

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015**

	Notes	The Group		The Bank	
		30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<b>Assets</b>					
Cash and short term funds		1,301,924	1,305,035	1,268,488	1,274,794
Reverse repurchase agreements		49,985	195,890	49,985	195,890
Deposits and placements with banks and other financial institutions		128,855	50,637	128,826	50,607
Financial assets held for trading	A6	20,707	4,655	20,707	4,655
Derivative financial instruments	A18(i)	12,349	21,887	12,349	21,887
Financial investments available-for-sale	A7	1,437	1,464	745	745
Loans, advances and financing	A8	190,819	179,181	190,819	179,181
Other assets	A9	1,289,276	1,145,355	1,283,848	1,142,718
Deferred tax assets		40,198	46,428	40,077	46,296
Amounts due from subsidiaries		-	-	3	12
Amounts due from related companies		10,842	21,939	10,842	21,939
Amounts due from ultimate holding company		-	-	-	-
Statutory deposits with Bank Negara Malaysia		23	1,721	23	1,721
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		6,716	5,835	-	-
Property, plant and equipment		84,121	107,514	84,990	108,294
Investment property		19,008	-	19,008	-
Goodwill		964	964	-	-
<b>Total assets</b>		<b>3,157,230</b>	<b>3,088,505</b>	<b>3,119,766</b>	<b>3,057,789</b>
<b>Liabilities</b>					
Deposits from customers	A10	306,471	346,561	306,471	346,561
Deposits and placements of banks and other financial institutions	A11	1,019,718	1,133,629	1,019,718	1,133,629
Derivative financial instruments	A18(i)	6,744	10,626	6,744	10,626
Other liabilities	A12	1,156,120	962,286	1,152,687	960,177
Provision for taxation and Zakat		13,225	3,822	12,487	3,790
Amounts due to related companies		18,376	19,415	18,375	19,415
Subordinated loan		5,187	5,000	-	-
<b>Total liabilities</b>		<b>2,525,885</b>	<b>2,481,339</b>	<b>2,516,526</b>	<b>2,474,198</b>
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		531,335	507,156	503,230	483,581
<b>Total equity</b>		<b>631,345</b>	<b>607,166</b>	<b>603,240</b>	<b>583,591</b>
<b>Total equity and liabilities</b>		<b>3,157,230</b>	<b>3,088,505</b>	<b>3,119,766</b>	<b>3,057,789</b>
<b>Commitments and contingencies</b>	A18(ii)	<b>1,001,721</b>	<b>746,944</b>	<b>1,001,721</b>	<b>746,944</b>
<b>Net assets per share (RM)</b>		<b>6.31</b>	<b>6.07</b>	<b>6.03</b>	<b>5.84</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.*

**CIMB INVESTMENT BANK BERHAD**  
(Company Number 18417-M)  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	Notes	The Group				The Bank			
		3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest income	A13	10,067	9,126	30,523	28,567	8,411	8,218	26,172	25,705
Interest expense	A14	(8,792)	(9,608)	(28,363)	(29,632)	(8,727)	(9,543)	(28,154)	(29,248)
Net interest income / (expense)		1,275	(482)	2,160	(1,065)	(296)	(1,325)	(1,982)	(3,543)
Income derived from investment of depositors' funds and others		-	610	2,349	1,315	-	610	2,349	1,315
Income derived from investment of shareholders' funds		8,166	9,399	38,452	23,344	8,166	9,399	38,452	23,344
Income attributable to the depositors		-	(1,224)	(3,614)	(3,252)	-	(1,224)	(3,614)	(3,252)
Income from Islamic Banking operations	A22b	8,166	8,785	37,187	21,407	8,166	8,785	37,187	21,407
Fee and commission income	A15	20,407	20,262	83,288	68,327	20,407	20,262	83,288	68,327
Dividend income	A15	-	-	202	4	-	-	202	4
Net trading income / (expense)	A15	4,345	(93)	7,969	374	4,345	(93)	7,969	374
Net gain from sale of financial investments available-for-sale	A15	-	-	-	44	-	-	-	-
Income from asset management and securities services	A15	1,496	1,353	6,228	3,496	1,496	1,353	6,228	3,496
Brokerage income	A15	29,578	39,215	101,027	123,109	28,164	38,079	97,269	119,794
Other non-interest income	A15	5,962	1,770	10,487	6,094	5,924	1,768	10,416	6,073
Non-interest income		61,788	62,507	209,201	201,448	60,336	61,369	205,372	198,068
Total income		71,229	70,810	248,548	221,790	68,206	68,829	240,577	215,932
Overheads	A16	(59,356)	(58,798)	(178,694)	(173,448)	(58,178)	(57,716)	(175,651)	(170,017)
Profit before allowances		11,873	12,012	69,854	48,342	10,028	11,113	64,926	45,915
(Allowance for) / writeback of impairment losses on loans, advances and financing	A17	(709)	(1,150)	157	(1,233)	(709)	(1,150)	157	(1,233)
Write back of impairment losses on other receivables (net)		846	2,293	1,402	124	846	2,293	1,402	112
Recoveries from investment management and securities services		-	-	-	804	-	-	-	804
		12,010	13,155	71,413	48,037	10,165	12,256	66,485	45,598
Share of profit of associates		336	250	881	858	-	-	-	-
Profit before taxation		12,346	13,405	72,294	48,895	10,165	12,256	66,485	45,598
Taxation		(7,357)	(6,975)	(26,641)	(20,581)	(6,983)	(6,750)	(25,389)	(19,493)
<b>Profit after taxation</b>		<b>4,989</b>	<b>6,430</b>	<b>45,653</b>	<b>28,314</b>	<b>3,282</b>	<b>5,506</b>	<b>41,096</b>	<b>26,105</b>
Profit for the financial period attributable to Owners of the Group/Bank		4,989	6,430	45,653	28,314	3,282	5,506	41,096	26,105
Earnings per share attributable to ordinary equity holders (sen)-Basic	B3	5.0	6.4	45.7	28.3	3.3	5.5	41.1	26.1

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

CIMB INVESTMENT BANK BERHAD  
 (Company Number 18417-M)  
 CONDENSED FINANCIAL STATEMENTS  
 UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	The Group				The Bank			
	3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit for the period	4,989	6,430	45,653	28,314	3,262	5,506	41,096	26,105
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Revaluation reserve - financial investments available-for-sale	-	-	(27)	(277)	-	-	-	-
- Loss from change in fair value	-	-	(27)	(277)	-	-	-	-
Other comprehensive income for the financial period, net of tax	4,989	6,430	45,626	28,037	3,262	5,506	41,096	26,105
Total comprehensive income attributable to: Owners of the Group/Bank	4,989	6,430	45,626	28,037	3,262	5,506	41,096	26,105

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

CIMB INVESTMENT BANK BERHAD  
(Company Number 18417-M)

CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Attributable to owners of Parent						
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group 30 September 2015	100,000	10	155,805	215	35,992	315,144	607,166
At 1 January 2015	-	-	-	-	-	45,653	45,653
Net profit for the financial period	-	-	-	(27)	-	-	(27)
Other comprehensive expense (net of tax) - financial investments available-for-sales	-	-	-	(27)	-	-	(27)
Total comprehensive income for the financial period	-	-	-	(27)	-	45,653	45,626
Share-based payment expense	-	-	-	-	9,949	-	9,949
Shares released under Equity Ownership Plan	-	-	-	-	(31,396)	-	(31,396)
At 30 September 2015	100,000	10	155,805	188	14,545	360,797	631,345

	Attributable to owners of the Parent						
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group 30 September 2014	100,000	10	155,805	492	30,070	283,051	569,428
At 1 January 2014	-	-	-	-	-	28,314	28,314
Net profit for the financial period	-	-	-	(277)	-	-	(277)
Other comprehensive expense (net of tax) - financial investments available-for-sales	-	-	-	(277)	-	-	(277)
Total comprehensive income for the financial period	-	-	-	(277)	-	28,314	28,037
Share-based payment expense	-	-	-	-	28,113	-	28,113
Shares released under Equity Ownership Plan	-	-	-	-	(23,609)	-	(23,609)
At 30 September 2014	100,000	10	155,805	215	34,574	311,365	601,969

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

**CIMB INVESTMENT BANK BERHAD**  
(Company Number 18417-M)  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	← Non-distributable →				← Distributable →			
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
The Bank 30 September 2015	100,000	10	155,805	(272,007)	35,992	271,377	292,414	583,591
At 1 January 2015	-	-	-	-	-	-	41,096	41,096
Net profit for the financial period	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	9,949	-	-	9,949
Shares released under Equity Ownership Plan	-	-	-	-	(31,396)	-	-	(31,396)
At 30 September 2015	100,000	10	155,805	(272,007)	14,545	271,377	333,510	603,240

	← Non-distributable →				← Distributable →			
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
The Bank 30 September 2014	100,000	10	155,805	(272,007)	30,070	271,377	261,808	547,063
At 1 January 2014	-	-	-	-	-	-	26,105	26,105
Net profit for the financial period	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	28,113	-	-	28,113
Share released under Equity Ownership Plan	-	-	-	-	(23,609)	-	-	(23,609)
At 30 September 2014	100,000	10	155,805	(272,007)	34,574	271,377	287,913	577,672

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

CIMB INVESTMENT BANK BERHAD  
(Company Number 18417-M)  
CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	The Group		The Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	72,294	48,895	66,485	45,598
Adjustments for non-operating and non-cash items	25,493	59,043	26,325	59,832
Cash flow from operating profit before changes in operating assets and liabilities	97,787	107,938	92,810	105,430
Net changes in operating assets	(116,253)	(555,953)	(113,567)	(556,866)
Net changes in operating liabilities	8,087	131,423	6,763	132,528
Cash used in operating activities	(10,379)	(316,592)	(13,994)	(318,908)
Taxation paid	(15,601)	(16,892)	(15,067)	(16,077)
Net cash used in operating activities	(25,980)	(333,484)	(29,061)	(334,985)
Net cash used in investing activities	(8,068)	(7,727)	(7,995)	(8,854)
Net cash generated from / (used in) financing activities	187	(9,910)	-	-
	(7,881)	(17,637)	(7,995)	(8,854)
Net decrease in cash and cash equivalents during the financial period	(33,861)	(351,121)	(37,056)	(343,839)
Cash and cash equivalents at beginning of the financial period	1,305,035	1,382,773	1,274,794	1,344,509
Cash and cash equivalents at end of the financial period	1,271,174	1,031,652	1,237,738	1,000,670
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	1,301,924	1,063,939	1,268,488	1,032,957
Adjustment for monies held in trust:				
Remisiers' balances	(30,750)	(32,287)	(30,750)	(32,287)
Cash and cash equivalents at end of the financial period	1,271,174	1,031,652	1,237,738	1,000,670

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.*

## **PART A - EXPLANATORY NOTES**

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 30 September 2015 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

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

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

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

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

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

### **A2. Changes in estimates**

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

### **A3. Dividends paid and proposed**

The Directors do not recommend the payment of any dividend for the financial period ended 30 September 2015.

### **A4. Events during the reporting period**

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.

### **A5. Significant events after balance sheet date**

There were no significant events that had occurred between 30 September 2015 and the date of this announcement.

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

**A6. Financial assets held for trading**

	The Group and the Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
<i>At fair value</i>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	13,981	87
Unquoted securities :		
<i>In Malaysia</i>		
Private debt securities	6,726	4,568
Total financial assets held for trading	<u>20,707</u>	<u>4,655</u>

**A7. Financial investments available-for-sale**

	The Group		The Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	7,768	7,795	7,076	7,076
	<u>7,768</u>	<u>7,795</u>	<u>7,076</u>	<u>7,076</u>
Allowance for impairment losses :				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	<u>(6,331)</u>	<u>(6,331)</u>	<u>(6,331)</u>	<u>(6,331)</u>
Total financial investments available-for-sale	<u>1,437</u>	<u>1,464</u>	<u>745</u>	<u>745</u>

**A8. Loans, advances and financing**

	The Group and the Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
(i) By type		
Staff loans *	193,726	181,910
Other loans	937	1,272
Gross loans, advances and financing	<u>194,663</u>	<u>183,182</u>
Less: allowance for impairment losses		
- Individual impairment allowance	(937)	(1,272)
- Portfolio impairment allowance	(2,907)	(2,729)
Total net loans, advances and financing	<u>190,819</u>	<u>179,181</u>

\* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM441,691 (2014: RM 596,774).



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

**A8. Loans, advances and financing (continued)**

	The Group and the Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
<b>(ii) By type of customers</b>		
Individuals	194,663	183,182
<b>(iii) By interest rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan	32,315	39,395
Variable rate		
- BLR plus	162,348	143,787
	<u>194,663</u>	<u>183,182</u>
<b>(iv) By economic purpose:</b>		
Personal use	2,102	1,919
Purchase of residential property (housing)	182,478	168,134
Purchase of securities	1	1
Purchase of transport vehicles	10,082	13,128
Gross loans, advances and financing	<u>194,663</u>	<u>183,182</u>
<b>(v) By geographical distribution</b>		
Malaysia	<u>194,663</u>	<u>183,182</u>
<b>(vi) By residual contractual maturity</b>		
Within one year	324	270
One year to less than three years	2,796	3,511
Three years to less than five years	5,126	6,149
Five years and more	186,417	173,252
	<u>194,663</u>	<u>183,182</u>
<b>(vii) Impaired loans, advances and financing by economic purpose</b>		
Purchase of residential property (housing)	720	1,114
Purchase of transport vehicles	217	158
Gross impaired loans, advances and financing	<u>937</u>	<u>1,272</u>
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>		
Malaysia	<u>937</u>	<u>1,272</u>
<b>(ix) Movements in the impaired loans, advances and financing are as follows:</b>		
At 1 January	1,272	883
Classified as impaired during the period / year	786	818
Amounts written back in respect of recoveries	(1,121)	(429)
At 30 September 2015 / 31 December 2014	<u>937</u>	<u>1,272</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>0.5%</u>	<u>0.7%</u>

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

**A8. Loans, advances and financing (continued)**

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

	The Group and the Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	1,272	883
Allowance made during the period / year	786	818
Amounts written back during the period / year	(1,121)	(429)
At 30 September 2015 / 31 December 2014	937	1,272
<u>Portfolio impairment allowance</u>		
At 1 January	2,729	1,996
Net allowance made during the period / year	178	733
At 30 September 2015 / 31 December 2014	2,907	2,729
Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.5%	1.5%

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>A9. Other assets</b>				
Due from brokers and clients, net of allowance for impairment loss	1,062,160	816,517	1,057,735	814,884
Collateral pledged for derivative transactions	146,903	153,003	146,903	153,003
Other debtors, deposits and prepayments, net of allowance for doubtful debts	80,213	175,835	79,210	174,831
	1,289,276	1,145,355	1,283,848	1,142,718

	The Group and the Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
<b>A10. Deposits from customers</b>		
<u>(i) By type of deposits</u>		
Structured deposits	146,101	152,200
Short term money market deposits	160,370	194,361
	306,471	346,561
<u>(ii) By type of customers</u>		
Local government and statutory bodies	54,400	54,400
Business enterprises	167,471	201,461
Individuals	80,850	86,950
Others	3,750	3,750
	306,471	346,561

	The Group and the Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
<b>A11. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	673,305	676,865
Other financial institutions	346,413	456,764
	1,019,718	1,133,629

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>A12. Other liabilities</b>				
Due to brokers and clients	1,001,707	778,561	1,001,707	778,561
Others	154,413	183,725	150,980	181,616
	1,156,120	962,286	1,152,687	960,177

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b>A13. Interest income</b>				
<b>Group</b>				
Loans, advances and financing	1,532	1,293	4,550	3,454
Money at call and deposits placements with banks and other financial institutions	7,528	5,748	21,970	19,492
Reverse repurchase agreements	587	1,713	2,962	4,687
Financial assets held for trading	158	43	305	86
Others	272	334	749	857
	10,077	9,131	30,536	28,576
Amortisation of premium less accretion of discount	(10)	(5)	(13)	(9)
	10,067	9,126	30,523	28,567
<b>Bank</b>				
Loans, advances and financing	1,532	1,293	4,550	3,454
Money at call and deposits placements with banks and other financial institutions	5,892	4,840	17,619	16,630
Reverse repurchase agreements	587	1,713	2,962	4,687
Financial assets held for trading	158	43	305	86
Others	272	334	749	857
	8,441	8,223	26,185	25,714
Amortisation of premium less accretion of discount	(10)	(5)	(13)	(9)
	8,431	8,218	26,172	25,705
<b>A14. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	6,815	4,228	23,594	22,001
Deposits from customers	1,912	5,315	4,560	7,247
Subordinated loans	65	65	209	384
	8,792	9,608	28,363	29,632
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	6,815	4,228	23,594	22,001
Deposits from customers	1,912	5,315	4,560	7,247
	8,727	9,543	28,154	29,248
<b>A15. Non interest income</b>				
<b>Group</b>				
a) <b>Fee income and commission income:</b>				
Commissions	2,274	2,049	4,148	6,134
Portfolio management fees	1,626	1,943	5,023	5,801
Advisory and arrangement fees	10,220	11,188	47,405	30,286
Underwriting commissions	-	2,853	7,638	5,585
Placement fees	2,667	577	9,558	16,201
Other fee income	3,620	1,652	9,516	4,320
	20,407	20,262	83,288	68,327
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(6,226)	(93)	(2,514)	515
- realised (loss) / gain	(956)	(157)	(644)	491
- unrealised (loss) / gain	(5,270)	64	(1,870)	24
Gain/(loss) arising from trading in derivative financial instruments	10,571	-	10,483	(141)
- realised gain/(loss)	11,268	-	11,051	(141)
- unrealised loss	(697)	-	(568)	-
	4,345	(93)	7,969	374
c) <b>Net gain from sale of financial investments available-for-sale</b>	-	-	-	44
d) <b>Dividend income from:</b>				
Financial assets held for trading	-	-	202	4
e) <b>Other income:</b>				
Foreign exchange gain	4,472	1,722	6,332	4,065
Gain/(loss) on disposal of property, plant and equipment	415	(130)	476	1,204
Other non-operating income	1,075	178	3,679	825
	5,962	1,770	10,487	6,094
f) <b>Income from asset management and securities services</b>	1,496	1,353	6,228	3,496
g) <b>Brokerage Income</b>	29,578	39,215	101,027	123,109
<b>Total non interest income</b>	<b>61,788</b>	<b>62,507</b>	<b>209,201</b>	<b>201,448</b>

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

**A15. Non interest income (Continued)**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
a) <b>Fee income and commission income:</b>				
Commissions	2,274	2,049	4,148	6,134
Portfolio management fees	1,626	1,943	5,023	5,801
Advisory and arrangement fees	10,220	11,188	47,405	30,286
Underwriting commissions	-	2,853	7,638	5,585
Placement fees	2,667	577	9,558	16,201
Other fee income	3,620	1,652	9,516	4,320
	<b>20,407</b>	<b>20,262</b>	<b>83,288</b>	<b>68,327</b>
b) <b>Net trading income</b>				
(Loss)/gain arising from trading in financial assets held for trading	(6,226)	(93)	(2,514)	515
- realised (loss) / gain	(956)	(157)	(644)	491
- unrealised (loss) / gain	(5,270)	64	(1,870)	24
Gain/(loss) arising from trading in derivative financial instruments	10,571	-	10,483	(141)
- realised gain/(loss)	11,268	-	11,051	(141)
- unrealised loss	(697)	-	(568)	-
	<b>4,345</b>	<b>(93)</b>	<b>7,969</b>	<b>374</b>
c) <b>Dividend income from:</b>				
Financial assets held for trading	-	-	202	4
d) <b>Other income:</b>				
Foreign exchange gain	4,438	1,720	6,265	4,044
Gain/(loss) on disposal of property, plant and equipment	415	(130)	476	1,204
Other non-operating income	1,071	178	3,675	825
	<b>5,924</b>	<b>1,768</b>	<b>10,416</b>	<b>6,073</b>
e) <b>Income from asset management and securities services</b>	<b>1,496</b>	<b>1,353</b>	<b>6,228</b>	<b>3,496</b>
f) <b>Brokerage Income</b>	<b>28,164</b>	<b>38,079</b>	<b>97,269</b>	<b>119,794</b>
<b>Total non interest income</b>	<b>60,336</b>	<b>61,369</b>	<b>205,372</b>	<b>198,068</b>

**A16. Overheads**

<b>Groun</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	35,260	62,391	115,459	186,884
- Pension cost (defined contribution plan)	4,238	7,605	13,247	23,465
- Management Separation Scheme	-	-	11,208	-
- Training fees	217	1,886	1,807	3,739
- Overtime, meal and transport claims	130	417	446	1,402
- Others	2,267	4,291	6,012	14,934
	<b>42,112</b>	<b>76,590</b>	<b>148,179</b>	<b>230,424</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,274	8,566	12,681	27,301
- Depreciation of investment property	129	-	386	-
- Rental	8,155	9,447	19,717	27,660
- Others	4,563	5,173	10,841	16,314
	<b>17,121</b>	<b>23,186</b>	<b>43,625</b>	<b>71,275</b>
<b>Marketing expenses</b>				
- Advertisement	1,076	962	4,569	10,586
- Entertainment expenses	1,488	3,143	5,143	7,480
- Others	488	656	1,823	1,782
	<b>3,052</b>	<b>4,761</b>	<b>11,535</b>	<b>19,848</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	987	3,201	1,680	7,102
- Communication	680	1,836	2,003	5,329
- Printing and stationery	165	791	514	2,475
- Administrative vehicle, travelling and insurance expenses	1,018	2,576	3,514	8,205
- Others	1,960	3,425	5,140	9,143
	<b>4,810</b>	<b>11,829</b>	<b>12,851</b>	<b>32,254</b>
Shared services cost	(7,739)	(57,568)	(37,496)	(180,353)
<b>Total overhead expenses</b>	<b>59,356</b>	<b>58,798</b>	<b>178,694</b>	<b>173,448</b>

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

**A16. Overheads (Continued)**

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	34,869	61,937	114,475	185,180
- Pension cost (defined contribution plan)	4,193	7,556	13,099	23,320
- Management Separation Scheme	-	-	11,208	-
- Training fees	216	1,885	1,806	3,737
- Overtime, meal and transport claims	130	417	446	1,402
- Others	2,188	4,216	5,794	14,801
	<u>41,596</u>	<u>76,011</u>	<u>146,828</u>	<u>228,440</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,234	8,530	12,568	27,192
- Depreciation of investment property	129	-	386	-
- Rental	7,724	9,078	18,760	26,741
- Others	4,591	5,145	10,807	16,186
	<u>16,678</u>	<u>22,753</u>	<u>42,521</u>	<u>70,119</u>
<b>Marketing expenses</b>				
- Advertisement	1,065	962	4,534	10,582
- Entertainment expenses	1,484	3,138	5,070	7,409
- Others	487	656	1,811	1,761
	<u>3,036</u>	<u>4,756</u>	<u>11,415</u>	<u>19,752</u>
<b>Administration and general expenses</b>				
- Legal and professional fees	799	3,191	1,324	7,074
- Communication	680	1,827	1,997	5,284
- Printing and stationery	165	791	514	2,475
- Administrative vehicle, travelling and insurance expenses	1,014	2,570	3,496	8,188
- Others	1,949	3,385	5,052	9,038
	<u>4,607</u>	<u>11,764</u>	<u>12,383</u>	<u>32,059</u>
Shared services cost	(7,739)	(57,568)	(37,496)	(180,353)
Total overhead expenses	<u>58,178</u>	<u>57,716</u>	<u>175,651</u>	<u>170,017</u>

**A17. (Allowance for) / writeback of impairment losses on loans, advances and financing**

**The Group and the Bank**

**(Allowance for) / writeback of impairment losses on loans, advances and financing**

<b>(a) Individual impairment allowance</b>				
- made during the financial period	(775)	(975)	(785)	(1,077)
- written back during the financial period	-	-	1,120	425
<b>(b) Portfolio impairment allowance</b>				
- Writeback/ (made) during the financial period	66	(175)	(178)	(581)
	<u>(709)</u>	<u>(1,150)</u>	<u>157</u>	<u>(1,233)</u>

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

**A18. Derivative financial instruments and commitment and contingencies**

**i) Derivative financial instruments**

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

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

	The Group and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
<b>At 30 September 2015</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	103,147	230	(451)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	146,100	7,370	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	322,984	-	-
Index futures			
- Less than 1 year	13,952	-	(347)
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	292,200	4,749	(5,946)
<b>Total derivative assets/(liabilities)</b>	<b>878,383</b>	<b>12,349</b>	<b>(6,744)</b>
<b>At 31 December 2014</b>			
<b>Trading derivatives</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	152,200	12,339	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	267,395	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	304,400	9,548	(10,626)
<b>Total derivative assets/(liabilities)</b>	<b>723,995</b>	<b>21,887</b>	<b>(10,626)</b>

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

**A18. Derivative financial instruments and commitment and contingencies (Continued)**

**i) Derivative financial instruments (Continued)**

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM12,349,000 (31 December 2014: RM21,887,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2014 and the Risk Management section of the 2014 in Annual Report of CIMB Group Holdings Berhad.

**ii) Commitment and contingencies**

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

These commitments and contingencies are not secured over the Group and the Bank.

The notional or principal amount of the commitments and contingencies constitute the following :

	The Group and the Bank	
	30 September 2015	31 December 2014
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	99,996	-
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	23,342	22,949
Total credit-related commitments and contingencies	123,338	22,949
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	103,147	-
Interest rate related contracts		
- Five years and above	146,100	152,200
Equity related contracts		
- Less than one year	13,952	-
- One year to less than 5 years	322,984	267,395
Credit related contracts		
- Five years and above	292,200	304,400
Total treasury-related commitments and contingencies	878,383	723,995
	1,001,721	746,944

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

**A19. Capital Adequacy**

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

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

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

	The Group		The Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Common Equity Tier 1 Ratio	28.730%	28.765%	31.096%	29.452%
Tier 1 ratio	28.730%	28.765%	31.096%	29.452%
Total capital ratio	28.730%	28.765%	31.096%	29.452%

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

	The Group		The Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Credit risk	1,190,855	1,164,171	967,655	1,049,461
Market risk	193,081	52,221	192,721	51,509
Operational risk	626,994	697,657	611,464	684,202
Total risk-weighted assets	2,010,930	1,914,049	1,771,840	1,785,172

c) Components of Common Equity Tier I and Tier II capitals are as follows :

	The Group		The Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<b>Common Equity Tier I capital</b>				
Ordinary shares	100,000	100,000	100,000	100,000
Other reserves	526,346	507,156	499,968	483,581
Common Equity Tier I capital before regulatory adjustments	626,346	607,156	599,968	583,581
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(40,198)	(46,428)	(40,077)	(46,296)
Deduction in excess of Tier 1 & 2 capital	(4,074)	(7,603)	(5,030)	(9,559) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(3,261)	(1,460)	(3,898)	(1,949)
Others	(103)	(118)	-	-
Common equity tier I capital after regulatory adjustments	577,746	550,583	550,963	525,777
<b>Additional Tier I capital</b>				
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(106)	-	(106)	-
Total additional Tier I Capital after regulatory adjustments	-	-	-	-
Total Tier I Capital	577,746	550,583	550,963	525,777
<b>Tier II capital</b>				
Redeemable Preference Shares	7	8	7	8
Portfolio impairment allowance and regulatory reserves	2,907	2,729	2,907	2,729
Tier II capital before regulatory adjustments	2,914	2,737	2,914	2,737
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(6,882)	(10,340)	(7,838)	(12,296)
Total Tier II capital	-	-	-	-
Total capital base	577,746	550,583	550,963	525,777

N1 The excess of Tier II capital was deducted under Tier I capital

N2 The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM(2,907,000 (2014 : RM(2,729,000) for the Group and the Bank.



## PART A - EXPLANATORY NOTES (CONTINUED)

### A20. Segment reporting

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

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

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

#### Definition of segments

For management purposes, the Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt related, Equity related, Investments and securities services and Support and others. The business lines are the basis on which the Group reports its primary segment information.

*Financial advisory, underwriting and other fees* mainly comprise fees derived from structured financial solutions, origination of capital market products, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

*Debt/financing related* mainly comprises proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It also invests in proprietary capital.

*Equity related* mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

*Investments and securities services* mainly comprise annuity income derived from fund management, agency, unit trust and securities services.

*Support and others* mainly comprise all middle and back-office processes and other related services which are non-core operations.

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
30 September 2015						
Net interest (expense)/income	-	(2,390)	-	-	4,550	2,160
Non interest income	63,315	9,404	98,328	34,807	3,347	209,201
Income from Islamic Banking operations	10,679	19,590	3,706	3,071	141	37,187
	73,994	26,604	102,034	37,878	8,038	248,548
Overheads	(51,176)	(10,718)	(66,931)	(45,503)	(4,366)	(178,694)
of which :						
Depreciation of property, plant and equipment	(2,445)	(194)	(4,869)	(5,559)	-	(13,067)
(Loss)/profit before allowances	22,818	15,886	35,103	(7,625)	3,672	69,854
Allowance for impairment losses on loans, advances and financing	-	-	-	-	157	157
(Allowance for)/ write back of impairment losses on other receivables	(481)	259	1,511	136	(23)	1,402
Segment results	22,337	16,145	36,614	(7,489)	3,806	71,413
Share of results of associates						881
Profit before taxation						72,294
Taxation						(26,641)
Net profit for the financial period						45,653
30 September 2015						
Segment assets	18,300	1,585,632	1,201,381	61,713	237,186	3,104,212
Unallocated assets						53,018
Total assets						3,157,230
Segment liabilities	11,686	1,334,430	1,073,725	13,582	60,814	2,494,237
Unallocated liabilities						31,648
Total liabilities						2,525,885
Other segment items						
Incurred capital expenditure:						
- addition of property, plant and equipment	1,822	145	3,568	4,239	-	9,774
Amortisation of premium less accretion of discount	-	(13)	-	-	-	(13)

**EXPLANATORY NOTES (Continued)**

**A20. Segment reporting (Continued)**

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

	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
The Group 30 September 2014						
Net interest (expense)/income	-	(4,519)	-	-	3,454	(1,065)
Non interest income	37,761	4,746	130,275	27,724	942	201,448
Income from Islamic Banking operations	2,766	13,028	5,474	47	92	21,407
	40,527	13,255	135,749	27,771	4,488	221,790
Overheads	(41,195)	(12,901)	(97,209)	(22,143)	-	(173,448)
<i>of which:</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(5,542)</i>	<i>(3,207)</i>	<i>(15,776)</i>	<i>(2,776)</i>	-	<i>(27,301)</i>
Profit before allowances	(668)	354	38,540	5,628	4,488	48,342
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(1,233)	(1,233)
Write back of/ (allowance for) impairment losses on other receivables	(1,354)	(235)	(4,309)	318	5,704	124
Allowance for other impairment losses	-	-	-	-	-	-
Recoveries from investment management and securities services	-	-	-	804	-	804
Segment results	(2,022)	119	34,231	6,750	8,959	48,037
Share of results of associates						858
Profit before taxation						48,895
Taxation						(20,581)
Net profit for the financial period						<u>28,314</u>
 31 December 2014						
Segment assets	23,507	1,675,573	956,660	50,270	312,154	3,018,164
Unallocated assets						70,341
Total assets						<u>3,088,505</u>
Segment liabilities	786	1,498,311	849,606	3,050	106,345	2,458,098
Unallocated liabilities						23,241
Total liabilities						<u>2,481,339</u>
<b>Other segment items</b>						
Incurring capital expenditure: - addition of property, plant and equipment	2,517	1,457	7,117	1,261	-	12,352
Amortisation of premium less accretion of discount	-	(9)	-	-	-	(9)

## PART A - EXPLANATORY NOTES (CONTINUED)

### A21. FAIR VALUE ESTIMATION

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

#### Determination of fair value and fair value hierarchy

##### Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

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

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A21. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2015 and 31 December 2014

The Group	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 September 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	13,981	13,981	-	-	13,981
- Unquoted securities	6,726	-	6,726	-	6,726
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	12,349	-	12,349	-	12,349
<b>Total</b>	<b>34,493</b>	<b>13,981</b>	<b>19,075</b>	<b>1,437</b>	<b>34,493</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	6,744	-	6,744	-	6,744
<b>Total</b>	<b>6,744</b>	<b>-</b>	<b>6,744</b>	<b>-</b>	<b>6,744</b>

The Bank	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>30 September 2015</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	13,981	13,981	-	-	13,981
- Unquoted securities	6,726	-	6,726	-	6,726
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	12,349	-	12,349	-	12,349
<b>Total</b>	<b>33,801</b>	<b>13,981</b>	<b>19,075</b>	<b>745</b>	<b>33,801</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	6,744	-	6,744	-	6,744
<b>Total</b>	<b>6,744</b>	<b>-</b>	<b>6,744</b>	<b>-</b>	<b>6,744</b>

The Group	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2014</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	87	87	-	-	87
- Unquoted securities	4,568	-	4,568	-	4,568
Financial investments available-for-sale					
- Unquoted securities	1,464	-	-	1,464	1,464
Derivative financial instruments					
- Trading derivatives	21,887	-	21,887	-	21,887
<b>Total</b>	<b>28,006</b>	<b>87</b>	<b>26,455</b>	<b>1,464</b>	<b>28,006</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,626	-	10,626	-	10,626
<b>Total</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>

The Bank	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
<b>31 December 2014</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Quoted securities	87	87	-	-	87
- Unquoted securities	4,568	-	4,568	-	4,568
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	21,887	-	21,887	-	21,887
<b>Total</b>	<b>27,287</b>	<b>87</b>	<b>26,455</b>	<b>745</b>	<b>27,287</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	10,626	-	10,626	-	10,626
<b>Total</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>	<b>-</b>	<b>10,626</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A21. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 30 September 2015 and 31 December 2014 for the Group and the Bank.

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
<b>The Group</b>		
<b>30 September 2015</b>		
At 1 January	1,464	1,464
Total loss recognised in other comprehensive income	(27)	(27)
At 30 September 2015	<u>1,437</u>	<u>1,437</u>
Total loss recognised in other comprehensive income relating to assets held on 30 September	<u>(27)</u>	<u>(27)</u>

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
<b>The Bank</b>		
<b>30 September 2015</b>		
At 1 January / 30 September 2015	<u>745</u>	<u>745</u>

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
<b>The Group</b>		
<b>31 December 2014</b>		
At 1 January	2,824	2,824
Total gain recognised in statement of income	44	44
Total loss recognised in other comprehensive income	(277)	(277)
Redemption of securities	(1,127)	(1,127)
At 31 December	<u>1,464</u>	<u>1,464</u>
Total gain recognised in statement of income relating to assets held on 31 December 2014	<u>44</u>	<u>44</u>
Total loss recognised in other comprehensive income relating to assets held on 31 December 2014	<u>(277)</u>	<u>(277)</u>

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

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

**A22. The operations of Islamic Banking**

**A22a. Unaudited Statements of Financial Position as at 30 September 2015**

	Notes	The Group and the Bank	
		31 December	
		30 September 2015	2014
		RM'000	RM'000
<b>Assets</b>			
Cash and short-term funds		443,885	470,664
Deposit and placements with banks and other financial institutions		-	50,605
Islamic derivative financial instruments		12,119	21,887
Other assets		153,168	158,638
Tax recoverable		-	2,740
Deferred tax assets		234	15
Property, plant and equipment		356	434
Amount due from related companies		1,986	1,321
<b>Total assets</b>		<b>611,748</b>	<b>706,304</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Deposits from customers	A22c	146,100	152,200
Deposits and placements of banks and other financial institutions		-	85,674
Islamic derivative financial instruments		5,946	10,626
Provision for taxation and Zakat		1,979	7
Other liabilities		15,739	35,740
Amount due to related companies		279	271
<b>Total liabilities</b>		<b>170,043</b>	<b>284,518</b>
Islamic Banking capital funds		55,250	55,250
Reserves		386,455	366,536
<b>Total Islamic Banking capital funds</b>		<b>441,705</b>	<b>421,786</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>611,748</b>	<b>706,304</b>

**A22b. Unaudited Statements of Income for the financial period ended 30 September 2015**

	The Group and the Bank			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September 2015	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	610	2,349	1,315
Income derived from investment of shareholders' funds	8,166	9,399	38,452	23,344
Allowance for impairment losses on other receivables	(18)	(50)	(42)	(43)
<b>Total attributable income</b>	<b>8,148</b>	<b>9,959</b>	<b>40,759</b>	<b>24,616</b>
Income attributable to the depositors	-	(1,224)	(3,614)	(3,252)
<b>Total net income</b>	<b>8,148</b>	<b>8,735</b>	<b>37,145</b>	<b>21,364</b>
Personnel expenses	(243)	(119)	(549)	(416)
Other overheads and expenditures	(5,159)	(4,002)	(9,841)	(9,505)
<b>Profit before taxation</b>	<b>2,746</b>	<b>4,614</b>	<b>26,755</b>	<b>11,443</b>
Taxation	(699)	(1,149)	(6,836)	(3,062)
<b>Profit after taxation/total comprehensive income for the period</b>	<b>2,047</b>	<b>3,465</b>	<b>19,919</b>	<b>8,381</b>
<b>Income from Islamic operations (per page 2)</b>				
<b>Total net income</b>	<b>8,148</b>	<b>8,735</b>	<b>37,145</b>	<b>21,364</b>
Less : Writeback / (allowance for) impairment losses on other receivables	18	50	42	43
	<b>8,166</b>	<b>8,785</b>	<b>37,187</b>	<b>21,407</b>

**A22c. Deposits from customers**

	The Group and the Bank	
	31 December	
	30 September 2015	2014
	RM'000	RM'000
<b>(i) By type of deposits</b>		
Term deposits		
Specific investment account		
Mudharabah	146,100	152,200
<b>(ii) Maturity structure of term deposits :</b>		
More than five years	146,100	152,200
<b>(iii) By type of customers</b>		
Government and statutory bodies	54,400	54,400
Business enterprises	7,100	7,100
Individuals	80,850	86,950
Others	3,750	3,750
	<b>146,100</b>	<b>152,200</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A22d. Capital Adequacy

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

	The Group and the Bank	
	30 September 2015	31 December 2014
Common Equity Tier 1 Ratio	158.580%	112.821%
Tier 1 ratio	158.580%	112.821%
Total capital ratio	158.580%	112.821%

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

	The Group and the Bank	
	30 September 2015	31 December 2014
	RM'000	RM'000
Credit risk	181,646	213,688
Market risk	13,251	14,616
Operational risk	82,203	145,538
Total risk-weighted assets	<u>277,100</u>	<u>373,842</u>

c) Components of Common Equity Tier I and Tier II capitals are as follows :

	The Group and the Bank	
	30 September 2015	31 December 2014
	RM'000	RM'000
<b>Common Equity Tier I capital</b>		
Ordinary shares	55,250	55,250
Other reserves	384,408	366,536
Common Equity Tier I capital / Total Tier I Capital	439,658	421,786
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(234)	(15)
Common equity tier I capital after regulatory adjustments / total Tier I capital	<u>439,424</u>	<u>421,771</u>
Total capital base	<u>439,424</u>	<u>421,771</u>

## PART B

### B1. Group Performance Review

The Group achieved a profit after tax of RM45.7 million for the period ended 30 September 2015, 61.2% higher than the same period in 2014. This was mainly due to the increase in total income to RM248.5million for the period ended 30 September 2015 as compared to RM221.8 million for the same period in 2014. There was an increase in fee and commission income to RM83.3 million for the period ended 30 September 2015 as compared to RM68.3 million for the same period in 2014. In addition, Income from Islamic Banking Operations increased by RM15.8m, 73.7% higher than the same period in 2014. However, this was partly offset by decrease in brokerage income to RM101.0 million, 17.9% lower than the same period in 2014.

Overhead expenses stood at RM178.7 million for the period ended 30 September 2015, 3.0% higher than the same period in 2014.

### B2. Prospects for the Current Financial Year

The outlook for capital markets continues to be challenging given the market cautiousness, while market volatility is expected to stay elevated amid global uncertainty. Deal opportunities remain dependent on the market conditions and investors sentiments.

## PART B (CONTINUED)

### B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

#### a) Basic EPS

Basic earnings per share of the Group and the Bank are calculated by dividing the net profit attributable to owners of the Group and the Bank by the weighted average number of ordinary shares issue during the financial period.

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30	30	30	30
	September	September	September	September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	4,989	6,430	45,653	28,314
Weighted average number of ordinary shares in issue ( '000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	5.0	6.4	45.7	28.3

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30	30	30	30
	September	September	September	September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	3,262	5,506	41,096	26,105
Weighted average number of ordinary shares in issue ( '000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	3.3	5.5	41.1	26.1

#### b) Diluted EPS

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