			

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

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

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	RM'000
The Group							
2015							
At 1 January	132,681	1,460,397	66,673	1,659,751	(56,862)	(360,736)	(417,598)
Total gains/(losses) recognised in statement of income	4,156	(15,367)	(15,530)	(26,741)	6,231	(23,376)	(17,145)
Total losses recognised in other comprehensive income	-	(29,966)	-	(29,966)	-	-	-
Purchases	-	5,442	21,446	26,888	(19,771)	-	(19,771)
Sales and redemptions	-	(138,347)	-	(138,347)	-	-	-
Settlements	-	-	(26,816)	(26,816)	22,427	17,353	39,780
Exchange fluctuation	10,163	40,149	-	50,312	-	-	-
At 30 June	147,000	1,322,308	45,773	1,515,081	(47,975)	(366,759)	(414,734)
Total gains/(losses) recognised in statement of income for financial period ended 30 June 2015 under:							
- net non-interest income	4,156	(15,367)	(15,530)	(26,741)	6,231	(16,701)	(10,470)
- interest expense	-	-	-	-	-	(6,675)	(6,675)
Total losses recognised in other comprehensive income for financial period ended 30 June 2015 under "revaluation reserves"	-	(29,966)	-	(29,966)	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2015 under "net non-interest income"	4,156	-	(13,166)	(9,009)	45,769	(16,701)	29,068

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	Total RM'000	Trading derivatives RM'000	RM'000	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	2,567	(3,082)	13,149	12,634	280,894	60,733	341,627
Total gains recognised in other comprehensive income	-	63,759	-	63,759	-	-	-
Purchases	49,083	235,208	17,314	301,605	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales and redemptions	-	(47,219)	-	(47,219)	-	-	-
Settlements	-	-	(13,465)	(13,465)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	7,983	4,395	-	12,378	-	-	-
At 31 December	132,681	1,460,397	66,673	1,659,751	(56,862)	(360,736)	(417,598)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	2,567	(3,082)	13,149	12,634	280,894	73,274	354,168
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	63,759	-	63,759	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	2,567	(3,082)	14,778	14,263	91,097	73,274	164,371

During the financial period, the transfer out of Level 3 of RMNil (2014: RM856,000) was due to the conversion of convertible notes to quoted shares in active markets.

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial year ended 30 June 2015 and 31 December 2014 for the Group and the Bank (Continued) :

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Bank							
2015							
At 1 January	58,602	1,313,531	66,673	1,438,806	(56,862)	(360,736)	(417,598)
Total gains/(losses) recognised in statement of income	1,786	(8,333)	(15,530)	(22,077)	6,231	(23,376)	(17,145)
Total losses recognised in other comprehensive income	-	(5,977)	-	(5,977)	-	-	-
Purchases	-	4,310	21,446	25,756	(19,771)	-	(19,771)
Sales and redemptions	-	(137,782)	-	(137,782)	-	-	-
Settlements	-	-	(26,816)	(26,816)	22,427	17,353	39,780
Exchange fluctuation	4,186	30,509	-	34,695	-	-	-
At 30 June	64,574	1,196,258	45,773	1,306,605	(47,975)	(366,759)	(414,734)
Total gains/(losses) recognised in statement of income for financial period ended 30 June 2015 under:							
- net non-interest income	1,786	(8,333)	(15,530)	(22,077)	6,231	(16,701)	(10,470)
- interest expense	-	-	-	-	-	(6,675)	(6,675)
Total losses recognised in other comprehensive income for financial period ended 30 June 2015 under "revaluation reserves"	-	(5,977)	-	(5,977)	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2015 under "net non-interest income"	1,786	-	(13,166)	(11,379)	45,769	(16,701)	29,068

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	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 (losses)/gains recognised in statement of income	(526)	(4,331)	13,149	8,292	280,894	60,733	341,627
Total gains recognised in other comprehensive income	-	55,003	-	55,003	-	-	-
Purchases	49,083	223,027	17,314	289,424	(1,224)	-	(1,224)
New issuances	-	-	-	-	-	(435,872)	(435,872)
Sales and redemptions	-	(25,241)	-	(25,241)	-	-	-
Settlements	-	-	(13,465)	(13,465)	606,619	14,403	621,022
Transfers out of Level 3	-	(856)	-	(856)	-	-	-
Exchange fluctuation	3,329	(4,774)	-	(1,445)	-	-	-
At 31 December	58,602	1,313,531	66,673	1,438,806	(56,862)	(360,736)	(417,598)
Total (losses)/gains recognised in statement of income for financial year ended 31 December 2014 under:							
- net non-interest income	(526)	(4,331)	13,149	8,292	280,894	73,274	354,168
- interest expense	-	-	-	-	-	(12,541)	(12,541)
Total gains recognised in other comprehensive income for financial year ended 31 December 2014 under "revaluation reserves"	-	55,003	-	55,003	-	-	-
Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2014 under "net non-interest income"	(526)	(4,331)	14,778	9,922	91,097	73,274	164,371

During the financial period, the transfer out of Level 3 of RMNil (2014: RM856,000) was due to the conversion of convertible notes to quoted shares in active markets.

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Group		Bank	
	Note	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds		8,466,688	6,052,438	1,114,022	699,276
Deposits and placements with banks and other financial institutions		1,657,468	437,862	465,704	5,851
Financial assets held for trading		2,968,940	3,723,913	210,221	187,261
Islamic derivative financial instruments		245,492	264,582	1,252	717
Financial investments available-for-sale		3,002,664	2,398,454	413,406	360,362
Financial investments held-to-maturity		1,370,101	954,054	353,610	333,062
Financing, advances and other financing/loans	A25c	42,481,042	38,849,755	4,009,446	2,550,173
Other assets		371,645	111,010	135,960	9,636
Deferred taxation		13,946	21,503	-	-
Amount due from conventional operations		1,590,764	1,376,555	269	299
Amount due from related companies		3,054,919	2,438,305	3,054,545	2,437,643
Statutory deposits with Bank Negara Malaysia		1,386,105	1,297,654	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		87,710	91,174	71	78
Property, plant and equipment		14,737	10,167	40	44
Total assets		66,848,221	58,163,426	9,758,546	6,584,402
Liabilities					
Deposits from customers	A25d	44,815,232	42,286,907	1,343,889	958,863
Deposits and placements of banks and other financial institutions		9,445,385	5,842,772	2,918,052	1,766,478
Financial liabilities designated at fair value	A25e	202,356	149,835	-	-
Islamic derivative financial instruments		398,692	330,197	3,115	-
Other liabilities		5,404,510	3,504,959	4,565,544	3,214,557
Amount due to related company		851,529	623,446	750,667	515,311
Provision for taxation and Zakat		32,801	27,959	-	-
Subordinated Sukuk		857,756	856,026	-	-
Total liabilities		62,008,261	53,622,101	9,581,267	6,455,209
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		3,619,960	3,321,325	177,279	129,193
Total equity		4,839,960	4,541,325	177,279	129,193
Total equity and liabilities		66,848,221	58,163,426	9,758,546	6,584,402

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25b. UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	598,969	512,095	1,127,649	1,046,685
Net income derived from investment of shareholders' funds	98,732	26,536	226,061	73,621
Allowance for impairment losses on financing, advances and other financing/loans	(15,527)	(23,779)	(49,227)	(29,515)
Allowance for losses on other receivables (made)/written-back	(42)	(12)	(67)	139
Total distributable income	682,132	514,840	1,304,416	1,090,930
Income attributable to depositors	(357,181)	(219,430)	(683,377)	(471,209)
Total net income	324,951	295,410	621,039	619,721
Other operating expenses	(128,515)	(118,246)	(259,350)	(243,403)
Profit before taxation	196,436	177,164	361,689	376,318
Taxation	(43,493)	(41,210)	(84,864)	(88,652)
Profit for the financial period	152,943	135,954	276,825	287,666

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	152,943	135,954	276,825	287,666
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	2,537	(759)	15,598	(4,262)
- Net gain/(loss) from change in fair value	4,587	1,578	21,692	(2,388)
- Realised gain transferred to statement of income on disposal and impairment	(1,082)	(1,984)	(1,225)	(3,742)
- Income tax effects	(968)	(353)	(4,869)	1,868
Exchange fluctuation reserve	1,909	745	6,408	914
Other comprehensive income/(expense) for the financial period, net of tax	4,446	(14)	22,006	(3,348)
Total comprehensive income for the period	157,389	135,940	298,831	284,318
Total net income	324,951	295,410	621,039	619,721
Add: Allowance for impairment losses on financing, advances and other financing/loans	15,527	23,779	49,227	29,515
Add: Allowance for losses on other receivables made/(written-back)	42	12	67	(139)
Income from Islamic operations (per page 2)	340,520	319,201	670,333	649,097

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25b. UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	24,530	13,761	39,960	26,477
Net income derived from investment of shareholders' funds	4,369	619	9,412	926
Allowance for impairment losses on financing, advances and other financing/loans	(355)	(1,236)	(507)	(1,236)
Total distributable income	28,544	13,144	48,865	26,167
Income attributable to depositors	(6,320)	(2,622)	(11,464)	(4,801)
Total net income	22,224	10,522	37,401	21,366
Profit for the financial period	22,224	10,522	37,401	21,366

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	22,224	10,522	37,401	21,366
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	(2,241)	141	(1,280)	3,323
- Net (loss)/gain from change in fair value	(2,240)	896	(1,146)	4,368
- Realised gain transferred to statement of income on disposal and impairment	(1)	(755)	(134)	(1,045)
Exchange fluctuation reserve	3,622	(814)	13,247	(896)
Other comprehensive income/(expense) for the financial period, net of tax	1,381	(673)	11,967	2,427
Total comprehensive income for the period	23,605	9,849	49,368	23,793
Total net income	22,224	10,522	37,401	21,366
Add: Allowances for impairment losses on financing, advances and other financing/loans	355	1,236	507	1,236
Income from Islamic operations (per page 4)	22,579	11,758	37,908	22,602

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. 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 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	6,050	568,202	-	-	574,252
Term financing					
- Housing financing	-	9,276,696	1,206,238	-	10,482,934
- Syndicated term financing	-	1,745,493	185,968	49,971	1,981,432
- Hire purchase receivables	-	-	4,807,051	-	4,807,051
- Other term financing	-	19,169,875	58,435	2,627,508	21,855,818
Credit card receivables	-	-	-	112,018	112,018
Bills receivable	102	2,742	-	-	2,844
Islamic trust receipts	-	12,027	-	100,576	112,603
Claim on customers under acceptance credit	-	288,683	-	-	288,683
Revolving credits	-	2,138,974	-	362,332	2,501,306
Share purchases financing	-	7,559	-	-	7,559
Ar Rahn	-	-	-	2,035	2,035
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	6,152	33,210,251	6,257,692	3,254,442	42,728,537
Fair value changes arising from fair value hedges					129,811
					42,858,348
Less: Allowance for impairment losses					
- Individual impairment allowance					(51,116)
- Portfolio impairment allowance					(326,190)
					(377,306)
					42,481,042

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
At 31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	10,277	554,680	-	-	564,957
Term financing					
- Housing financing	-	8,907,718	992,267	-	9,899,985
- Syndicated term financing	-	365,825	211,243	51,796	628,864
- Hire purchase receivables	-	-	5,298,240	-	5,298,240
- Other term financing	-	17,783,129	56,820	1,538,654	19,378,603
Credit card receivables	-	-	-	111,918	111,918
Bills receivable	-	2,939	-	-	2,939
Islamic trust receipts	-	19,168	-	76,273	95,441
Claim on customers under acceptance credit	-	392,033	-	-	392,033
Revolving credits	-	2,507,687	-	288,107	2,795,794
Share purchases financing	-	9,453	-	-	9,453
Ar Rahn	-	-	-	1,590	1,590
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	10,277	30,542,632	6,558,570	2,068,340	39,179,819
Fair value changes arising from fair value hedges					57,272
					39,237,091
Less: Allowance for impairment losses					
- Individual impairment allowance					(39,713)
- Portfolio impairment allowance					(347,623)
					(387,336)
					38,849,755

^ Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. 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 June 2015			
Term financing			
- Syndicated term financing	-	49,971	49,971
- Other term financing	759,116	2,627,508	3,386,624
Islamic trust receipts	-	100,576	100,576
Revolving credits	111,735	362,332	474,067
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>870,851</u>	<u>3,140,389</u>	<u>4,011,240</u>
Fair value changes arising from fair value hedges			-
			<u>4,011,240</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			<u>(1,794)</u>
			<u>(1,794)</u>
			<u><u>4,009,446</u></u>

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
At 31 Dec 2014			
Term financing			
- Syndicated term financing	-	51,796	51,796
- Other term financing	478,723	1,538,654	2,017,377
Islamic trust receipts	-	76,273	76,273
Revolving credits	117,811	288,107	405,918
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	<u>596,534</u>	<u>1,954,832</u>	<u>2,551,366</u>
Fair value changes arising from fair value hedges			-
			<u>2,551,366</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			<u>(1,193)</u>
			<u>(1,193)</u>
			<u><u>2,550,173</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM4,875 million (2014: RM6,350 million) financing using Islamic profit rate swaps.

	Group	
	30 June 2015	31 Dec 2014
	RM'000	RM'000
Gross financing hedged	4,875,000	6,350,000
Fair value changes arising from fair value hedges	129,811	57,272
	<u>5,004,811</u>	<u>6,407,272</u>

The fair values loss on Islamic profit rate swaps in this hedge transaction as at 30 June 2015 was RM155 million (31 Dec 2014: RM83 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 June 2015, the gross exposures to RPSIA financing is RM2,463 million (31 December 2014: RM2,099 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM6.4 million (31 December 2014: RM6.4 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 June 2015	31 Dec 2014
	RM'000	RM'000
As at 1 January	10,277	2,006
New disbursement	1,128	10,067
Repayment	(5,253)	(1,796)
As at 30 June/31 December	<u>6,152</u>	<u>10,277</u>
Sources of Qard fund:		
Depositors' fund	5,777	9,665
Shareholders' fund	375	612
	<u>6,152</u>	<u>10,277</u>
Uses of Qard fund:		
Personal use	330	1,156
Business purpose	5,822	9,121
	<u>6,152</u>	<u>10,277</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Malaysia	38,986,368	36,781,908	269,071	153,455
Indonesia	27,874	40,628	27,874	40,628
Singapore	2,549,099	1,633,620	2,549,099	1,633,620
Other countries	1,165,196	723,663	1,165,196	723,663
Gross financing, advances and other financing/loans	<u>42,728,537</u>	<u>39,179,819</u>	<u>4,011,240</u>	<u>2,551,366</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Malaysia	440,055	457,860	-	-
Gross impaired financing, advances and other financing/loans	<u>440,055</u>	<u>457,860</u>	<u>-</u>	<u>-</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
At 1 January	457,860	310,150	-	-
Classified as impaired during the financial period/year	252,159	769,607	-	-
Reclassified as not impaired during the financial period/year	(140,764)	(355,338)	-	-
Amount written back in respect of recoveries	(49,955)	(103,631)	-	-
Amount written off	(79,245)	(162,928)	-	-
Balance as at 30 June/31 December	<u>440,055</u>	<u>457,860</u>	<u>-</u>	<u>-</u>
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	<u>1.03%</u>	<u>1.17%</u>	<u>0.00%</u>	<u>0.00%</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
Individual impairment allowance				
At 1 January	39,713	29,801	-	-
Net allowance made during the financial period/year	12,699	19,016	-	-
Amount written off	(1,296)	(9,104)	-	-
Balance as at 30 June/31 December	<u>51,116</u>	<u>39,713</u>	<u>-</u>	<u>-</u>
Portfolio impairment allowance				
At 1 January	347,623	376,849	1,193	-
Net allowance made during the financial period/year	56,402	124,569	507	1,165
Amount written off	(77,929)	(153,823)	-	-
Exchange fluctuation	94	28	94	28
Balance as at 30 June/31 December	<u>326,190</u>	<u>347,623</u>	<u>1,794</u>	<u>1,193</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	<u>1.65%</u>	<u>1.14%</u>	<u>-</u>	<u>-</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2015 RM'000	31 Dec 2014 RM'000	30 June 2015 RM'000	31 Dec 2014 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	2,556,954	2,288,951	92,537	86,173
Demand deposit				
Wadiah	8,948,952	7,229,933	282,167	128,350
Qard	131,215	61,320	-	-
Mudharabah	741,331	738,098	-	-
Term deposit				
Commodity Murabahah	31,172,843	21,691,342	609,738	271,021
Islamic negotiable instruments				
Mudharabah	345,265	389,915	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	199,156	2,173,817	-	-
Short term money market deposit-i				
Wakalah	15,612	5,109,756	15,612	16,244
Wadiah	111,363	6,914	111,363	6,914
Fixed Deposit-i				
Wakalah	-	608,700	-	-
Wadiah	241,627	458,631	232,472	450,161
General investment account				
Mudharabah	158,875	1,336,037	-	-
Specific investment account				
Mudharabah	176,260	174,606	-	-
Others - Qard	15,779	18,887	-	-
	44,815,232	42,286,907	1,343,889	958,863
(ii) By maturity structures of term deposits				
Due within six months	27,784,467	30,412,274	787,981	743,467
Six months to less than one year	4,097,291	987,641	181,204	873
One year to less than three years	368,560	380,679	-	-
Three years to less than five years	368	436	-	-
Five years and more	170,315	168,688	-	-
	32,421,001	31,949,718	969,185	744,340
(iii) By type of customer				
Government and statutory bodies	4,287,065	3,737,245	264	-
Business enterprises	17,162,968	17,057,959	1,036,163	692,220
Individuals	9,105,335	5,662,079	272,296	261,873
Others	14,259,864	15,829,624	35,166	4,770
	44,815,232	42,286,907	1,343,889	958,863

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	202,356	149,835	-	-

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.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2015 was RM5,102,000 (31 December 2014: RM8,551,000) 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)

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	13,249,281	12,137,531	11,301,287	11,480,469
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.7%	3.7%	3.8%	4.1%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM1,901.3 million for the six months period ended 30 June 2015, RM195.1 million or 9.3% lower as compared to the pre-tax profit of RM2,096.5 million registered in the previous corresponding period.

Net interest income increased slightly by 3.4% to RM3,021.8 million while income from Islamic Banking operations increased by 3.3% to RM670.3 million. Net non-interest income increased by 36.4% to RM1,358.1 million, mainly due to higher foreign exchange gain by RM362.6 million. The increase is also contributed by the increase in net gain from derivative financial instruments by RM381.0 million. This is however offset by loss from financial assets held for trading of RM338.2 million (2H14: gain of RM62.2 million).

Overheads increased by RM454.1 million or 19.3% to RM2,812.4 million, mainly due to non-recurring expenses comprising the provision for Mutual Separation Scheme of RM302.8 million incurred in the second quarter of 2015.

Allowances made for impairment losses on loans, advances and financing increased by RM215.7 million to RM378.5 million while allowances made for other impairment losses reduced by RM9.5 million to RM3.9 million.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group's stance continues to be a cautious one, in light of the recent moderation of regional economies and softer capital markets. The Malaysia operations remain robust, but its still mindful of potentially slower domestic consumption. CIMB Singapore continues to perform well as its businesses expand. Economic conditions may give rise to some challenges at CIMB Thai.

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			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	708,599	804,077	1,498,706	1,649,457
Weighted average number of ordinary shares in issue ('000)	4,790,050	4,343,440	4,790,050	4,343,440
Basic earnings per share (expressed in sen per share)	14.79	18.51	31.29	37.98

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	600,555	650,748	1,259,087	1,317,866
Weighted average number of ordinary shares in issue ('000)	4,790,050	4,343,440	4,790,050	4,343,440
Basic earnings per share (expressed in sen per share)	12.54	14.98	26.29	30.34

b) Diluted EPS

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