

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	Group		Bank	
		30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Assets					
Cash and short term funds		30,044,521	20,188,831	18,412,934	14,159,386
Reverse repurchase agreements		8,828,719	9,558,281	7,630,117	8,404,346
Deposits and placements with banks and other financial institutions		1,903,598	1,440,564	5,719,064	4,694,012
Financial assets held for trading	A6	22,483,771	18,435,955	20,268,427	14,951,772
Derivative financial instruments	A21(i)	9,981,457	11,463,962	7,855,018	8,808,615
Financial investments available-for-sale	A7	26,963,165	28,010,649	21,848,980	22,834,039
Financial investments held-to-maturity	A8	26,666,066	23,707,698	21,272,064	19,389,224
Loans, advances and financing	A9	242,594,965	235,437,884	173,830,465	170,669,912
Other assets	A10	12,571,494	10,857,585	11,672,628	9,846,589
Tax recoverable		8,708	9,612	-	-
Deferred taxation		269,659	289,940	114,016	141,458
Statutory deposits with central banks		7,388,842	7,699,798	5,771,111	6,139,925
Amounts due from holding company and ultimate holding company		292	2,803	292	2,803
Amount due from subsidiaries		-	-	17,442	40,622
Amount due from related companies		1,261,152	1,272,717	1,257,860	1,269,970
Investment in subsidiaries		-	-	4,666,654	4,674,129
Investment in joint venture		164,295	162,775	125,000	125,000
Investment in associates		866,906	798,095	305,584	305,584
Goodwill		5,119,792	5,114,235	3,555,075	3,555,075
Intangible assets		1,002,941	1,061,134	890,597	942,964
Prepaid lease payments		417	689	-	-
Property, plant and equipment		730,826	787,671	406,529	443,981
Investment properties		1,120	1,120	-	-
		<u>398,852,706</u>	<u>376,301,998</u>	<u>305,619,857</u>	<u>291,399,406</u>
Non-current assets/disposal groups held for sale		4,575	4,575	375	375
Total Assets		<u>398,857,281</u>	<u>376,306,573</u>	<u>305,620,232</u>	<u>291,399,781</u>
Liabilities					
Deposits from customers	A11	282,713,433	263,302,264	208,687,346	198,273,648
Investment accounts of customers	A12	256,514	232,716	-	-
Deposits and placements of banks and other financial institutions	A13	24,168,918	22,062,752	22,769,506	20,176,311
Repurchase agreements		6,606,004	7,905,919	5,566,950	7,889,260
Financial liabilities designated at fair value	A14	4,280,770	4,952,771	1,992,394	2,848,922
Derivative financial instruments	A21(i)	10,686,219	11,880,534	8,619,466	9,097,934
Bills and acceptances payable		1,796,488	1,024,296	965,221	686,487
Amount due to subsidiaries		-	-	285,738	34,647
Amount due to related companies		12,224	24,652	8,869	15,561
Other liabilities	A15	7,908,388	6,862,848	7,057,597	5,587,706
Recourse obligation on loans and financing sold to Cagamas		4,165,893	1,817,816	2,811,126	1,315,448
Provision for taxation and Zakat		350,381	147,739	245,246	104,203
Deferred taxation		2,676	2,490	-	-
Bonds, Sukuk and debentures		7,316,100	9,868,655	5,491,630	6,576,072
Other borrowings		3,523,999	2,752,792	3,523,999	2,752,792
Subordinated obligations		11,840,612	11,169,604	10,293,884	9,117,067
Total Liabilities		<u>365,628,619</u>	<u>344,007,848</u>	<u>278,318,972</u>	<u>264,476,058</u>
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		5,148,084	5,148,084	5,148,084	5,148,084
Reserves		27,447,324	26,518,218	21,923,436	21,545,899
		<u>32,595,408</u>	<u>31,666,302</u>	<u>27,071,520</u>	<u>26,693,983</u>
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		403,514	402,683	-	-
Total Equity		<u>33,228,662</u>	<u>32,298,725</u>	<u>27,301,260</u>	<u>26,923,723</u>
Total Equity and Liabilities		<u>398,857,281</u>	<u>376,306,573</u>	<u>305,620,232</u>	<u>291,399,781</u>
Commitments and contingencies	A21(ii)	912,381,823	865,417,801	646,504,710	616,440,947
Net assets per ordinary share attributable to owners of the Parent (RM)		6.33	6.15	5.26	5.19

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 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

GROUP	Note	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
		30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Interest income	A16	3,079,505	3,015,582	9,172,601	8,646,628
Interest expense	A17	(1,512,663)	(1,410,765)	(4,501,106)	(4,019,964)
Net interest income		1,566,842	1,604,817	4,671,495	4,626,664
Income from Islamic Banking operations	A25(b)	362,581	345,650	1,085,961	1,015,983
Net non-interest income	A18	643,692	611,294	1,811,728	1,969,373
Net income		2,573,115	2,561,761	7,569,184	7,612,020
Overheads	A19	(1,322,550)	(1,274,318)	(3,811,594)	(4,084,295)
Profit before allowances		1,250,565	1,287,443	3,757,590	3,527,725
Allowances for impairment losses on loans, advances and financing	A20	(286,059)	(201,938)	(645,476)	(582,909)
Allowances for losses on other receivables made		(4,240)	(1,973)	(11,572)	(2,190)
Allowances for other impairment losses written-back/(made)		46,321	1,026	734	(2,905)
Profit after allowances		1,006,587	1,084,558	3,101,276	2,939,721
Share of results of joint venture		(659)	1,381	1,519	3,021
Share of results of associates		14,814	32,181	92,533	76,727
Profit before taxation		1,020,742	1,118,120	3,195,328	3,019,469
Taxation		(234,389)	(223,838)	(721,112)	(622,527)
Profit for the financial period		786,353	894,282	2,474,216	2,396,942
Profit for the financial period attributable to:					
Owners of the Parent		785,963	888,181	2,470,859	2,386,887
Non-controlling interests		390	6,101	3,357	10,055
		786,353	894,282	2,474,216	2,396,942
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	15.27	18.40	48.00	49.46

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

GROUP	Individual Quarter		Cumulative Quarters	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	786,353	894,282	2,474,216	2,396,942
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	172,704	(557,481)	281,758	(412,709)
- Net gain/(loss) from change in fair value	291,879	(563,558)	457,633	(311,920)
- Realised gain transferred to statement of income on disposal and impairment	(104,682)	(37,773)	(182,904)	(110,035)
- Income tax effects	(6,249)	38,677	1,702	847
- Currency translation difference	(8,244)	5,173	5,327	8,399
Net investment hedge	(86,735)	(771,135)	59,277	(1,122,764)
Cash flow hedge	(75)	(10,060)	23,197	(17,240)
- Net (loss)/gain from change in fair value	(72)	(14,540)	32,205	(23,787)
- Income tax effects	(3)	4,480	(9,008)	6,547
Exchange fluctuation reserve	348,672	1,118,566	(115,241)	1,658,350
Share of other comprehensive expense of associate	-	4,129	-	3,534
	434,566	(215,981)	248,991	109,171
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(897)	(945)	(87)	(1,490)
- Currency translation difference	(897)	(945)	(87)	(1,490)
Other comprehensive income/(expense) for the period, net of tax	433,669	(216,926)	248,904	107,681
Total comprehensive income for the financial period	1,220,022	677,356	2,723,120	2,504,623
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,211,834	657,302	2,720,955	2,472,382
Non-controlling interests	8,188	20,054	2,165	32,241
	1,220,022	677,356	2,723,120	2,504,623

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 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Note	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
		30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
<u>BANK</u>					
Interest income	A16	2,675,573	2,604,295	7,948,571	7,450,422
Interest expense	A17	(1,395,190)	(1,256,027)	(4,125,438)	(3,546,577)
Net interest income		1,280,383	1,348,268	3,823,133	3,903,845
Income from Islamic Banking operations	A25(b)	22,072	21,689	71,718	59,597
Net non-interest income	A18	551,142	504,692	1,529,772	1,705,849
Net income		1,853,597	1,874,649	5,424,623	5,669,291
Overheads	A19	(964,534)	(923,677)	(2,757,651)	(3,035,499)
Profit before allowances		889,063	950,972	2,666,972	2,633,792
Allowances for impairment losses on loans, advances and financing	A20	(143,456)	(107,730)	(238,080)	(220,898)
Allowances for losses on other receivables made		(2,426)	(1,924)	(9,712)	(2,044)
Allowances for other impairment losses written-back/(made)		49,993	1,037	4,406	(2,865)
Profit before taxation		793,174	842,355	2,423,586	2,407,985
Taxation		(168,801)	(173,587)	(543,061)	(480,130)
Profit for the financial period		624,373	668,768	1,880,525	1,927,855
Earnings per share - basic (sen)	B3	12.13	13.86	36.53	39.95

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 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarters	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	624,373	668,768	1,880,525	1,927,855
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	167,870	(496,290)	288,347	(338,661)
- Net gain/(loss) from change in fair value	278,569	(509,046)	402,198	(287,013)
- Realised gain transferred to statement of income on disposal and impairment	(97,725)	(13,632)	(120,427)	(44,595)
- Income tax effects	(6,190)	27,674	253	(5,517)
- Currency translation difference	(6,784)	(1,286)	6,323	(1,536)
Net investment hedge	(69,590)	(676,416)	88,116	(1,028,045)
Cash flow hedge	(75)	(10,060)	23,197	(17,240)
- Net (loss)/gain from change in fair value	(72)	(14,540)	32,205	(23,787)
- Income tax effects	(3)	4,480	(9,008)	6,547
Exchange fluctuation reserve	142,708	533,104	(110,115)	766,494
Other comprehensive income/(expense) for the period, net of tax	240,913	(649,662)	289,545	(617,452)
Total comprehensive income for the financial period	865,286	19,106	2,170,070	1,310,403

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

The Group	Attributable to owners of the Parent																
	Share capital	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	Perpetual preference shares	Non-controlling interests	Total Equity
	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 2016	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	1,019,502	58,280	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	2,470,859	2,470,859	-	3,357	2,474,216
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(116,191)	283,695	-	-	82,474	-	205	(87)	-	250,096	-	(1,192)	248,904
- financial investments available-for-sale	-	-	-	-	-	283,695	-	-	-	-	-	-	-	283,695	-	(1,937)	281,758
- net investment hedge	-	-	-	-	-	-	-	-	59,277	-	-	-	-	59,277	-	-	59,277
- cash flow hedge	-	-	-	-	-	-	-	-	23,197	-	-	-	-	23,197	-	-	23,197
- currency translation difference	-	-	-	-	(116,191)	-	-	-	-	-	205	-	(115,986)	-	-	745	(115,241)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(87)	-	(87)	-	-	(87)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(116,191)	283,695	-	-	82,474	-	205	(87)	2,470,859	2,720,955	-	2,165	2,723,120
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	156,788	-	-	-	(156,788)	-	-	-	-
Transfer to statutory reserve	-	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	34,534	-	-	34,534	-	-	34,534
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)
First interim dividend for the financial year ending 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	(814,879)	(814,879)	-	-	(814,879)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,334)	(1,334)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(44,951)	-	-	(44,951)	-	-	(44,951)
At 30 September 2016	5,148,084	29,740	10,363,629	6,696,525	1,825,211	330,608	(1,085,928)	735,457	(1,247,641)	1,176,290	48,068	(22,093)	8,627,198	32,625,148	200,000	403,514	33,228,662
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	-	-	-	-	-	-	-	-	-	-	-	-	2,386,887	2,386,887	-	10,055	2,396,942
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	1,632,720	(408,771)	-	-	(1,140,004)	-	3,040	(1,490)	-	85,495	-	22,186	107,681
- financial investments available-for-sale	-	-	-	-	-	(412,305)	-	-	-	-	-	-	-	(412,305)	-	(404)	(412,709)
- net investment hedge	-	-	-	-	-	-	-	-	(1,122,764)	-	-	-	-	(1,122,764)	-	-	(1,122,764)
- cash flow hedge	-	-	-	-	-	-	-	-	(17,240)	-	-	-	-	(17,240)	-	-	(17,240)
- currency translation difference	-	-	-	-	1,632,720	-	-	-	-	-	3,040	-	-	1,635,760	-	22,590	1,658,350
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(1,490)	-	(1,490)	-	-	(1,490)
- share of other comprehensive income of associate	-	-	-	-	-	3,534	-	-	-	-	-	-	-	3,534	-	-	3,534
Total comprehensive income/(expenses) for the financial period	-	-	-	-	1,632,720	(408,771)	-	-	(1,140,004)	-	3,040	(1,490)	2,386,887	2,472,382	-	32,241	2,504,623
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	255,016	-	-	-	(255,016)	-	-	-	-
Transfer to statutory reserve	-	-	-	47,393	-	-	-	-	-	-	-	-	(47,393)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	47,183	-	-	47,183	-	-	47,183
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	-	(753,000)	(753,000)	-	-	(753,000)
First interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(818,000)	(818,000)	-	-	(818,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,067)	(1,067)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(37,686)	-	-	(37,686)	-	-	(37,686)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647	-	-	545,647
At 30 September 2015	4,896,591	29,740	9,335,024	5,886,487	2,174,513	(133,010)	(1,085,928)	735,457	(1,456,386)	848,811	70,079	(12,038)	8,181,798	29,471,138	200,000	382,869	30,054,007

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 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

The Bank	← 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	
At 1 January 2016	5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	958,545	55,148	4,594,225	200,000	26,923,723
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,880,525	-	1,880,525
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(110,236)	288,347	-	-	111,313	-	121	-	-	289,545
- financial investments available-for-sale	-	-	-	-	-	288,347	-	-	-	-	-	-	-	288,347
- net investment hedge	-	-	-	-	-	-	-	88,116	-	-	-	-	-	88,116
- cash flow hedge	-	-	-	-	-	-	-	23,197	-	-	-	-	-	23,197
- currency translation difference	-	-	-	-	(110,236)	-	-	-	-	-	121	-	-	(110,115)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(110,236)	288,347	-	-	111,313	-	121	1,880,525	-	2,170,070
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	53,726	-	(53,726)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,333	-	-	31,333
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
First interim dividend for the financial year ending 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(814,879)	-	(814,879)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(42,434)	-	-	(42,434)
At 30 September 2016	5,148,084	29,740	10,363,629	5,806,237	792,980	345,368	(1,047,872)	746,852	(779,789)	1,012,271	44,168	4,639,592	200,000	27,301,260
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	-	-	-	-	-	-	-	-	-	-	-	1,927,855	-	1,927,855
Other comprehensive income/(expenses) (net of tax)	-	-	-	-	763,752	(338,661)	-	-	(1,045,285)	-	2,742	-	-	(617,452)
- financial investments available-for-sale	-	-	-	-	-	(338,661)	-	-	-	-	-	-	-	(338,661)
- net investment hedge	-	-	-	-	-	-	-	(1,028,045)	-	-	-	-	-	(1,028,045)
- cash flow hedge	-	-	-	-	-	-	-	(17,240)	-	-	-	-	-	(17,240)
- currency translation difference	-	-	-	-	763,752	-	-	-	-	-	2,742	-	-	766,494
Total comprehensive income/(expenses) for the financial period	-	-	-	-	763,752	(338,661)	-	-	(1,045,285)	-	2,742	1,927,855	-	1,310,403
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	226,478	-	(226,478)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	45,135	-	-	45,135
Second interim dividends for the financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	-	(753,000)	-	(753,000)
First interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(818,000)	-	(818,000)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(36,161)	-	-	(36,161)
Issue of shares from rights issue	109,568	-	436,079	-	-	-	-	-	-	-	-	-	-	545,647
At 30 September 2015	4,896,591	29,740	9,335,024	5,119,366	1,009,069	(118,220)	(1,047,872)	746,852	(1,273,138)	820,273	67,342	4,599,738	200,000	24,384,765

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 2015.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Group		Bank	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Profit before taxation	3,195,328	3,019,469	2,423,586	2,407,985
Adjustments for non-operating and non-cash items	786,348	(753,983)	145,853	(996,259)
Operating profit before changes in working capital	3,981,676	2,265,486	2,569,439	1,411,726
Net changes in operating assets	(12,638,630)	(36,288,736)	(9,932,447)	(30,393,456)
Net changes in operating liabilities	20,628,764	34,539,013	11,441,147	28,108,343
	7,990,134	(1,749,723)	1,508,700	(2,285,113)
Cash flows generated from/(used in) operations	11,971,810	515,763	4,078,139	(873,387)
Taxation paid	(481,871)	(485,207)	(375,339)	(379,066)
Net cash flows generated from/(used in) operating activities	11,489,939	30,556	3,702,800	(1,252,453)
Net cash flows (used in)/generated from investing activities	(223,406)	(9,239,711)	694,185	(6,984,682)
Net cash flows (used in)/generated from financing activities	(973,579)	851,759	196,323	(47,505)
Net increase/(decrease) in cash and cash equivalents	10,292,954	(8,357,396)	4,593,308	(8,284,640)
Effects of exchange rate changes	(437,264)	3,165,629	(339,760)	2,350,436
Cash and cash equivalents at the beginning of financial period	20,188,831	25,456,055	14,159,386	21,435,099
Cash and cash equivalents at end of financial period	30,044,521	20,264,288	18,412,934	15,500,895

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 2015.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 September 2016 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.

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 2015. 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 2015.

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 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2016:

- Amendment to MFRS 11, “Joint Arrangements”
- Amendments to MFRS 10, 12 & 128 “Investment entities – Applying the consolidation exception”
- Amendment to MFRS 101, “Presentation of Financial Statements”
- Amendment to MFRS 116, “Property, Plant and Equipment” and MFRS 138, “Intangible Assets”
- Amendment to MFRS 127, “Separate Financial Statements”

Annual improvement to MFRSs 2012 - 2014 Cycle

- Amendment to MFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”
- Amendment to MFRS 7, “Financial Instruments: Disclosure – Servicing contracts”
- Amendment to MFRS 7, “Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements”
- Amendment to MFRS 119, “Employee Benefits”
- Amendments to MFRS 134, “Interim Financial Reporting”

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) The Bank has redeemed its HKD430 million, HKD350 million and USD20 million senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011 in January, March and April 2016 respectively.

b) CIMB Islamic Bank has redeemed its RM250 million Basel II Tier-2 Junior Sukuk on 21 April 2016.

c) On 12 May 2016, the Bank has redeemed its EUR30 million senior floating rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

d) On 18 May 2016, CIMB Bank Berhad issued CNY130 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 18 May 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.2% per annum payable annually.

e) On 25 May 2016, CIMB Bank Berhad issued a nominal value RM1.0 billion perpetual subordinated capital securities ("Additional Tier 1 Securities"). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.80% p.a. The Additional Tier 1 Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

f) On 11 July 2016, CIMB Thai Bank issued RM570 million 10-years non callable 5 years Basel III compliant Tier 2 subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months. The RM570 million Notes will mature on 10 July 2026. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai Bank has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB 5,016,199,500) as Tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

g) On 14 July 2016, CIMB Thai Bank exercised its option to early redeem all unsecured subordinated notes amounting to Baht 3,000 million, maturing on 14 July 2021, which CIMB Thai Bank was able to early redeem (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 23/2559 The approval of redemption of subordinated notes.

h) On 20 July 2016, CIMB Bank Berhad issued CNY130 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 20 July 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.95% per annum payable annually.

i) On 8 August 2016, CIMB Bank Berhad redeemed its RM1,350 million Basel II-compliant Tier 2 Subordinated Debt.

j) On 8 August 2016, CIMB Bank Berhad issued RM1,350 million 10-years non-callable 5-years Tier 2 subordinated debt ("Sub Debt") bearing a fixed rate coupon of 4.77% per annum. The Sub Debt will qualify as Tier 2 capital of the Bank. The Sub Debt was issued from CIMB Bank Berhad's existing RM10.0 billion Basel III-compliant Tier 2 subordinated debt programme. The proceeds from the issuance were used for CIMB Bank Berhad's working capital requirements, general banking and other corporate purposes and the refinancing of its existing subordinated debt.

k) On 12 August 2016, Ziya Capital Bhd ("Ziya"), a special purpose vehicle consolidated by CIMB Islamic Bank issued RM630 million Sukuk.

l) On 29 August 2016, the Bank has redeemed its HKD775 million senior unsecured notes issued under its USD1 billion nominal value Euro Medium Term Note Programme established on 27 January 2011.

m) On 21 September 2016, CIMB Islamic Bank issued RM10 million 10 non-callable 5 years Tier-2 Junior Sukuk at 4.55% per annum which was fully subscribed by CIMB Group Holding Berhad.

PART A - EXPLANATORY NOTES

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 32.5 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM967 million in respect of the financial year ended 31 December 2015, which was approved by the Board of Directors on 28 January 2016, was paid on 7 March 2016.

A single tier first interim dividend of approximately 27.40 sen per share, on 2,974,009,486 RPS of RM0.01 each, amounting to RM815 million in respect of the financial year ending 31 December 2016, which was approved by the Board of Directors on 8 August 2016, was paid on 15 September 2016.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 September 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	458,156	634,713	458,156	634,713
Cagamas bonds	91,652	45,925	91,652	45,925
Malaysian Government treasury bills	3,239	47,739	-	32,878
Other Government securities	2,596,485	734,310	2,596,485	734,310
Other Government treasury bills	7,412,876	4,937,468	7,412,876	4,937,468
Bank Negara Malaysia Monetary Notes	-	20,914	-	996
Negotiable instruments of deposit	4,537,944	4,747,035	3,366,065	2,516,543
Commercial papers	239,375	506,398	214,454	506,398
Government Investment Issue	170,219	437,313	35,763	313,908
	<u>15,509,946</u>	<u>12,111,815</u>	<u>14,175,451</u>	<u>9,723,139</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	517,097	206,767	517,097	206,767
<u>Outside Malaysia</u>				
Shares	593,404	277,132	593,404	277,132
Corporate bond	337,113	458,204	-	-
Other Government bonds	309,067	247,809	-	-
	<u>1,239,584</u>	<u>983,145</u>	<u>593,404</u>	<u>277,132</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Corporate bond and Sukuk	2,102,740	1,765,826	2,046,856	1,554,112
	<u>2,102,741</u>	<u>1,765,827</u>	<u>2,046,857</u>	<u>1,554,113</u>
<u>Outside Malaysia</u>				
Private equity funds	160,266	157,384	66,015	64,828
Corporate bond and Sukuk	2,954,137	3,211,017	2,869,603	3,125,793
	<u>3,114,403</u>	<u>3,368,401</u>	<u>2,935,618</u>	<u>3,190,621</u>
Total financial assets held-for-trading	<u>22,483,771</u>	<u>18,435,955</u>	<u>20,268,427</u>	<u>14,951,772</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	235,500	457,708	235,500	457,708
Malaysian Government Sukuk	28,587	44,168	-	-
Khazanah bonds	169,739	328,709	169,739	308,520
Government Investment Issue	64,281	496,811	21,453	267,757
Negotiable instruments of deposit	403,419	258,112	403,419	258,112
Other Government securities	656,501	975,949	656,501	975,949
Cagamas bonds	124,164	207,300	103,331	183,629
Commercial papers	164,263	-	139,343	-
	<u>1,846,454</u>	<u>2,768,757</u>	<u>1,729,286</u>	<u>2,451,675</u>
Quoted securities:				
Outside Malaysia				
Shares	4,269	4,193	73	94
Other Government bonds	2,866,807	2,655,837	-	-
Unit trusts	7,054	7,507	-	-
Corporate bond	621,285	512,418	-	-
	<u>3,499,415</u>	<u>3,179,955</u>	<u>73</u>	<u>94</u>
Unquoted securities:				
In Malaysia				
Shares	984,401	987,953	973,078	977,378
Corporate bond and Sukuk	13,531,711	13,931,288	12,158,852	12,401,358
Loan stocks	10,087	10,211	10,087	10,211
	<u>14,526,199</u>	<u>14,929,452</u>	<u>13,142,017</u>	<u>13,388,947</u>
Outside Malaysia				
Shares	32,405	32,524	967	997
Private equity and unit trusts funds	553,513	484,089	512,571	426,714
Corporate bond and Sukuk	6,727,082	6,875,790	6,655,066	6,793,799
	<u>7,313,000</u>	<u>7,392,403</u>	<u>7,168,604</u>	<u>7,221,510</u>
	<u>27,185,068</u>	<u>28,270,567</u>	<u>22,039,980</u>	<u>23,062,226</u>
Allowance for impairment losses:				
Corporate bond	(30,306)	(60,306)	(30,306)	(60,306)
Private equity funds	(80,309)	(84,006)	(76,584)	(79,347)
Unquoted shares	(100,853)	(105,048)	(74,023)	(78,323)
Loan stocks	(10,087)	(10,211)	(10,087)	(10,211)
Unit trusts	(348)	(347)	-	-
	<u>(221,903)</u>	<u>(259,918)</u>	<u>(191,000)</u>	<u>(228,187)</u>
Total financial investments available-for-sale	<u>26,963,165</u>	<u>28,010,649</u>	<u>21,848,980</u>	<u>22,834,039</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A8. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,743,204	1,674,626	1,743,204	1,674,626
Government Investment Issue	6,499,481	6,062,711	5,863,879	5,628,826
Other Government securities	806,165	1,419,211	806,165	1,419,211
Cagamas bonds	263,435	267,966	232,940	237,242
Khazanah bonds	444,926	391,667	430,935	379,005
	<u>9,757,211</u>	<u>9,816,181</u>	<u>9,077,123</u>	<u>9,338,910</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Corporate bond	2,748,632	2,704,542	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Corporate bond and Sukuk	13,487,707	10,526,122	10,992,295	9,339,731
	<u>13,494,727</u>	<u>10,533,142</u>	<u>10,992,295</u>	<u>9,339,731</u>
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	690,192	726,407	1,194,766	758,077
Amortisation of premium net of accretion of discount	(17,522)	(65,400)	7,880	(47,494)
Less : Allowance for impairment losses	(7,174)	(7,174)	-	-
Total financial investments held-to-maturity	<u>26,666,066</u>	<u>23,707,698</u>	<u>21,272,064</u>	<u>19,389,224</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	5,138,155	5,400,737	3,491,271	3,697,406
Term loans/financing				
- Housing loan/financing	70,790,935	65,920,173	51,929,667	48,208,195
- Syndicated term loan	17,057,938	17,030,250	14,770,548	14,785,024
- Other term loans/financing	99,464,186	98,553,723	66,950,199	68,838,773
- Factoring receivables	33,983	48,115	-	-
- Lease receivables	128,748	110,860	-	-
- Hire purchase receivables	16,887,239	16,245,737	9,947,228	9,205,173
Bills receivable	6,637,801	6,408,165	3,050,195	2,738,160
Trust receipts	1,497,078	1,946,329	861,540	1,188,901
Claim on customers under acceptance credit	3,169,857	3,147,815	2,788,986	2,702,777
Staff loans *	716,400	626,524	584,105	511,333
Credit card receivables	6,762,804	6,860,195	6,571,953	6,705,135
Revolving credit	17,383,901	16,080,717	14,796,351	13,903,086
Share margin financing	717,230	786,194	715,185	782,094
Gross loans, advances and financing	<u>246,386,255</u>	<u>239,165,534</u>	<u>176,457,228</u>	<u>173,266,057</u>
Fair value changes arising from fair value hedges	204,367	164,694	50,650	57,794
	<u>246,590,622</u>	<u>239,330,228</u>	<u>176,507,878</u>	<u>173,323,851</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	<u>(2,055,907)</u>	<u>(1,922,002)</u>	<u>(1,581,730)</u>	<u>(1,543,266)</u>
- Portfolio impairment allowance	<u>(1,939,750)</u>	<u>(1,970,342)</u>	<u>(1,095,683)</u>	<u>(1,110,673)</u>
	<u>(3,995,657)</u>	<u>(3,892,344)</u>	<u>(2,677,413)</u>	<u>(2,653,939)</u>
Total net loans, advances and financing	<u>242,594,965</u>	<u>235,437,884</u>	<u>173,830,465</u>	<u>170,669,912</u>

* Included in staff loans of the Group are loans to Directors amounting to RM3.1 million (2015: RM4.0 million).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM46 million (2015: RM47 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)

A9. 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 RM4,658 million (2015: RM4,880 million) and RM1,083 million (2015: RM1,253 million) respectively, using interest rate swaps.

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

As at 30 September 2016, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM2,832 million (2015: RM2,733 million) and RM4.9 million (2015: RM5.4 million) respectively.

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

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	888,838	1,444,678	842,648	1,424,314
Domestic non-bank financial institutions				
- stockbroking companies	11	-	11	-
- others	3,125,443	3,100,402	999,142	1,101,460
Domestic business enterprises				
- small medium enterprises	26,720,550	24,988,104	18,676,025	17,355,502
- others	35,230,028	35,617,846	21,002,180	20,857,752
Government and statutory bodies	9,928,836	8,852,539	2,600,165	2,073,966
Individuals	132,577,188	125,531,320	95,361,846	91,708,758
Other domestic entities	1,037,084	989,057	531,962	497,333
Foreign entities	36,878,277	38,641,588	36,443,249	38,246,972
Gross loans, advances and financing	246,386,255	239,165,534	176,457,228	173,266,057

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,585,074	2,052,871	1,945,009	1,356,225
- Hire purchase receivables	10,809,857	10,497,249	3,893,492	3,444,693
- Other fixed rate loans	27,394,639	28,557,983	14,049,125	14,894,134
Variable rate				
- BLR plus	99,743,321	99,899,272	82,652,362	82,606,664
- Cost-plus	38,640,698	37,380,641	30,376,491	29,738,280
- Other variable rates	67,212,666	60,777,518	43,540,749	41,226,061
Gross loans, advances and financing	<u>246,386,255</u>	<u>239,165,534</u>	<u>176,457,228</u>	<u>173,266,057</u>
(iv) By economic purpose				
Personal use	10,588,605	9,720,218	5,570,200	4,756,076
Credit cards	6,762,804	6,860,195	6,571,953	6,705,135
Purchase of consumer durables	106,194	109,330	86,943	88,217
Construction	9,243,151	8,312,047	6,162,640	4,829,392
Residential property (housing)	73,202,270	68,990,485	53,946,579	50,890,543
Non-residential property	24,950,330	24,479,034	21,246,753	20,670,888
Purchase of fixed assets other than land and buildings	2,571,515	2,243,940	2,036,120	1,666,793
Mergers and acquisitions	3,601,955	3,617,161	3,599,465	3,616,568
Purchase of securities	24,341,900	26,288,181	19,778,713	24,034,179
Purchase of transport vehicles	17,750,211	17,026,610	10,583,273	9,946,518
Working capital	54,001,249	53,259,757	38,797,360	38,343,134
Other purposes	19,266,071	18,258,576	8,077,229	7,718,614
Gross loans, advances and financing	<u>246,386,255</u>	<u>239,165,534</u>	<u>176,457,228</u>	<u>173,266,057</u>
(v) By geographical distribution				
Malaysia	174,638,056	166,612,920	130,600,407	125,731,818
Indonesia	3,308,938	3,250,838	3,308,923	3,250,827
Thailand	26,996,913	28,384,770	2,603,097	4,743,840
Singapore	27,959,700	28,835,853	27,959,699	28,835,853
United Kingdom	3,459,545	2,669,792	3,459,542	2,669,792
Hong Kong	1,931,139	1,090,639	1,931,139	1,090,639
China	1,997,142	2,169,801	1,997,142	2,169,801
Other countries	6,094,822	6,150,921	4,597,279	4,773,487
Gross loans, advances and financing	<u>246,386,255</u>	<u>239,165,534</u>	<u>176,457,228</u>	<u>173,266,057</u>
(vi) By residual contractual maturity				
Within one year	41,778,613	42,288,081	31,517,149	32,334,678
One year to less than three years	28,358,157	26,840,213	20,031,919	20,130,054
Three years to less than five years	26,112,314	26,531,558	16,604,002	15,631,887
Five years and more	150,137,171	143,505,682	108,304,158	105,169,438
Gross loans, advances and financing	<u>246,386,255</u>	<u>239,165,534</u>	<u>176,457,228</u>	<u>173,266,057</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	237,014	198,265	111,194	100,186
Credit cards	177,134	147,089	170,809	142,724
Purchase of consumer durables	279	228	205	185
Construction	1,140,433	1,135,825	1,085,243	1,092,897
Residential property (housing)	1,084,856	990,075	750,375	711,494
Non-residential property	221,303	168,854	156,816	128,816
Purchase of fixed assets other than land and buildings	5,172	5,708	2,716	3,008
Purchase of securities	144,977	153,939	144,367	152,951
Purchase of transport vehicles	300,442	288,391	159,511	148,027
Working capital	1,275,176	869,743	817,919	623,691
Other purposes	447,784	382,252	21,291	20,340
Gross impaired loans, advances and financing	<u>5,034,570</u>	<u>4,340,369</u>	<u>3,420,446</u>	<u>3,124,319</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,434,485	3,180,979	2,933,452	2,753,889
Indonesia	141,076	145,429	141,076	145,429
Thailand	1,110,510	789,035	-	610
Singapore	216,782	93,854	216,782	93,854
United Kingdom	4,469	2,838	4,469	2,838
China	61,906	64,860	61,906	64,860
Other countries	65,342	63,374	62,761	62,839
Gross impaired loans, advances and financing	<u>5,034,570</u>	<u>4,340,369</u>	<u>3,420,446</u>	<u>3,124,319</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	4,340,369	4,371,804	3,124,319	3,070,511
Classified as impaired during the financial period/year	3,368,804	3,585,631	1,858,364	2,133,068
Reclassified as not impaired during the financial period/year	(1,210,099)	(1,466,533)	(853,786)	(987,748)
Amount written back in respect of recoveries	(678,064)	(989,982)	(355,855)	(562,641)
Amount written off	(780,176)	(993,391)	(343,218)	(598,594)
Sale of impaired loans	-	(338,654)	-	-
Exchange fluctuation	(6,264)	171,494	(9,378)	69,723
At 30 September/31 December	<u>5,034,570</u>	<u>4,340,369</u>	<u>3,420,446</u>	<u>3,124,319</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.04%</u>	<u>1.81%</u>	<u>1.94%</u>	<u>1.80%</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
<u>Individual impairment allowance</u>				
At 1 January	1,922,002	1,897,017	1,543,266	1,613,522
Net allowance made during the financial period/year	346,408	153,507	66,821	39,860
Amount written off	(214,112)	(174,622)	(20,489)	(172,557)
Amount transferred to portfolio impairment allowance	(138)	(6,876)	-	-
Sale of impaired loans	-	(44,110)	-	-
Exchange fluctuation	1,747	97,086	(7,868)	62,441
At 30 September/31 December	<u>2,055,907</u>	<u>1,922,002</u>	<u>1,581,730</u>	<u>1,543,266</u>
<u>Portfolio impairment allowance</u>				
At 1 January	1,970,342	1,968,148	1,110,673	1,231,434
Net allowance made during the financial period/year	527,078	844,526	307,214	295,808
Amount written off	(566,297)	(838,995)	(322,962)	(426,480)
Amount transferred from individual impairment allowance	138	6,876	-	-
Amount transferred from a subsidiary	-	-	19	-
Sale of impaired loans	-	(85,802)	-	-
Exchange fluctuation	8,489	75,589	739	9,911
At 30 September/31 December	<u>1,939,750</u>	<u>1,970,342</u>	<u>1,095,683</u>	<u>1,110,673</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)

A10. OTHER ASSETS

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Foreclosed properties	110,284	114,987	-	-
Structured financing	2,305,594	2,279,166	2,305,594	2,279,166
Collateral pledged for derivative transactions	4,224,926	5,640,407	3,558,413	4,925,486
Collateral for securities lending	1,253,184	463,326	1,253,184	463,326
Other debtors, deposits and prepayments	4,677,506	2,359,699	4,555,437	2,178,611
	<u>12,571,494</u>	<u>10,857,585</u>	<u>11,672,628</u>	<u>9,846,589</u>

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposit				
Demand deposits	54,890,786	56,241,206	44,786,490	46,218,415
Saving deposits	31,562,674	27,813,773	17,395,197	16,136,409
Fixed deposits	124,021,097	115,324,164	100,647,750	94,484,092
Negotiable instruments of deposit	1,388,948	1,677,753	1,105,024	925,569
Others	70,849,928	62,245,368	44,752,885	40,509,163
	<u>282,713,433</u>	<u>263,302,264</u>	<u>208,687,346</u>	<u>198,273,648</u>

(ii) By type of customer

Government and statutory bodies	13,123,799	9,251,880	6,602,900	5,789,913
Business enterprises	116,320,957	112,398,694	85,698,434	87,472,417
Individuals	102,064,040	88,139,619	74,854,626	66,842,244
Others	51,204,637	53,512,071	41,531,386	38,169,074
	<u>282,713,433</u>	<u>263,302,264</u>	<u>208,687,346</u>	<u>198,273,648</u>

(iii) Maturity structure of fixed deposits and negotiable instruments of deposit

Due within six months	106,679,712	91,757,228	88,208,512	73,962,675
Six months to less than one year	17,099,712	23,006,900	12,010,497	19,476,095
One year to less than three years	1,278,438	1,282,268	1,184,126	1,016,261
Three years to less than five years	352,183	422,101	349,639	421,210
Five years and more	-	533,420	-	533,420
	<u>125,410,045</u>	<u>117,001,917</u>	<u>101,752,774</u>	<u>95,409,661</u>

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Unrestricted investment accounts	256,514	232,716	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	19,789,545	16,052,227	19,384,996	15,832,310
Licensed finance companies	1,491,390	1,246,197	724,830	63,746
Licensed investment banks	158,735	1,174,121	158,735	1,000,776
Bank Negara Malaysia	414,632	165,547	414,632	6,521
Other financial institutions	2,314,616	3,424,660	2,086,313	3,272,958
	<u>24,168,918</u>	<u>22,062,752</u>	<u>22,769,506</u>	<u>20,176,311</u>

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

Due within six months	21,241,376	16,851,369	19,913,858	15,271,019
Six months to less than one year	2,431,133	3,898,766	2,360,249	3,593,434
One year to less than three years	58,164	918,094	57,154	917,335
Three years to less than five years	155,597	102,585	155,597	102,585
Five years and more	282,648	291,938	282,648	291,938
	<u>24,168,918</u>	<u>22,062,752</u>	<u>22,769,506</u>	<u>20,176,311</u>

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,035,456	3,047,985	1,992,394	2,848,922
Debentures	1,584,645	980,203	-	-
Bills payable	660,669	924,583	-	-
	<u>4,280,770</u>	<u>4,952,771</u>	<u>1,992,394</u>	<u>2,848,922</u>

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 September 2016 were RM303,421,000 (2015: RM567,569,000) and RM304,012,000 (2015: RM558,988,000) respectively lower than the contractual amount at maturity for the structured investments, RM1,145,000 (2015: RM18,606,000) lower than the contractual amount at maturity for the debentures and RM304,034,000 (2015: RM131,549,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Accrued employee benefits	20,169	25,305	19,918	18,560
Post employment benefit obligations	194,326	194,679	23,975	27,565
Sundry creditors	2,424,876	888,078	2,343,804	759,619
Expenditure payable	1,281,411	1,327,984	1,084,443	1,077,717
Collateral for securities borrowing	1,297,854	669,469	1,297,854	669,469
Allowance for commitments and contingencies	9,233	9,219	3,238	3,238
Provision for legal claims	58,988	60,974	43,185	43,179
Credit card expenditure payable	121,378	125,660	117,347	125,660
Collateral received for derivative transactions	2,307,054	3,161,566	2,024,557	2,655,454
Others	193,099	399,914	99,276	207,245
	<u>7,908,388</u>	<u>6,862,848</u>	<u>7,057,597</u>	<u>5,587,706</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Group				
Loans and advances				
- interest income	2,408,579	2,354,284	7,163,454	6,747,825
- unwinding income [^]	14,888	10,578	36,039	29,131
Money at call and deposits with financial institutions	96,817	84,181	307,099	273,256
Reverse repurchase agreements	40,995	29,675	114,128	87,488
Financial assets held for trading	86,838	102,607	263,531	281,540
Financial investments available-for-sale	211,814	275,464	631,020	764,630
Financial investments held-to-maturity	236,815	173,460	692,545	496,683
	<u>3,096,746</u>	<u>3,030,249</u>	<u>9,207,816</u>	<u>8,680,553</u>
Net accretion of discount less amortisation of premium	(17,241)	(14,667)	(35,215)	(33,925)
	<u>3,079,505</u>	<u>3,015,582</u>	<u>9,172,601</u>	<u>8,646,628</u>
Bank				
Loans and advances				
- interest income	2,005,755	1,947,403	5,953,182	5,581,016
- unwinding income [^]	11,554	8,860	32,408	27,188
Money at call and deposits with financial institutions	132,089	119,671	407,220	371,810
Reverse repurchase agreements	40,757	29,513	110,209	86,511
Financial assets held for trading	85,319	94,389	251,825	263,070
Financial investments available-for-sale	189,045	254,130	563,359	690,647
Financial investments held-to-maturity	215,356	151,322	629,718	432,155
	<u>2,679,875</u>	<u>2,605,288</u>	<u>7,947,921</u>	<u>7,452,397</u>
Net accretion of discount less amortisation of premium	(4,302)	(993)	650	(1,975)
	<u>2,675,573</u>	<u>2,604,295</u>	<u>7,948,571</u>	<u>7,450,422</u>

[^] Unwinding income is interest income earned on impaired financial assets.

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	58,307	113,632	163,645	311,331
Deposits from other customers	1,093,753	988,863	3,246,161	2,848,913
Repurchase agreements	44,123	51,369	164,977	119,081
Financial liabilities designated at fair value	28,485	33,324	96,020	88,695
Negotiable certificates of deposits	59,238	39,808	169,754	140,185
Recourse obligation on loan and financing sold to Cagamas	28,439	-	79,834	-
Redeemable preference shares	-	13,444	-	37,544
Bonds, Sukuk and debentures	44,554	51,411	138,843	126,855
Subordinated obligations	140,777	109,851	405,488	323,538
Other borrowings	14,987	9,063	36,384	23,822
	1,512,663	1,410,765	4,501,106	4,019,964
Bank				
Deposits and placements of banks and other financial institutions	50,087	104,761	138,444	293,001
Deposits from other customers	1,014,663	878,184	3,004,272	2,494,137
Repurchase agreements	42,374	49,386	162,099	110,973
Financial liabilities designated at fair value	19,014	25,022	68,574	71,936
Negotiable certificates of deposits	58,292	39,103	167,134	137,224
Recourse obligation on loan and financing sold to Cagamas	28,439	-	79,834	-
Bonds and debentures	36,663	39,488	99,374	91,300
Subordinated obligations	128,958	107,756	362,723	314,898
Other borrowings	16,700	12,327	42,984	33,108
	1,395,190	1,256,027	4,125,438	3,546,577

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Net fee and commission income				
Commissions	103,024	85,308	269,246	253,274
Fee on loans and advances	109,731	120,767	309,697	409,511
Service charges and fees	127,451	118,173	372,506	372,373
Guarantee fees	15,695	21,602	44,654	52,405
Other fee income	78,213	64,771	199,121	183,468
Fee and commission income	434,114	410,621	1,195,224	1,271,031
Fee and commission expense	(122,241)	(103,693)	(282,685)	(299,899)
Net fee and commission income	311,873	306,928	912,539	971,132
Gross dividend income from:				
Financial assets held for trading	25,576	20,666	33,860	43,996
Financial investments available-for-sale	3,634	2,703	11,360	11,656
	29,210	23,369	45,220	55,652
Net gain/(loss) arising from financial assets held for trading:				
- realised loss [^]	(94,047)	(174,054)	(205,549)	(208,441)
- unrealised gain/(loss)	105,481	(274,267)	324,093	(578,057)
	11,434	(448,321)	118,544	(786,498)
Net gain arising from derivative financial instrument				
- realised gain	483,372	919,828	1,124,005	156,907
- unrealised (loss)/gain	(195,254)	308,927	(343,005)	1,836,419
	288,118	1,228,755	781,000	1,993,326
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised loss	(3,160)	(5,270)	(6,600)	(18,192)
- unrealised (loss)/gain	(18,501)	173,224	(398,116)	87,837
	(21,661)	167,954	(404,716)	69,645
Net (loss)/gain arising from hedging activities	(45,845)	11,627	(77,206)	15,113
Net gain from sale of financial investments available-for-sale	102,518	37,773	176,844	112,957
Net (loss)/gain from redemption of financial investments held-to-maturity	-	-	(6)	16
Other non-interest (expense)/income				
Foreign exchange (loss)/gain	(55,174)	(733,832)	209,643	(509,118)
Rental income	7,468	7,109	11,599	12,486
(Loss)/gain on disposal of property, plant and equipment/assets held for sale	(1,003)	(746)	752	(1,409)
Loss on disposal of foreclosed properties	(2,183)	(7,559)	(11,307)	(14,991)
Others	18,937	18,237	48,822	51,062
	(31,955)	(716,791)	259,509	(461,970)
	643,692	611,294	1,811,728	1,969,373

[^] includes loss on early termination of unconsolidated structured entity of RM230,671,000 (2015: Nil)

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Bank				
Net fee and commission income				
Commissions	80,560	67,419	211,256	206,244
Fee on loans and advances	108,960	120,751	307,270	409,481
Service charges and fees	108,692	100,348	318,627	321,733
Guarantee fees	12,804	18,136	36,007	42,861
Other fee income	60,292	44,725	161,644	134,200
Fee and commission income	371,308	351,379	1,034,804	1,114,519
Fee and commission expense	(116,112)	(91,642)	(262,272)	(270,470)
Net fee and commission income	255,196	259,737	772,532	844,049
Gross dividend income from:				
Financial assets held for trading	25,576	20,666	33,860	43,996
Financial investments available-for-sale	3,428	866	9,958	6,180
Subsidiary	-	-	19,884	30,885
Associate	23,721	-	23,721	23,920
	52,725	21,532	87,423	104,981
Net gain/(loss) arising from financial assets held for trading				
- realised loss [^]	(93,101)	(178,729)	(212,044)	(225,069)
- unrealised gain/(loss)	100,631	(272,443)	321,975	(577,939)
	7,530	(451,172)	109,931	(803,008)
Net gain arising from derivative financial instrument				
- realised gain	452,728	928,035	1,041,874	122,636
- unrealised (loss)/gain	(132,906)	388,560	(583,941)	1,948,297
	319,822	1,316,595	457,933	2,070,933
Net (loss)/gain arising from financial liabilities designated at fair value				
- realised gain/(loss)	206	(3,975)	3,182	(14,250)
- unrealised (loss)/gain	(36,901)	139,793	(214,256)	27,723
	(36,695)	135,818	(211,074)	13,473
Net (loss)/gain arising from hedging activities				
	(44,907)	12,503	(74,686)	18,974
Net gain from sale of financial investments available-for-sale				
	97,725	13,632	120,427	47,517
Net (loss)/gain from redemption of financial investments held-to-maturity				
	-	-	(6)	16
Other non-interest (expense)/income				
Foreign exchange (loss)/gain	(117,370)	(824,137)	224,804	(662,869)
Rental income	6,572	6,025	9,100	9,365
Gain on disposal of property, plant and equipment/assets held for sale	208	2,559	2,660	5,101
Others	10,336	11,600	30,728	57,317
	(100,254)	(803,953)	267,292	(591,086)
	551,142	504,692	1,529,772	1,705,849

[^] includes loss on early termination of unconsolidated structured entity of RM230,671,000 (2015: Nil)

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

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Personnel costs				
- Salaries, allowances and bonuses	615,887	607,381	1,771,593	1,794,249
- Pension costs (defined contribution plan)	57,505	55,963	174,323	170,971
- Pension costs (defined benefit plan)	4,467	4,260	13,233	12,463
- Mutual Separation Scheme	-	-	-	302,764
- Overtime	3,894	3,498	12,384	11,956
- Staff incentives and other staff payments	44,151	33,044	130,335	110,507
- Medical expenses	18,318	19,110	62,084	58,483
- Others	18,053	15,396	47,192	46,388
	762,275	738,652	2,211,144	2,507,781
Establishment costs				
- Depreciation of property, plant and equipment	44,461	49,546	129,389	148,653
- Amortisation of prepaid lease payments	6	52	78	151
- Rental	73,838	73,718	223,445	200,881
- Repair and maintenance	57,012	50,995	198,863	198,487
- Outsourced services	23,202	39,440	79,405	123,548
- Security expenses	25,260	25,365	75,568	77,827
- Others	25,660	27,115	69,071	67,849
	249,439	266,231	775,819	817,396
Marketing expenses				
- Sales commission	1,201	1,193	3,327	2,851
- Advertisement	53,319	48,247	111,662	134,715
- Others	5,726	6,681	16,584	18,005
	60,246	56,121	131,573	155,571
Administration and general expenses				
- Communication	5,933	8,358	17,157	20,534
- Consultancy and professional fees	15,752	26,093	38,514	45,678
- Legal expenses	5,004	5,412	11,611	13,274
- Stationery	7,282	8,258	24,405	24,979
- Amortisation of intangible assets	47,735	42,753	142,129	129,215
- Postages	12,176	11,489	36,972	33,257
- Administrative travelling and vehicle expenses	10,240	10,582	30,626	31,653
- Incidental expenses on banking operations	12,754	12,576	36,044	32,315
- Insurance	40,348	38,589	121,461	115,666
- Others	74,022	41,096	218,621	119,133
	231,246	205,206	677,540	565,704
Shared service cost	19,344	8,108	15,518	37,843
	1,322,550	1,274,318	3,811,594	4,084,295

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	496,023	481,508	1,417,383	1,424,891
- Pension costs (defined contribution plan)	52,940	50,547	158,500	154,349
- Mutual Separation Scheme	-	-	-	290,946
- Overtime	2,572	2,181	8,341	7,504
- Staff incentives and other staff payments	35,663	27,051	104,355	92,293
- Medical expenses	16,943	17,226	56,738	54,162
- Others	14,147	11,989	36,851	37,875
	<u>618,288</u>	<u>590,502</u>	<u>1,782,168</u>	<u>2,062,020</u>
Establishment costs				
- Depreciation of property, plant and equipment	32,861	36,257	94,131	107,799
- Rental	62,955	60,108	188,896	165,702
- Repair and maintenance	50,631	45,319	176,604	179,049
- Outsourced services	19,999	57,411	69,650	171,414
- Security expenses	25,264	25,472	75,409	78,415
- Others	20,529	20,056	52,314	48,880
	<u>212,239</u>	<u>244,623</u>	<u>657,004</u>	<u>751,259</u>
Marketing expenses				
- Sales commission	-	-	30	-
- Advertisement	45,939	43,932	94,104	116,698
- Others	5,380	5,012	15,526	13,340
	<u>51,319</u>	<u>48,944</u>	<u>109,660</u>	<u>130,038</u>
Administration and general expenses				
- Communication	4,371	6,643	12,246	15,444
- Consultancy and professional fees	13,436	24,688	34,147	42,269
- Legal expenses	1,862	2,535	5,580	5,791
- Stationery	5,167	6,086	17,447	18,705
- Amortisation of intangible assets	41,575	37,321	124,148	112,527
- Postages	10,215	11,498	29,945	27,641
- Administrative travelling and vehicle expenses	7,509	8,097	23,023	24,153
- Incidental expenses on banking operations	6,348	7,840	18,544	20,282
- Insurance	9,601	8,964	28,821	28,173
- Others	63,459	15,056	188,974	42,554
	<u>163,543</u>	<u>128,728</u>	<u>482,875</u>	<u>337,539</u>
Shared service cost	(80,855)	(89,120)	(274,056)	(245,357)
	<u>964,534</u>	<u>923,677</u>	<u>2,757,651</u>	<u>3,035,499</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	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	107,329	(4,861)	346,408	111,899
- Portfolio impairment allowance	253,545	267,123	527,078	664,071
Impaired loans and advances :				
- recovered	(75,654)	(66,987)	(236,271)	(213,241)
- written off	839	6,663	8,261	20,180
	286,059	201,938	645,476	582,909
Bank				
Allowances for impaired loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	38,123	8,410	66,821	10,897
- Portfolio impairment allowance	149,204	132,281	307,214	321,321
Impaired loans and advances :				
- recovered	(44,286)	(37,786)	(142,229)	(124,384)
- written off	415	4,825	6,274	13,064
	143,456	107,730	238,080	220,898

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 purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts at risk.

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

(i) Derivative financial instruments

At 30 Sept 2016	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	27,481,686	291,729	(813,497)	19,913,437	196,925	(744,319)
- less than one year	23,965,878	241,532	(339,012)	16,767,485	154,832	(266,222)
- one year to three years	2,466,786	43,327	(222,058)	2,134,509	35,223	(217,133)
- more than three years	1,049,022	6,870	(252,427)	1,011,443	6,870	(260,964)
Currency swaps	173,675,227	1,184,685	(1,046,707)	81,911,586	583,786	(408,551)
- less than one year	172,277,398	1,139,963	(1,008,689)	81,339,786	546,213	(394,517)
- one year to three years	817,618	44,398	(27,055)	535,188	33,904	(14,034)
- more than three years	580,211	324	(10,963)	36,612	3,669	-
Currency spots	5,030,742	11,829	(5,378)	4,411,030	11,257	(5,078)
- less than one year	5,030,742	11,829	(5,378)	4,411,030	11,257	(5,078)
Currency options	8,158,935	356,712	(377,277)	7,802,436	331,837	(353,122)
- less than one year	2,889,201	122,655	(161,825)	2,684,355	110,668	(149,870)
- one year to three years	2,022,683	32,203	(32,229)	1,871,030	19,315	(20,029)
- more than three years	3,247,051	201,854	(183,223)	3,247,051	201,854	(183,223)
Cross currency interest rate swaps	60,318,680	3,575,549	(3,541,098)	34,349,532	3,077,635	(3,078,511)
- less than one year	16,274,035	693,066	(551,470)	8,012,897	825,953	(695,444)
- one year to three years	18,623,387	1,185,446	(1,611,988)	10,984,925	943,981	(1,381,561)
- more than three years	25,421,258	1,697,037	(1,377,640)	15,351,710	1,307,701	(1,001,506)
	274,665,270	5,420,504	(5,783,957)	148,388,021	4,201,440	(4,589,581)
<u>Interest rate derivatives</u>						
Interest rate swaps	473,853,539	3,364,641	(2,688,271)	347,279,007	2,285,051	(1,955,922)
- less than one year	190,202,891	158,313	(143,761)	143,364,769	114,223	(98,905)
- one year to three years	140,724,345	889,894	(721,761)	103,156,722	740,437	(593,010)
- more than three years	142,926,303	2,316,434	(1,822,749)	100,757,516	1,430,391	(1,264,007)
Interest rate futures	5,552,704	1,746	(15,922)	5,552,704	1,746	(15,922)
- less than one year	4,351,089	1,746	(12,285)	4,351,089	1,746	(12,285)
- one year to three years	1,201,615	-	(3,637)	1,201,615	-	(3,637)
Interest rate options	60,685	13	(13)	60,685	13	(13)
- less than one year	60,685	13	(13)	60,685	13	(13)
	479,466,928	3,366,400	(2,704,206)	352,892,396	2,286,810	(1,971,857)
<u>Equity related derivatives</u>						
Equity swaps	632,979	19,546	(1,217)	632,979	19,546	(1,217)
- less than one year	61,258	18,110	-	61,258	18,110	-
- more than three years	571,721	1,436	(1,217)	571,721	1,436	(1,217)
Equity options	10,215,317	118,543	(435,565)	10,215,317	118,543	(435,565)
- less than one year	3,374,565	72,450	(401,143)	3,374,565	72,450	(401,143)
- one year to three years	6,149,855	33,597	(21,932)	6,149,855	33,597	(21,932)
- more than three years	690,897	12,496	(12,490)	690,897	12,496	(12,490)
Equity futures	507,780	10,504	(3,732)	507,780	10,504	(3,732)
- less than one year	507,780	10,504	(3,732)	507,780	10,504	(3,732)
	11,356,076	148,593	(440,514)	11,356,076	148,593	(440,514)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 30 Sept 2016	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	2,923,428	224,928	(268,897)	2,923,418	224,907	(268,897)
- less than one year	2,504,245	190,182	(188,069)	2,504,235	190,161	(188,069)
- one year to three years	419,183	34,746	(80,828)	419,183	34,746	(80,828)
Commodity futures	3,506,015	107,627	(69,493)	3,506,015	107,627	(69,493)
- less than one year	2,124,512	58,161	(50,112)	2,124,512	58,161	(50,112)
- one year to three years	1,381,503	49,466	(19,381)	1,381,503	49,466	(19,381)
Commodity options	4,824,114	300,483	(261,831)	4,824,114	300,483	(261,831)
- less than one year	3,742,453	258,469	(215,755)	3,742,453	258,469	(215,755)
- one year to three years	1,081,661	42,014	(46,076)	1,081,661	42,014	(46,076)
	11,253,557	633,038	(600,221)	11,253,547	633,017	(600,221)
<u>Credit related contract</u>						
Credit default swaps	7,657,060	49,973	(78,186)	7,657,014	47,741	(81,285)
- less than one year	1,870,945	8,882	(15,011)	1,870,945	8,882	(15,011)
- one year to three years	1,071,257	19,887	(10,566)	1,071,257	19,887	(10,566)
- more than three years	4,714,858	21,204	(52,609)	4,714,812	18,972	(55,708)
Total return swaps	1,187,233	11,352	(22,132)	1,160,383	11,298	(22,078)
- less than one year	725,113	-	(9,477)	725,113	-	(9,477)
- more than three years	462,120	11,352	(12,655)	435,270	11,298	(12,601)
	8,844,293	61,325	(100,318)	8,817,397	59,039	(103,363)
<u>Bond contract</u>						
Bond forward	269,019	2,998	(2,044)	90,000	-	(1,803)
- less than one year	143,191	2,998	-	-	-	-
- more than three years	125,828	-	(2,044)	90,000	-	(1,803)
<u>Hedging derivatives</u>						
Currency swaps	4,513,111	16,581	(62,681)	4,513,111	16,581	(62,681)
- less than one year	4,513,111	16,581	(62,681)	4,513,111	16,581	(62,681)
Cross currency interest rate swaps	4,686,177	63,687	(252,635)	2,408,924	45,975	(109,803)
- less than one year	1,250,303	34,122	(48,782)	1,171,566	34,061	(48,782)
- one year to three years	1,779,343	22,880	(173,780)	864,434	5,229	(56,717)
- more than three years	1,656,531	6,685	(30,073)	372,924	6,685	(4,304)
Interest rate swaps	27,236,349	268,331	(739,643)	31,074,341	463,563	(739,643)
- less than one year	4,322,130	8,039	(4,528)	4,589,885	8,030	(4,528)
- one year to three years	6,625,973	40,498	(119,330)	8,277,088	120,097	(119,330)
- more than three years	16,288,246	219,794	(615,785)	18,207,368	335,436	(615,785)
Total derivatives assets/(liabilities)	822,290,780	9,981,457	(10,686,219)	570,793,813	7,855,018	(8,619,466)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	22,134,841	509,183	(1,028,156)	15,633,172	393,432	(937,129)
- less than one year	17,918,008	389,815	(357,212)	11,961,304	279,879	(272,976)
- one year to three years	3,211,696	119,337	(327,348)	2,689,052	113,522	(312,318)
- more than three years	1,005,137	31	(343,596)	982,816	31	(351,835)
Currency swaps	166,930,777	2,547,427	(1,945,760)	75,596,912	1,287,728	(1,029,094)
- less than one year	164,818,011	2,391,868	(1,896,752)	74,185,325	1,144,072	(1,005,651)
- one year to three years	2,021,981	122,259	(48,854)	1,330,700	110,356	(23,443)
- more than three years	90,785	33,300	(154)	80,887	33,300	-
Currency spots	3,542,420	3,855	(5,988)	2,578,023	3,463	(5,598)
- less than one year	3,542,420	3,855	(5,988)	2,578,023	3,463	(5,598)
Currency options	6,777,423	298,638	(319,001)	6,032,715	274,414	(304,894)
- less than one year	5,235,397	198,333	(215,556)	4,750,613	182,269	(209,416)
- one year to three years	500,338	16,335	(16,865)	252,309	8,175	(9,390)
- more than three years	1,041,688	83,970	(86,580)	1,029,793	83,970	(86,088)
Cross currency interest rate swaps	60,910,422	4,664,451	(5,208,347)	31,819,711	3,915,753	(3,999,032)
- less than one year	14,386,598	576,181	(1,150,450)	3,704,171	446,479	(556,252)
- one year to three years	22,243,701	1,986,057	(2,300,906)	13,170,319	1,608,368	(1,930,775)
- more than three years	24,280,123	2,102,213	(1,756,991)	14,945,221	1,860,906	(1,512,005)
	260,295,883	8,023,554	(8,507,252)	131,660,533	5,874,790	(6,275,747)
<u>Interest rate derivatives</u>						
Interest rate swaps	449,231,362	2,236,017	(1,635,294)	338,227,919	1,640,599	(1,221,985)
- less than one year	194,541,647	125,600	(139,314)	144,471,468	87,178	(88,938)
- one year to three years	130,052,858	648,264	(607,480)	103,243,537	535,891	(510,340)
- more than three years	124,636,857	1,462,153	(888,500)	90,512,914	1,017,530	(622,707)
Interest rate futures	7,282,871	2,673	(5,102)	7,282,871	2,673	(5,102)
- less than one year	4,127,516	2,673	(2,307)	4,127,516	2,673	(2,307)
- one year to three years	3,155,355	-	(2,795)	3,155,355	-	(2,795)
Interest rate options	216,491	413	(2,213)	228,386	906	(2,213)
- less than one year	155,677	-	(1,800)	167,572	493	(1,800)
- one year to three years	60,814	413	(413)	60,814	413	(413)
	456,730,724	2,239,103	(1,642,609)	345,739,176	1,644,178	(1,229,300)
<u>Equity related derivatives</u>						
Equity swaps	683,337	2,867	(14,342)	683,337	2,867	(14,342)
- less than one year	5,718	319	-	5,718	319	-
- one year to three years	61,605	1,208	(13,086)	61,605	1,208	(13,086)
- more than three years	616,014	1,340	(1,256)	616,014	1,340	(1,256)
Equity options	9,559,091	110,741	(265,215)	9,559,091	110,741	(265,215)
- less than one year	2,896,570	90,122	(141,482)	2,896,570	90,122	(141,482)
- one year to three years	5,639,858	9,566	(112,829)	5,639,858	9,566	(112,829)
- more than three years	1,022,663	11,053	(10,904)	1,022,663	11,053	(10,904)
Equity futures	146,909	599	(626)	146,909	599	(626)
- less than one year	146,909	599	(626)	146,909	599	(626)
	10,389,337	114,207	(280,183)	10,389,337	114,207	(280,183)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Derivative financial instruments (continued)

At 31 Dec 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	1,723,092	514,368	(452,384)	1,702,943	514,254	(452,273)
- less than one year	1,477,397	237,142	(221,302)	1,457,248	237,028	(221,191)
- one year to three years	245,695	277,226	(231,082)	245,695	277,226	(231,082)
Commodity futures	732,519	7,654	(60,371)	732,519	7,654	(60,371)
- less than one year	721,352	7,654	(58,907)	721,352	7,654	(58,907)
- one year to three years	11,167	-	(1,464)	11,167	-	(1,464)
Commodity options	2,456,170	300,145	(227,970)	2,463,477	300,145	(228,002)
- less than one year	2,341,526	230,998	(203,924)	2,348,833	230,998	(203,956)
- one year to three years	114,644	69,147	(24,046)	114,644	69,147	(24,046)
	4,911,781	822,167	(740,725)	4,898,939	822,053	(740,646)
<u>Credit related contract</u>						
Credit default swaps	7,787,594	89,670	(85,558)	7,787,594	89,670	(85,558)
- less than one year	3,845,713	20,411	(19,440)	3,845,713	20,411	(19,440)
- one year to three years	2,376,844	49,759	(47,170)	2,376,844	49,759	(47,170)
- more than three years	1,565,037	19,500	(18,948)	1,565,037	19,500	(18,948)
Total return swaps	2,841,299	12,080	(18,480)	2,791,079	11,854	(18,254)
- less than one year	2,087,629	4,663	-	2,087,629	4,663	-
- one year to three years	214,650	-	(10,686)	214,650	-	(10,686)
- more than three years	539,020	7,417	(7,794)	488,800	7,191	(7,568)
	10,628,893	101,750	(104,038)	10,578,673	101,524	(103,812)
<u>Bond Forward</u>						
	30,000	1,204	-	30,000	1,204	-
- More than 3 years	30,000	1,204	-	30,000	1,204	-
<u>Hedging derivatives</u>						
Currency swaps	2,797,900	9,079	(52,481)	2,797,900	9,079	(52,481)
- less than one year	2,797,900	9,079	(52,481)	2,797,900	9,079	(52,481)
Cross currency interest rate swaps	4,655,247	92,976	(303,978)	3,721,296	54,937	(166,275)
- less than one year	1,937,898	6,497	(34,741)	1,937,898	6,497	(34,741)
- one year to three years	916,857	39,256	(64,882)	916,857	39,256	(64,882)
- more than three years	1,800,492	47,223	(204,355)	866,541	9,184	(66,652)
Interest rate swaps	28,588,642	59,922	(249,268)	32,672,607	186,643	(249,490)
- less than one year	5,782,795	3,384	(6,792)	6,027,856	3,238	(7,014)
- one year to three years	7,760,972	14,617	(42,076)	8,305,064	17,972	(42,076)
- more than three years	15,044,875	41,921	(200,400)	18,339,687	165,433	(200,400)
Total derivatives assets/(liabilities)	779,028,407	11,463,962	(11,880,534)	542,488,461	8,808,615	(9,097,934)

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, credit and liquidity risks, 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 fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM9,981 million and RM7,855 million respectively (31 December 2015: RM11,464 million and RM8,809 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.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2016, the Group and the Bank has posted cash collateral of RM4,225 million and RM3,558 million respectively (31 December 2015: RM5,640 million and RM4,925 million respectively) on their derivative contracts.

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 disclosed in the audited annual financial statements for the financial year ended 31 December 2015.

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies

The Group	30 Sept 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,240,241	3,790,900
Transaction-related contingent items	5,443,797	4,799,716
Short-term self-liquidating trade-related contingencies	5,915,545	8,525,630
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	45,296,207	42,988,381
- maturity exceeding one year	28,272,043	22,156,647
Miscellaneous commitments and contingencies	1,923,210	4,128,120
Total credit-related commitments and contingencies	90,091,043	86,389,394
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	226,200,668	210,636,232
- one year to five years	43,691,058	46,421,842
- more than five years	13,972,832	10,690,956
	283,864,558	267,749,030
Interest rate related contracts :		
- less than one year	198,936,795	204,607,635
- one year to five years	259,361,249	232,598,191
- more than five years	48,405,233	48,113,540
	506,703,277	485,319,366
Equity related contracts:		
- less than one year	3,943,603	3,049,197
- one year to five years	6,781,268	6,603,384
- more than five years	631,205	736,756
	11,356,076	10,389,337
Credit related contracts:		
- less than one year	2,596,058	5,933,342
- one year to five years	3,454,087	4,198,809
- more than five years	2,794,148	496,742
	8,844,293	10,628,893
Commodity related contracts:		
- less than one year	8,371,210	4,540,275
- one year to five years	2,882,347	371,506
	11,253,557	4,911,781
Bond contracts:		
- less than one year	143,191	-
- one year to five years	35,828	-
- more than five years	90,000	30,000
	269,019	30,000
Total treasury-related commitments and contingencies	822,290,780	779,028,407
	912,381,823	865,417,801

PART A - EXPLANATORY NOTES (CONTINUED)

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

(ii) Commitments and contingencies (continued)

	30 Sept 2016	31 Dec 2015
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,034,195	3,606,342
Transaction-related contingent items	3,617,661	3,203,646
Short-term self-liquidating trade-related contingencies	5,205,225	7,928,718
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	38,304,769	36,678,554
- maturity exceeding one year	24,673,562	19,681,552
Miscellaneous commitments and contingencies	875,485	2,853,674
Total credit-related commitments and contingencies	<u>75,710,897</u>	<u>73,952,486</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	118,900,230	101,915,234
- one year to five years	27,059,020	29,466,645
- more than five years	9,350,806	6,797,850
	155,310,056	138,179,729
Interest rate related contracts :		
- less than one year	152,366,428	154,794,412
- one year to five years	199,335,011	188,658,808
- more than five years	32,265,298	34,958,563
	383,966,737	378,411,783
Equity related contracts:		
- less than one year	3,943,603	3,049,197
- one year to five years	6,781,268	6,603,384
- more than five years	631,205	736,756
	11,356,076	10,389,337
Credit related contracts:		
- less than one year	2,596,058	5,933,342
- one year to five years	2,601,462	4,198,809
- more than five years	3,619,877	446,522
	8,817,397	10,578,673
Commodity related contracts:		
- less than one year	8,371,200	4,527,433
- one year to five years	2,882,347	371,506
	11,253,547	4,898,939
Bond contracts:		
- more than five years	90,000	30,000
	90,000	30,000
Total treasury-related commitments and contingencies	<u>570,793,813</u>	<u>542,488,461</u>
	<u>646,504,710</u>	<u>616,440,947</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015 and BNM Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, revised on 13 October 2015 and updated on 1 August 2016. The revised guidelines took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019.

The IRB Approach adopted by CIMB Bank and CIMB Islamic Bank 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 the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines issued on 8 November 2012. 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. 12/2555 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The regulatory compliance ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency 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 from CIMB Bank PLC's net worth divided by its risk-weighted assets.

30 Sept 2016 - Basel III

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

	The Group RM'000	The Bank* RM'000
Common equity tier 1 ratio	10.681%	10.732%
Tier 1 ratio	11.911%	12.245%
Total capital ratio	15.394%	15.414%

CIMB Group Holdings Berhad ("CIMB Group") recently completed its seventh Dividend Reinvestment Scheme ("DRS") of which RM814 million was reinvested into new CIMB Group shares on 26 April 2016. There was no reinvestment made into the Bank post the successful completion of the DRS.

CIMB Group successfully complete its eight DRS of which RM599 million was reinvested into new CIMB Group shares. 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 the Bank above the stated ratios.

(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	188,716,176	141,320,227
Market risk	15,631,401	13,585,557
Large exposure risk requirements	737,238	737,238
Operational risk	18,004,836	13,217,723
Total risk-weighted assets	223,089,651	168,860,745

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 Sept 2016 - 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	5,148,084	5,148,084
Other reserves	26,673,885	21,309,232
Qualifying non-controlling interests	277,107	-
Common Equity Tier I capital before regulatory adjustments	<u>32,099,076</u>	<u>26,457,316</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,119,792)	(3,555,075)
Intangible assets	(926,803)	(832,477)
Deferred tax assets	(343,121)	(173,090)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(520,144)	(2,577,111)
Others	(1,359,947)	(1,197,557)
Common Equity Tier I capital after regulatory adjustments	<u>23,829,269</u>	<u>18,122,006</u>
Additional Tier I capital		
Perpetual preference shares	120,000	120,000
Non-innovative Tier I Capital	600,000	600,000
Innovative Tier I Capital	967,080	967,080
Perpetual subordinated capital securities	1,000,000	1,000,000
Qualifying capital instruments held by third parties	55,167	-
	<u>2,742,247</u>	<u>2,687,080</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(132,000)
Additional Tier I capital after regulatory adjustments	<u>2,742,247</u>	<u>2,555,080</u>
Total Tier I capital	<u>26,571,516</u>	<u>20,677,086</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	372,446	-
Surplus eligible provisions over expected loss	134,144	350,419
Portfolio impairment allowance and regulatory reserves ^	531,801	226,696
Tier II capital before regulatory adjustments	<u>8,118,131</u>	<u>7,656,855</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(346,763)	(2,306,078)
Total Tier II capital	<u>7,771,368</u>	<u>5,350,777</u>
Total capital	<u>34,342,884</u>	<u>26,027,863</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	13.241%	10.493%	N/A
Tier 1 ratio	14.022%	10.493%	N/A
Total capital ratio	<u>16.402%</u>	<u>15.930%</u>	<u>16.840%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2015 - Basel III

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

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	11.329% **	12.107% **
Tier I ratio	12.279% **	13.279% **
Total capital ratio	<u>15.892% **</u>	<u>16.425% **</u>
After deducting proposed dividend		
Common equity tier I ratio	10.876% **	11.504% **
Tier I ratio	11.825% **	12.677% **
Total capital ratio	<u>15.438% **</u>	<u>15.823% **</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	180,655,182	134,581,911
Market risk	14,483,777	12,251,594
Large exposure risk requirements	666,867	666,867
Operational risk	<u>17,227,086</u>	<u>12,885,118</u>
Total risk-weighted assets	<u>213,032,912</u>	<u>160,385,490</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	5,148,084	5,148,084
Other reserves	26,518,216	21,591,225
Qualifying non-controlling interests	275,120	-
Less: Proposed dividends	<u>(966,553)</u>	<u>(966,553)</u>
Common Equity Tier I capital before regulatory adjustments	30,974,867	25,772,756
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,114,235)	(3,555,075)
Intangible assets	(945,435)	(874,745)
Deferred tax assets	(403,149)	(210,842)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(319,238)	(1,721,064)
Others	<u>(1,023,930)</u>	<u>(959,972)</u>
Common Equity Tier I capital after regulatory adjustments	<u>23,168,880</u>	<u>18,451,058</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	54,760	-
Additional Tier I capital before and after regulatory adjustments	<u>2,023,020</u>	<u>1,968,260</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(88,000)
Additional Tier I capital after regulatory adjustments	<u>2,023,020</u>	<u>1,880,260</u>
Total Tier I capital	<u>25,191,900</u>	<u>20,331,318</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	210,735	480,515
Qualifying capital instruments held by third parties	376,000	-
Portfolio impairment allowance and regulatory reserves ^	<u>509,270</u>	<u>236,377</u>
Tier II capital before regulatory adjustments	8,175,745	7,796,632
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(478,907)	(2,750,641)
Total Tier II capital	<u>7,696,838</u>	<u>5,045,991</u>
Total capital	<u>32,888,738</u>	<u>25,377,309</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2015 - 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	12.718%	10.778%	N/A
Tier I ratio	13.557%	10.778%	N/A
Total capital ratio	<u>16.273%</u>	<u>15.456%</u>	<u>17.377%</u>

* 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 RM186 million (2015: RM183 million) and RM168 million (2015: RM161 million) respectively.

** CIMB Group successfully completed its sixth DRS of which approximately RM171 million was reinvested into new CIMB Group shares. Pursuant to the completion of the DRS, CIMB Group reinvested cash dividend surplus of RM584 million and an additional equity injection of RM696 million into CIMB Bank via rights issue which was completed on 23 December 2015.

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.

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:

The Group has five major operation divisions that 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 Sept 2016

	Consumer Banking	Commercial Banking	Wholesale Banking	Investments	Support and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)						
- external income	3,222,219	490,104	634,422	334,434	(9,684)	4,671,495
- inter-segment	(696,192)	154,102	460,848	81,242	-	-
	<u>2,526,027</u>	<u>644,206</u>	<u>1,095,270</u>	<u>415,676</u>	<u>(9,684)</u>	<u>4,671,495</u>
Income from Islamic Banking operations	552,681	120,591	317,131	95,220	338	1,085,961
Net non-interest income	<u>854,868</u>	<u>186,881</u>	<u>695,203</u>	<u>51,732</u>	<u>23,044</u>	<u>1,811,728</u>
Net income	3,933,576	951,678	2,107,604	562,628	13,698	7,569,184
Overheads	(2,159,924)	(454,591)	(988,902)	(191,055)	(17,122)	(3,811,594)
of which:						
Depreciation of property, plant and equipment	(111,618)	(3,264)	(12,187)	(2,320)	-	(129,389)
Amortisation of prepaid lease payments	(60)	(5)	(13)	-	-	(78)
Amortisation of intangible assets	<u>(104,938)</u>	<u>(1,567)</u>	<u>(19,275)</u>	<u>(16,349)</u>	<u>-</u>	<u>(142,129)</u>
Profit before allowances	1,773,652	497,087	1,118,702	371,573	(3,424)	3,757,590
Allowances for impairment losses on loans, advances and financing (made)/written-back	(269,284)	(229,319)	(147,107)	234	-	(645,476)
Allowances for losses on other receivables	(7,579)	(168)	(2,829)	(1)	(995)	(11,572)
Allowances for other impairment losses written-back	-	107	-	627	-	734
Segment result	<u>1,496,789</u>	<u>267,707</u>	<u>968,766</u>	<u>372,433</u>	<u>(4,419)</u>	<u>3,101,276</u>
Share of results of joint venture	1,519	-	-	-	-	1,519
Share of results of associates	-	-	-	92,533	-	92,533
Taxation						<u>(721,112)</u>
Profit for the financial period						<u>2,474,216</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)**

Group
30 Sept 2015

	Consumer Banking	Commercial Banking	Wholesale Banking	Investments	Support and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)						
- external income	3,119,122	549,044	573,677	395,717	(10,896)	4,626,664
- inter-segment	(588,561)	91,009	502,099	(4,547)	-	-
	<u>2,530,561</u>	<u>640,053</u>	<u>1,075,776</u>	<u>391,170</u>	<u>(10,896)</u>	<u>4,626,664</u>
Income from Islamic Banking operations	539,998	104,034	317,232	54,719	-	1,015,983
Net non-interest income	<u>759,974</u>	<u>182,109</u>	<u>772,500</u>	<u>213,622</u>	<u>41,168</u>	<u>1,969,373</u>
Net income	3,830,533	926,196	2,165,508	659,511	30,272	7,612,020
Overheads	(2,226,961)	(463,806)	(941,313)	(424,745)	(27,470)	(4,084,295)
of which:						
Depreciation of property, plant and equipment	(117,446)	(4,841)	(15,664)	(10,702)	-	(148,653)
Amortisation of prepaid lease payments	(133)	(6)	(12)	-	-	(151)
Amortisation of intangible assets	<u>(100,432)</u>	<u>(2,025)</u>	<u>(9,447)</u>	<u>(17,311)</u>	<u>-</u>	<u>(129,215)</u>
Profit before allowances	1,603,572	462,390	1,224,195	234,766	2,802	3,527,725
Allowances for impairment losses on loans, advances and financing made	(487,525)	(18,865)	(76,519)	-	-	(582,909)
Allowances for losses on other receivables	(2,074)	(7)	-	(6)	(103)	(2,190)
Allowances for other impairment losses written-back/(made)	-	346	8	(3,259)	-	(2,905)
Segment result	<u>1,113,973</u>	<u>443,864</u>	<u>1,147,684</u>	<u>231,501</u>	<u>2,699</u>	<u>2,939,721</u>
Share of results of joint venture	3,021	-	-	-	-	3,021
Share of results of associates	-	-	-	76,727	-	76,727
Taxation						<u>(622,527)</u>
Profit for the financial period						<u>2,396,942</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 Sept 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	140,269,694	30,192,273	190,331,160	22,587,710	383,380,837
Unallocated assets					15,476,444
Total assets					398,857,281
Segment liabilities	117,789,016	34,838,878	193,964,438	11,785,182	358,377,514
Unallocated liabilities					7,251,105
Total liabilities					365,628,619
Other segment items					
Capital expenditure	181,786	4,248	25,406	13,852	225,292
Investment in joint venture	164,295	-	-	-	164,295
Investment in associates	-	-	-	866,906	866,906

Group

31 Dec 2015

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	133,314,878	30,080,623	176,485,988	22,503,087	362,384,576
Unallocated assets					13,921,997
Total assets					376,306,573
Segment liabilities	108,222,098	34,237,788	183,831,795	10,822,378	337,114,059
Unallocated liabilities					6,893,789
Total liabilities					344,007,848
Other segment items					
Capital expenditure	304,917	8,232	42,993	42,711	398,853
Investment in joint venture	162,775	-	-	-	162,775
Investment in associates	-	-	-	798,095	798,095

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;
- Valuation methodologies for the purpose of determining Mark-to-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- 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 Regional Head, Market Risk Management or / and the Group Market Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. 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 Sept 2016				The Group					Fair Value 31 Dec 2015			
	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	15,509,946	-	15,509,946	-	15,509,946	12,111,815	-	12,111,815	-	12,111,815			
-Quoted securities	1,756,681	1,756,681	-	-	1,756,681	1,189,912	1,189,912	-	-	1,189,912			
-Unquoted securities	5,217,144	-	5,056,877	160,267	5,217,144	5,134,228	-	4,976,843	157,385	5,134,228			
Financial investments available-for-sale													
-Money market instruments	1,846,454	-	1,846,454	-	1,846,454	2,768,757	-	2,768,757	-	2,768,757			
-Quoted securities	3,499,415	3,499,415	-	-	3,499,415	3,179,955	3,179,955	-	-	3,179,955			
-Unquoted securities	21,617,296	-	20,228,487	1,388,809	21,617,296	22,061,937	-	20,746,772	1,315,165	22,061,937			
Derivative financial instruments													
-Trading derivatives	9,632,858	128,412	9,396,398	108,048	9,632,858	11,301,985	12,408	11,156,699	132,878	11,301,985			
-Hedging derivatives	348,599	-	348,599	-	348,599	161,977	-	161,977	-	161,977			
Non-financial assets													
Investment Properties	1,120	-	1,120	-	1,120	1,120	-	1,120	-	1,120			
Non-recurring fair value measurements													
Non-financial assets													
Non-current assets/disposal groups held for sale	4,575	-	4,575	-	4,575	4,575	-	4,575	-	4,575			
Total	59,434,088	5,384,508	52,392,456	1,657,124	59,434,088	57,916,261	4,382,275	51,928,558	1,605,428	57,916,261			
Recurring fair value measurements													
Financial liabilities													
Derivative financial instruments													
- Trading derivatives	9,631,260	167,230	9,110,392	353,638	9,631,260	11,274,807	140,679	10,917,501	216,627	11,274,807			
- Hedging derivatives	1,054,959	-	1,054,959	-	1,054,959	605,727	-	605,727	-	605,727			
Financial liabilities designated at fair values	4,280,770	-	3,888,300	392,470	4,280,770	4,952,771	-	4,593,682	359,089	4,952,771			
Total	14,966,989	167,230	14,053,651	746,108	14,966,989	16,833,305	140,679	16,116,910	575,716	16,833,305			

	Fair Value 30 Sept 2016				The Bank					Fair Value 31 Dec 2015			
	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	14,175,451	-	14,175,451	-	14,175,451	9,723,139	-	9,723,139	-	9,723,139			
-Quoted securities	1,110,501	1,110,501	-	-	1,110,501	483,899	483,899	-	-	483,899			
-Unquoted securities	4,982,475	-	4,916,459	66,016	4,982,475	4,744,734	-	4,679,905	64,829	4,744,734			
Financial investments available-for-sale													
-Money market instruments	1,729,286	-	1,729,286	-	1,729,286	2,451,675	-	2,451,675	-	2,451,675			
-Quoted securities	73	73	-	-	73	94	94	-	-	94			
-Unquoted securities	20,119,621	-	18,783,612	1,336,009	20,119,621	20,382,270	-	19,134,851	1,247,419	20,382,270			
Derivative financial instruments													
-Trading derivatives	7,328,899	128,412	7,092,439	108,048	7,328,899	8,557,956	12,408	8,412,670	132,878	8,557,956			
-Hedging derivatives	526,119	-	526,119	-	526,119	250,659	-	250,659	-	250,659			
Non-recurring fair value measurements													
Non-financial assets													
Non-current assets/disposal groups held for sale	375	-	375	-	375	375	-	375	-	375			
Total	49,972,800	1,238,986	47,223,741	1,510,073	49,972,800	46,594,801	496,401	44,653,274	1,445,126	46,594,801			
Recurring fair value measurements													
Financial liabilities													
Derivative financial instruments													
-Trading derivatives	7,707,339	167,230	7,186,471	353,638	7,707,339	8,629,688	140,679	8,272,382	216,627	8,629,688			
-Hedging derivatives	912,127	-	912,127	-	912,127	468,246	-	468,246	-	468,246			
Financial liabilities designated at fair values	1,992,394	-	1,599,924	392,470	1,992,394	2,848,922	-	2,489,833	359,089	2,848,922			
Total	10,611,860	167,230	9,698,522	746,108	10,611,860	11,946,856	140,679	11,230,461	575,716	11,946,856			

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 September 2016 and 31 December 2015 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		Trading derivatives RM'000	RM'000	
The Group							
2016							
At 1 January	157,385	1,315,165	132,878	1,605,428	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income	8,245	7,590	(55,462)	(39,627)	(97,588)	(63,510)	(161,098)
Total gains recognised in other comprehensive income	-	18,311	-	18,311	-	-	-
Purchases	-	85,138	40,916	126,054	(48,693)	-	(48,693)
Sales and redemptions	-	(24,971)	-	(24,971)	-	-	-
Settlements	-	-	(9,230)	(9,230)	7,380	30,129	37,509
Exchange fluctuation	(5,363)	(12,424)	(1,054)	(18,841)	1,890	-	1,890
At 30 September	160,267	1,388,809	108,048	1,657,124	(353,638)	(392,470)	(746,108)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2016 under:							
- net non-interest income	8,245	7,590	(55,462)	(39,627)	(97,588)	(51,788)	(149,376)
- interest expense	-	-	-	-	-	(11,722)	(11,722)
Total gains recognised in other comprehensive income for financial period ended 30 September 2016 under "revaluation reserves"	-	18,311	-	18,311	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2016 under "net non-interest income"	8,245	6,280	(5,856)	8,669	(22,180)	(51,788)	(73,968)
	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		Trading derivatives RM'000	RM'000	
The Group							
2015							
At 1 January	132,681	1,527,117	66,855	1,726,653	(870,966)	(360,736)	(1,231,702)
Total gains/(losses) recognised in statement of income	769	(15,077)	58,126	43,818	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	1,283	-	1,283	-	-	-
Purchases	-	80,443	32,137	112,580	(28,853)	-	(28,853)
New issuances	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(383,774)	-	(388,774)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	28,935	105,173	2,067	136,175	(99,281)	-	(99,281)
At 31 December	157,385	1,315,165	132,878	1,605,428	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2015 under:							
- net non-interest income	769	(14,588)	58,126	44,307	765,434	(10,761)	754,673
- interest expense	-	-	-	-	-	(14,095)	(14,095)
- allowances for other impairment losses	-	(489)	-	(489)	-	-	-
Total gains recognised in other comprehensive income for financial year ended 31 December 2015 under "revaluation reserves"	-	1,283	-	1,283	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"	2,484	(29,321)	64,645	37,808	(49,501)	(10,761)	(60,262)

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 September 2016 and 31 December 2015 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							
2016							
At 1 January	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income	3,396	6,175	(55,462)	(45,891)	(97,588)	(63,510)	(161,098)
Total gains recognised in other comprehensive income	-	19,900	-	19,900	-	-	-
Purchases	-	85,138	40,916	126,054	(48,693)	-	(48,693)
Sales and redemptions	-	(11,950)	-	(11,950)	-	-	-
Settlements	-	-	(9,230)	(9,230)	7,380	30,129	37,509
Exchange fluctuation	(2,209)	(10,673)	(1,054)	(13,936)	1,890	-	1,890
At 30 September	66,016	1,336,009	108,048	1,510,073	(353,638)	(392,470)	(746,108)

Total gains/(losses) recognised in statement of income for financial period ended 30 September 2016 under:

- net non-interest income	3,396	6,175	(55,462)	(45,891)	(97,588)	(51,788)	(149,376)
- interest expense	-	-	-	-	-	(11,722)	(11,722)

Total gains recognised in other comprehensive income for financial period ended 30 September 2016 under "revaluation reserves"

	-	19,900	-	19,900	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2016 under "net non-interest income"

	3,396	6,175	(5,856)	3,715	(22,180)	(51,788)	(73,968)
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	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	66,855	1,438,988	(870,966)	(360,736)	(1,231,702)
Total (losses)/gains recognised in statement of income	(689)	(23,419)	58,126	34,018	765,434	(24,856)	740,578
Total gains recognised in other comprehensive income	-	56,951	-	56,951	-	-	-
Purchases	-	80,258	32,137	112,395	(28,853)	-	(28,853)
New issuances	-	-	-	-	-	(456)	(456)
Sales and redemptions	(5,000)	(259,861)	-	(264,861)	-	-	-
Settlements	-	-	(26,307)	(26,307)	17,039	26,959	43,998
Exchange fluctuation	11,916	79,959	2,067	93,942	(99,281)	-	(99,281)
At 31 December	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)

Total (losses)/gains recognised in statement of income for financial year ended 31 December 2015 under:

- net non-interest income	(689)	(23,419)	58,126	34,018	765,434	(10,761)	754,673
- interest expense	-	-	-	-	-	(14,095)	(14,095)

Total gains recognised in other comprehensive income for financial year ended 31 December 2015 under "revaluation reserves"

	-	56,951	-	56,951	-	-	-
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Change in unrealised (losses)/gains recognised in statement of income relating to assets held on 31 December 2015 under "net non-interest income"

	1,026	(29,321)	64,645	36,350	(49,501)	(10,761)	(60,262)
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PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

		Group		Bank	
	Note	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Assets					
Cash and short-term funds		12,708,226	7,475,867	1,267,491	1,540,012
Deposits and placements with banks and other financial institutions		7,562	404,241	215,609	271,289
Financial assets held for trading		1,747,295	2,945,220	271,381	253,282
Financial investments available-for-sale		1,900,591	2,337,791	341,268	398,812
Financial investments held-to-maturity		3,405,465	1,893,963	228,506	229,432
Islamic derivative financial instruments		469,543	479,624	1,777	3,344
Financing, advances and other financing/loans	A25c	48,038,914	45,028,998	4,435,256	4,703,558
Other assets		923,461	595,390	438,496	425,611
Deferred taxation		16,142	30,454	-	-
Amount due from conventional operations		1,784,078	1,374,083	-	-
Amount due from related companies		3,074,109	2,988,364	3,073,593	2,987,728
Statutory deposits with Bank Negara Malaysia		1,319,914	1,257,178	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		75,239	83,005	44	64
Property, plant and equipment		10,108	12,628	25	32
Total assets		75,616,647	67,042,806	10,273,446	10,813,164
Liabilities					
Deposits from customers	A25d	55,233,553	46,820,998	3,443,587	2,573,118
Investment accounts of customers	A25e	256,514	232,716	-	-
Deposits and placements of banks and other financial institutions		1,878,814	3,584,073	1,734,589	2,341,073
Investment accounts due to designated financial institutions	A25f	3,949,829	2,900,982	-	-
Financial liabilities designated at fair value	A25g	43,061	199,063	-	-
Islamic derivative financial instruments		627,026	586,143	710	82
Other liabilities		4,377,009	5,003,218	4,032,732	4,595,621
Recourse obligation on loans and financing sold to Cagamas		1,354,767	502,368	-	-
Sukuk		619,459	-	-	-
Amount due to related company		881,069	1,190,830	782,059	1,074,832
Amount due to conventional operations		-	11,043	-	-
Provision for taxation and Zakat		100,330	37,587	-	-
Subordinated Sukuk		610,095	856,983	-	-
Total liabilities		69,931,526	61,926,004	9,993,677	10,584,726
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,465,121	3,896,802	279,769	228,438
Total equity		5,685,121	5,116,802	279,769	228,438
Total equity and liabilities		75,616,647	67,042,806	10,273,446	10,813,164

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Income derived from investment of depositors' funds and others	632,737	565,351	1,861,192	1,628,528
Income derived from investment of investment accounts	49,106	33,936	141,463	98,408
Net income derived from investment of shareholders' funds	82,113	84,851	233,508	310,912
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(4,461)	(34,861)	1,781	(86,516)
Allowance for losses on other receivables (made)/written-back	(23)	45	(138)	(22)
Total distributable income	759,472	649,322	2,237,806	1,951,310
Income attributable to depositors	(401,238)	(306,311)	(1,149,790)	(925,997)
Profit distributed to investment account holder	(137)	(32,177)	(412)	(95,868)
Total net income	358,097	310,834	1,087,604	929,445
Other operating expenses	(127,412)	(129,148)	(370,418)	(386,070)
Profit before taxation	230,685	181,686	717,186	543,375
Taxation	(56,446)	(37,991)	(162,363)	(122,855)
Profit for the financial period	174,239	143,695	554,823	420,520

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Profit for the financial period	174,239	143,695	554,823	420,520
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	11,619	(50,729)	19,659	(35,131)
- Net gain/(loss) from change in fair value	16,739	(56,529)	32,133	(34,837)
- Realised gain transferred to statement of income on disposal and impairment	(2,878)	(2,107)	(6,198)	(3,332)
- Income tax effects	(2,242)	7,907	(6,276)	3,038
Exchange fluctuation reserve	1,575	5,459	(10,133)	11,867
Other comprehensive income/(expense) for the financial period, net of tax	13,194	(45,270)	9,526	(23,264)
Total comprehensive income for the period	187,433	98,425	564,349	397,256
Total net income	358,097	310,834	1,087,604	929,445
Add: Allowance for impairment losses on financing, advances and other financing/loans made/(written-back)	4,461	34,861	(1,781)	86,516
Add: Allowance for losses on other receivables made/(written-back)	23	(45)	138	22
Income from Islamic operations (per page 2)	362,581	345,650	1,085,961	1,015,983

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	46,419	24,937	108,884	64,897
Net income derived from investment of shareholders' funds	(10,744)	8,036	3,659	17,448
Allowance for impairment losses on financing, advances and other financing/loans	(1,413)	(182)	(1,389)	(689)
Total distributable income	34,262	32,791	111,154	81,656
Income attributable to depositors	(13,603)	(11,284)	(40,825)	(22,748)
Total net income	20,659	21,507	70,329	58,908
Profit for the financial period	20,659	21,507	70,329	58,908

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	20,659	21,507	70,329	58,908
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	4,605	(10,593)	7,238	(11,873)
- Net gain/(loss) from change in fair value	5,319	(12,477)	7,376	(13,623)
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(714)	1,884	(138)	1,750
Exchange fluctuation reserve	4,243	21,130	(13,887)	34,377
Other comprehensive income/(expense) for the financial period, net of tax	8,848	10,537	(6,649)	22,504
Total comprehensive income for the period	29,507	32,044	63,680	81,412
Total net income	20,659	21,507	70,329	58,908
Add: Allowances for impairment losses on financing, advances and other financing/loans	1,413	182	1,389	689
Income from Islamic operations (per page 4)	22,072	21,689	71,718	59,597

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 Sept 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line ^	3,252	647,561	-	-	650,813
Term financing					
- Housing financing	-	10,254,597	1,480,243	-	11,734,840
- Syndicated term financing	-	2,164,554	122,836	124,928	2,412,318
- Hire purchase receivables	-	-	3,904,376	-	3,904,376
- Other term financing	-	22,696,838	58,693	3,084,716	25,840,247
Credit card receivables	-	-	-	116,266	116,266
Bills receivable	-	55,033	-	116,808	171,841
Islamic trust receipts	-	26,984	-	112,840	139,824
Claim on customers under acceptance credit	-	380,802	-	-	380,802
Revolving credits	-	2,580,131	-	242,252	2,822,383
Share purchases financing	-	2,045	-	-	2,045
Other financing/loans	-	6,303	-	2	6,305
Gross financing, advances and other financing/loans	3,252	38,814,848	5,566,148	3,797,812	48,182,060
Fair value changes arising from fair value hedges					153,717
					48,335,777
Less: Allowance for impairment losses					
- Individual impairment allowance					(54,115)
- Portfolio impairment allowance					(242,748)
					(296,863)
					48,038,914

	Qard	Bai'	Ijarah	Others	Total financing, advances and other financing/loans
At 31 Dec 2015	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	17,114	584,930	-	-	602,044
Term financing					
- Housing financing	-	9,634,927	1,385,143	-	11,020,070
- Syndicated term financing	-	2,084,525	160,701	29,919	2,275,145
- Hire purchase receivables	-	-	4,306,661	-	4,306,661
- Other term financing	-	20,394,831	58,232	3,257,296	23,710,359
Credit card receivables	-	-	-	115,218	115,218
Bills receivable	153	3,373	-	-	3,526
Islamic trust receipts	-	26,106	-	94,073	120,179
Claim on customers under acceptance credit	-	445,038	-	-	445,038
Revolving credits	-	2,168,995	-	509,243	2,678,238
Share purchases financing	-	4,100	-	-	4,100
Ar Rahn	-	-	-	405	405
Other financing/loans	-	-	-	2	2
Gross financing, advances and other financing/loans	17,267	35,346,825	5,910,737	4,006,156	45,280,985
Fair value changes arising from fair value hedges					110,491
					45,391,476
Less: Allowance for impairment losses					
- Individual impairment allowance					(46,168)
- Portfolio impairment allowance					(316,310)
					(362,478)
					45,028,998

^ 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 Sept 2016			
Term financing			
- Syndicated term financing	-	124,928	124,928
- Other term financing	755,398	3,084,716	3,840,114
Bills receivable	-	116,808	116,808
Islamic trust receipts	-	112,840	112,840
Revolving credits	-	242,252	242,252
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	755,398	3,681,546	4,436,944
Fair value changes arising from fair value hedges			-
			4,436,944
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			(1,688)
			(1,688)
			4,435,256

	Bai'	Others	Total financing, advances and other financing/loans
	RM'000	RM'000	RM'000
At 31 Dec 2015			
Term financing			
- Syndicated term financing	-	29,919	29,919
- Other term financing	815,281	3,257,296	4,072,577
Islamic trust receipts	-	94,073	94,073
Revolving credits	-	509,243	509,243
Other financing/loans	-	2	2
Gross financing, advances and other financing/loans	815,281	3,890,533	4,705,814
Fair value changes arising from fair value hedges			-
			4,705,814
Less: Allowance for impairment losses			
- Individual impairment allowance			-
- Portfolio impairment allowance			(2,256)
			(2,256)
			4,703,558

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 RM3,575 million (2015: RM3,575 million) financing using Islamic profit rate swaps.

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

As at 30 September 2016, the gross exposures to RPSIA financing is RM2,832 million (31 December 2015: RM2,733 million) and the portfolio impairment allowance relating to this RPSIA is RM4.9 million (31 December 2015: RM5.4 million).

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 Sept 2016	31 Dec 2015
	RM'000	RM'000
As at 1 January	17,267	10,277
New disbursement	1,586	13,522
Repayment	(15,601)	(6,532)
As at 30 September/31 December	3,252	17,267
Sources of Qard fund:		
Depositors' fund	3,037	16,122
Shareholders' fund	215	1,145
	3,252	17,267
Uses of Qard fund:		
Personal use	472	337
Business purpose	2,780	16,930
	3,252	17,267

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 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Malaysia	43,941,302	40,805,185	196,186	230,014
Indonesia	64,132	47,251	64,132	47,251
Singapore	2,982,320	3,183,243	2,982,320	3,183,243
Other countries	1,194,306	1,245,306	1,194,306	1,245,306
	48,182,060	45,280,985	4,436,944	4,705,814

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

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Malaysia	498,140	424,383	-	-

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

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
At 1 January	424,383	457,860	-	-
Classified as impaired during the financial period/year	477,097	534,355	-	-
Reclassified as not impaired during the financial period/year	(226,987)	(305,934)	-	-
Amount written back in respect of recoveries	(79,739)	(103,317)	-	-
Amount written off	(96,614)	(158,581)	-	-
Balance as at 30 September/31 December	498,140	424,383	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.03%	0.94%	0.00%	0.00%

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

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Individual impairment allowance				
At 1 January	46,168	39,713	-	-
Net allowance made during the financial period/year	7,947	7,436	-	-
Amount written off	-	(981)	-	-
Balance as at 30 September/31 December	54,115	46,168	-	-
Portfolio impairment allowance				
At 1 January	316,310	347,623	2,256	1,193
Net allowance made/(written-back) during the financial period/year	23,135	126,030	(547)	826
Amount written off	(96,663)	(157,580)	-	-
Amount transferred to holding company	(19)	-	-	-
Exchange fluctuation	(15)	237	(21)	237
Balance as at 30 September/31 December	242,748	316,310	1,688	2,256
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.07%	1.05%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2016 RM'000	31 Dec 2015 RM'000	30 Sept 2016 RM'000	31 Dec 2015 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,072,797	2,694,000	177,115	109,841
Demand deposit				
Wadiah	9,476,670	9,236,611	342,110	270,875
Qard	177,324	386,784	-	-
Term deposit				
Commodity Murabahah*	42,237,050 *	33,230,363	2,878,095	1,934,275
Islamic negotiable instruments				
Mudharabah	38,230	344,450	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,342	-	-
Short term money market deposit-i				
Wakalah	16,235	17,816	16,235	17,816
Wadiah	-	10,965	-	10,965
Other term deposit				
Wadiah	20,644	239,772	20,644	229,346
General investment account				
Mudharabah	24,588	77,997	9,388	-
Specific investment account				
Mudharabah	156,146	169,209	-	-
Others - Qard	13,869	14,689	-	-
	55,233,553	46,820,998	3,443,587	2,573,118

*included Qard contract of RM440,848,000 (2015: RM159,118,000)

(ii) By maturity structures of term deposits

Due within six months	28,373,329	26,804,221	2,712,766	961,914
Six months to less than one year	10,456,146	7,129,187	204,936	1,229,801
One year to less than three years	2,773,121	390,597	6,660	687
Three years to less than five years	748,380	885	-	-
Five years and more	141,917	164,024	-	-
	42,492,893	34,488,914	2,924,362	2,192,402

(iii) By type of customer

Government and statutory bodies	4,241,173	3,459,433	134	170
Business enterprises	17,952,437	19,006,157	1,746,553	1,648,635
Individuals	11,513,379	9,304,317	1,664,417	889,715
Others	21,526,564	15,051,091	32,483	34,598
	55,233,553	46,820,998	3,443,587	2,573,118

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts - without maturity				
Special Mudharabah Investment Account	<u>256,514</u>	<u>232,716</u>	<u>-</u>	<u>-</u>
	256,514	232,716	-	-

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	<u>3,949,829</u>	<u>2,900,982</u>	<u>-</u>	<u>-</u>
By type of counterparty				
Licensed banks	<u>3,949,829</u>	<u>2,900,982</u>	<u>-</u>	<u>-</u>

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<u>43,061</u>	<u>199,063</u>	<u>-</u>	<u>-</u>

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 September 2016 was RM591,000 (31 December 2015: RM8,581,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM3,195.3 million for the nine months period ended 30 September 2016, RM175.9 million or 5.8% higher as compared to the pre-tax profit of RM3,019.5 million registered in the previous corresponding period. Profit after tax increased by 3.2% to RM2,474.2 million.

Net interest income increased by 1.0% to RM4,671.5 million while income from Islamic Banking operations increased by RM70.0 million to RM1,086.0 million. Overheads decreased by RM272.7 million to RM3,811.6 million mainly due to non-recurring expenses comprising the provision for Mutual Separation Scheme incurred in second quarter of 2015.

Net non-interest income decreased by 8.0% to RM1,811.7 million, mainly due to lower trading income and lower net fee and commission income. Allowances made for impairment losses on loans, advances and financing increased by RM62.6 million while share of results from associate increased to RM92.5 million for the nine months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

CIMB Bank is maintaining a cautious view on the business outlook given the industry challenges and macroeconomic headwinds. CIMB Malaysia expects to track the industry growth with continued close monitoring of asset quality. Prospects for CIMB Singapore will likely stay challenging in line with slower regional economic growth. CIMB Thai will continue to focus on asset quality amidst economic and political uncertainty.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	785,963	888,181	2,470,859	2,386,887
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,825,954	5,148,084	4,825,954
Basic earnings per share (expressed in sen per share)	15.27	18.40	48.00	49.46

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2016	30 Sept 2015	30 Sept 2016	30 Sept 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	624,373	668,768	1,880,525	1,927,855
Weighted average number of ordinary shares in issue ('000)	5,148,084	4,825,954	5,148,084	4,825,954
Basic earnings per share (expressed in sen per share)	12.13	13.86	36.53	39.95

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2016 and 30 September 2015.