

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	The Group		The Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short term funds		1,339,390	1,183,818	1,303,537	1,148,671
Deposits and placements with banks and other financial institutions		109,847	273,710	109,819	273,680
Financial assets held for trading	A5	1,602	2,912	1,602	2,912
Derivative financial instruments	A17(i)	11,391	16,941	11,391	16,941
Financial investments available-for-sale	A6	1,437	1,437	745	745
Loans, advances and financing	A7	193,750	194,865	193,750	194,865
Other assets	A8	1,363,972	971,334	1,360,214	968,790
Tax recoverable		17,854	13,442	17,755	13,391
Deferred tax assets		16,485	15,278	16,362	15,155
Amounts due from subsidiaries		-	-	67	80
Amounts due from related companies		90,021	24,864	90,020	24,864
Amounts due from immediate holding company		-	6	-	6
Amounts due from ultimate holding company		108	106	108	106
Statutory deposits with Bank Negara Malaysia		384	23	384	23
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		6,807	6,734	-	-
Property, plant and equipment		77,668	79,431	78,505	80,304
Investment property		18,750	18,879	18,750	18,879
Goodwill		964	964	-	-
Total assets		3,250,430	2,804,744	3,212,059	2,768,462
Liabilities					
Deposits from customers	A9	182,276	200,113	182,276	200,113
Deposits and placements of banks and other financial institutions	A10	1,204,691	1,118,016	1,204,691	1,118,016
Derivative financial instruments	A17(i)	6,823	8,375	6,823	8,375
Other liabilities	A11	1,256,601	813,310	1,253,357	811,060
Provision for taxation and Zakat		-	1	-	-
Amounts due to related companies		6,799	5,161	6,799	5,161
Subordinated loan		5,062	5,000	-	-
Total liabilities		2,662,252	2,149,976	2,653,946	2,142,725
Capital and reserves attributable to equity holders of the Bank					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		488,168	554,758	458,103	525,727
Total equity		588,178	654,768	558,113	625,737
Total equity and liabilities		3,250,430	2,804,744	3,212,059	2,768,462
Commitments and contingencies	A17(ii)	806,668	792,415	806,668	792,415
Net assets per share (RM)		5.88	6.55	5.58	6.26

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	Notes	The Group				The Bank			
		1st quarter ended		Three months ended		1st quarter ended		Three months ended	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Interest income	A12	9,566	10,081	9,566	10,081	7,912	8,824	7,912	8,824
Interest expense	A13	(9,181)	(10,077)	(9,181)	(10,077)	(9,119)	(10,012)	(9,119)	(10,012)
Net interest income / (expense)		385	4	385	4	(1,207)	(1,188)	(1,207)	(1,188)
Income derived from investment of depositors' funds and others		-	1,474	-	1,474	-	1,474	-	1,474
Income derived from investment of shareholders' funds		20,526	5,340	20,526	5,340	20,526	5,340	20,526	5,340
Income attributable to the depositors		-	(2,033)	-	(2,033)	-	(2,033)	-	(2,033)
Income from Islamic Banking operations	A21b	20,526	4,781	20,526	4,781	20,526	4,781	20,526	4,781
Fee and commission income	A14	21,945	44,150	21,945	44,150	21,945	44,150	21,945	44,150
Net trading income	A14	341	281	341	281	341	281	341	281
Income from asset management and securities services	A14	2,316	1,980	2,316	1,980	2,316	1,980	2,316	1,980
Brokerage income	A14	27,795	38,718	27,795	38,718	26,495	37,516	26,495	37,516
Other non-interest income	A14	(2,535)	3,802	(2,535)	3,802	(2,466)	3,794	(2,466)	3,794
Non-interest income		49,862	88,931	49,862	88,931	48,631	87,721	48,631	87,721
Total income		70,773	93,716	70,773	93,716	67,950	91,314	67,950	91,314
Overheads	A15	(61,259)	(47,523)	(61,259)	(47,523)	(59,715)	(46,823)	(59,715)	(46,823)
Profit before allowances		9,514	46,193	9,514	46,193	8,235	44,491	8,235	44,491
Writeback of/(allowance for) impairment losses on loans, advances and financing	A16	828	(351)	828	(351)	828	(351)	828	(351)
(Allowance for)/write back of impairment losses on other receivables (net)		(131)	194	(131)	194	(116)	194	(116)	194
		10,211	46,036	10,211	46,036	8,947	44,334	8,947	44,334
Share of profit of associates		74	256	74	256	-	-	-	-
Profit before taxation		10,285	46,292	10,285	46,292	8,947	44,334	8,947	44,334
Taxation		(5,356)	(17,590)	(5,356)	(17,590)	(5,052)	(17,138)	(5,052)	(17,138)
Profit after taxation		4,929	28,702	4,929	28,702	3,895	27,196	3,895	27,196
Profit for the financial period attributable to : Owners of the Group/Bank		4,929	28,702	4,929	28,702	3,895	27,196	3,895	27,196
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	4.9	28.7	4.9	28.7	3.9	27.2	3.9	27.2

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	The Group				The Bank			
	1st quarter ended		Three months ended		1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,929	28,702	4,929	28,702	3,895	27,196	3,895	27,196
Other comprehensive income:	<hr/>							
Other comprehensive income for the financial period, net of tax	4,929	28,702	4,929	28,702	3,895	27,196	3,895	27,196
Total comprehensive income attributable to:	<hr/>							
Owners of the Group/Bank	4,929	28,702	4,929	28,702	3,895	27,196	3,895	27,196

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

The Group	Attributable to owners of Parent								Total
	Share capital	Redeemable preference shares	Statutory reserve	Revaluation reserve- financial investments available-for-sale	Share-based payment reserve	Regulatory reserve	Retained profits		
31 March 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	100,000	10	155,805	188	12,146	2,181	384,438	654,768	
Net profit for the financial period	-	-	-	-	-	-	4,929	4,929	
Total comprehensive income for the financial period	-	-	-	-	-	-	4,929	4,929	
Share-based payment expense	-	-	-	-	2,213	-	-	2,213	
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(66,000)	(66,000)	
Transfer to regulatory reserve	-	-	-	-	-	10	(10)	-	
Shares released under Equity Ownership Plan	-	-	-	-	(7,732)	-	-	(7,732)	
At 31 March 2016	100,000	10	155,805	188	6,627	2,191	323,357	588,178	

The Group	Attributable to owners of the Parent								Total
	Share capital	Redeemable preference shares	Statutory reserve	Revaluation reserve- financial investments available-for-sale	Share-based payment reserve	Regulatory reserve	Retained profits		
31 March 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2015	100,000	10	155,805	215	35,992	-	315,144	607,166	
Net profit for the financial period	-	-	-	-	-	-	28,702	28,702	
Total comprehensive income for the financial period	-	-	-	-	-	-	28,702	28,702	
Share-based payment expense	-	-	-	-	9,177	-	-	9,177	
Share released under Equity Ownership Plan	-	-	-	-	(24,561)	-	-	(24,561)	
At 31 March 2015	100,000	10	155,805	215	20,608	-	343,846	620,484	

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	← Non-distributable →				← Distributable →				Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
The Bank									
31 March 2016									
At 1 January 2016	100,000	10	155,805	(272,007)	12,146	271,377	2,181	356,225	625,737
Net profit for the financial period	-	-	-	-	-	-	-	3,895	3,895
Total comprehensive income for the financial period	-	-	-	-	-	-	-	3,895	3,895
Share-based payment expense	-	-	-	-	2,213	-	-	-	2,213
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	-	(66,000)	(66,000)
Transfer to regulatory reserve	-	-	-	-	-	-	10	(10)	-
Shares released under Equity Ownership Plan	-	-	-	-	(7,732)	-	-	-	(7,732)
At 31 March 2016	100,000	10	155,805	(272,007)	6,627	271,377	2,191	294,110	558,113

	← Non-distributable →				← Distributable →				Total RM'000
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
The Bank									
31 March 2015									
At 1 January 2015	100,000	10	155,805	(272,007)	35,992	271,377	-	292,414	583,591
Net profit for the financial period	-	-	-	-	-	-	-	27,196	27,196
Total comprehensive income for the financial period	-	-	-	-	-	-	-	27,196	27,196
Share-based payment expense	-	-	-	-	9,177	-	-	-	9,177
Share released under Equity Ownership Plan	-	-	-	-	(24,561)	-	-	-	(24,561)
At 31 March 2015	100,000	10	155,805	(272,007)	20,608	271,377	-	319,610	595,403

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	The Group		The Bank	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Profit before taxation	10,285	46,292	8,947	44,334
Adjustments for non-operating and non-cash items	14,824	16,395	14,762	16,623
Cash flow from operating profit before changes in operating assets and liabilities	25,109	62,687	23,709	60,957
Net changes in operating assets	(303,748)	(392,915)	(302,426)	(395,109)
Net changes in operating liabilities	512,886	416,479	511,889	418,935
Cash used in operating activities	234,247	86,251	233,172	84,783
Taxation paid	(10,976)	(8,113)	(10,623)	(7,757)
Net cash generated from operating activities	223,271	78,138	222,549	77,026
Net cash used in investing activities	(2,641)	(6,604)	(2,565)	(6,607)
Net cash (used in)/generated from financing activities	(65,938)	62	(66,000)	-
	(68,579)	(6,542)	(68,565)	(6,607)
Net decrease in cash and cash equivalents during the financial period	154,692	71,596	153,984	70,419
Cash and cash equivalents at beginning of the financial period	1,155,421	1,305,035	1,120,276	1,274,794
Cash and cash equivalents at end of the financial period	1,310,113	1,376,631	1,274,260	1,345,213
Cash and cash equivalents comprise the following:				
Cash and short term funds	1,339,390	1,409,171	1,303,537	1,377,753
Adjustment for monies held in trust:				
Remisiers' balances	(29,277)	(32,540)	(29,277)	(32,540)
Cash and cash equivalents at end of the financial period	1,310,113	1,376,631	1,274,260	1,345,213

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

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2016 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's 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 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 – 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"
- Amendment to MFRS 101, "Presentation of financial statements"

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

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

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

A2. Changes in estimates

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

A3. Dividends paid and proposed

A single tier interim dividend of RM66 per redeemable preference share, amounting to RM66 million in respect of the financial year ended 31 December 2015, which was approved by the Board of Directors on 27 January 2016, was paid on 7 March 2016.

No dividend has been proposed during the financial period ended 31 March 2016.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 31 March 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A5. Financial assets held for trading

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	335	1,124
<i>Outside Malaysia</i>		
Shares	35	38
Unquoted securities :		
<i>In Malaysia</i>		
Private debt securities	1,232	1,750
Total financial assets held for trading	1,602	2,912

A6. Financial investments available-for-sale

	The Group		The Bank	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	7,768	7,768	7,076	7,076
	7,768	7,768	7,076	7,076
Allowance for impairment losses :				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	(6,331)	(6,331)	(6,331)	(6,331)
Total financial investments available-for-sale	1,437	1,437	745	745

A7. Loans, advances and financing

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
(i) By type		
Staff loans *	193,885	195,024
Other loans	424	1,228
Gross loans, advances and financing	194,309	196,252
Less: allowance for impairment losses		
- Individual impairment allowance	(424)	(1,228)
- Portfolio impairment allowance	(135)	(159)
Total net loans, advances and financing	193,750	194,865

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RMNil (2015: RM 425,176).

PART A - EXPLANATORY NOTES (CONTINUED)**A7. Loans, advances and financing (continued)**

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
(ii) By type of customers		
Individuals	194,309	196,252
(iii) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loan	28,023	30,319
Variable rate		
- BLR plus	166,286	165,933
	194,309	196,252
(iv) By economic purpose:		
Personal use	2,113	2,133
Purchase of residential property (housing)	183,887	184,808
Purchase of securities	-	1
Purchase of transport vehicles	8,309	9,310
Gross loans, advances and financing	194,309	196,252
(v) By geographical distribution		
Malaysia	194,309	196,252
(vi) By residual contractual maturity		
Within one year	206	276
One year to less than three years	2,644	2,427
Three years to less than five years	4,415	5,207
Five years and more	187,044	188,342
	194,309	196,252
(vii) Impaired loans, advances and financing by economic purpose		
Purchase of residential property (housing)	98	969
Purchase of transport vehicles	326	259
Gross impaired loans, advances and financing	424	1,228
(viii) Impaired loans, advances and financing by geographical distribution		
Malaysia	424	1,228
(ix) Movements in the impaired loans, advances and financing are as follows:		
At 1 January	1,228	1,272
Classified as impaired during the year	137	1,115
Amounts written back in respect of recoveries	(941)	(1,159)
At 31 March	424	1,228
Ratio of gross impaired loans to total loans, advances and financing	0.2%	0.6%

PART A - EXPLANATORY NOTES (CONTINUED)

A7. Loans, advances and financing (continued)

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

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	1,228	1,272
Allowance made during the year	137	1,115
Amounts written back during the year	(941)	(1,159)
At 31 March	424	1,228
<u>Portfolio impairment allowance</u>		
At 1 January	159	2,729
Net allowance made during the year	(24)	(2,570)
At 31 March	135	159
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.2%	1.2%

	The Group		The Bank	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A8. Other assets				
Due from brokers and clients, net of allowance for impairment loss	1,136,925	733,525	1,134,141	731,974
Collateral pledged for derivative transactions	143,853	145,603	143,853	145,603
Other debtors, deposits and prepayments, net of allowance for doubtful debts	83,194	92,206	82,220	91,213
	1,363,972	971,334	1,360,214	968,790

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
A9. Deposits from customers		
<u>(i) By type of deposits</u>		
Structured deposits	143,051	144,800
Short term money market deposits	39,225	55,313
	182,276	200,113
<u>(ii) By type of customers</u>		
Local government and statutory bodies	54,400	54,400
Business enterprises	46,076	62,413
Individuals	78,050	79,550
Others	3,750	3,750
	182,276	200,113

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
A10. Deposits and placements of banks and other financial institutions		
Licensed banks	776,180	796,819
Other financial institutions	428,511	321,197
	1,204,691	1,118,016

	The Group		The Bank	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A11. Other liabilities				
Due to brokers and clients	1,072,903	667,580	1,072,903	667,580
Others	183,698	145,730	180,454	143,480
	1,256,601	813,310	1,253,357	811,060

PART A - EXPLANATORY NOTES (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
A12. Interest income				
Group				
Loans, advances and financing	1,492	1,523	1,492	1,523
Money at call and deposits placements with banks and other financial institutions	7,787	6,996	7,787	6,996
Reverse repurchase agreements	-	1,281	-	1,281
Financial assets held for trading	26	50	26	50
Others	258	231	258	231
	9,563	10,081	9,563	10,081
Amortisation of premium less accretion of discount	3	-	3	-
	9,566	10,081	9,566	10,081
Bank				
Loans, advances and financing	1,492	1,523	1,492	1,523
Money at call and deposits placements with banks and other financial institutions	6,133	5,739	6,133	5,739
Reverse repurchase agreements	-	1,281	-	1,281
Financial assets held for trading	26	50	26	50
Others	258	231	258	231
	7,909	8,824	7,909	8,824
Amortisation of premium less accretion of discount	3	-	3	-
	7,912	8,824	7,912	8,824
A13. Interest expense				
Group				
Deposits and placements of banks and other financial institutions	6,763	8,671	6,763	8,671
Deposits from customers	2,356	1,341	2,356	1,341
Subordinated loans	62	65	62	65
	9,181	10,077	9,181	10,077
Bank				
Deposits and placements of banks and other financial institutions	6,763	8,671	6,763	8,671
Deposits from customers	2,356	1,341	2,356	1,341
	9,119	10,012	9,119	10,012
A14. Non interest income				
Group				
a) Fee income and commission income:				
Commissions	2,202	1,381	2,202	1,381
Portfolio management fees	1,362	1,690	1,362	1,690
Advisory and arrangement fees	4,605	29,108	4,605	29,108
Underwriting commissions	593	6,439	593	6,439
Placement fees	7,074	1,695	7,074	1,695
Other fee income	6,109	3,837	6,109	3,837
	21,945	44,150	21,945	44,150
b) Net trading income				
Gain / (loss) arising from trading in financial assets held for trading	361	(35)	361	(35)
- realised gain	361	48	361	48
- unrealised loss	-	(83)	-	(83)
(Loss)/gain arising from trading in derivative financial instruments	(20)	316	(20)	316
- realised gain	470	316	470	316
- unrealised loss	(490)	-	(490)	-
	341	281	341	281
c) Other income:				
Foreign exchange (loss)/gain	(3,688)	2,569	(3,688)	2,569
Gain on disposal of property, plant and equipment	1	61	1	61
Other non-operating income	1,152	1,172	1,152	1,172
	(2,535)	3,802	(2,535)	3,802
d) Income from asset management and securities services	2,316	1,980	2,316	1,980
e) Brokerage Income	27,795	38,718	27,795	38,718
Total non interest income	49,862	88,931	49,862	88,931

PART A - EXPLANATORY NOTES (CONTINUED)

A14. Non interest income (Continued)

	1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
a) Fee income and commission income:				
Commissions	2,202	1,381	2,202	1,381
Portfolio management fees	1,362	1,690	1,362	1,690
Advisory and arrangement fees	4,605	29,108	4,605	29,108
Underwriting commissions	593	6,439	593	6,439
Placement fees	7,074	1,695	7,074	1,695
Other fee income	6,109	3,837	6,109	3,837
	21,945	44,150	21,945	44,150
b) Net trading income				
Gain / (loss) arising from trading in financial assets held for trading	361	(35)	361	(35)
- realised gain	361	48	361	48
- unrealised loss	-	(83)	-	(83)
(Loss)/gain arising from trading in derivative financial instruments	(20)	316	(20)	316
- realised gain	470	316	470	316
- unrealised loss	(490)	-	(490)	-
	341	281	341	281
c) Other income:				
Foreign exchange (loss)/gain	(3,620)	2,560	(3,620)	2,560
Gain on disposal of property, plant and equipment	1	61	1	61
Other non-operating income	1,153	1,173	1,153	1,173
	(2,466)	3,794	(2,466)	3,794
d) Income from asset management and securities services	2,316	1,980	2,316	1,980
e) Brokerage Income	26,495	37,516	26,495	37,516
Total non interest income	48,631	87,721	48,631	87,721

A15. Overheads

Group

Personnel costs

- Salaries, allowances and bonuses	30,097	36,937	30,097	36,937
- Pension cost (defined contribution plan)	3,783	4,623	3,783	4,623
- Overtime, meal and transport claims	94	279	94	279
- Others	1,656	3,954	1,656	3,954
	35,630	45,793	35,630	45,793

Establishment costs

- Depreciation of property, plant and equipment	4,405	4,478	4,405	4,478
- Depreciation of investment property	129	129	129	129
- Rental	6,373	5,723	6,373	5,723
- Others	4,462	1,484	4,462	1,484
	15,369	11,814	15,369	11,814

Marketing expenses

- Advertisement	(388)	2,896	(388)	2,896
- Entertainment expenses	1,401	2,020	1,401	2,020
- Others	1,003	335	1,003	335
	2,016	5,251	2,016	5,251

Administration and general expenses

- Legal and professional fees	82	324	82	324
- Communication	434	1,002	434	1,002
- Printing and stationery	224	340	224	340
- Administrative vehicle, travelling and insurance expenses	1,039	1,373	1,039	1,373
- Others	3,292	1,697	3,292	1,697
	5,071	4,736	5,071	4,736

Shared services cost #

	3,173	(20,071)	3,173	(20,071)
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Total overhead expenses

	61,259	47,523	61,259	47,523
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PART A - EXPLANATORY NOTES (CONTINUED)**A15. Overheads (Continued)**

	1st quarter ended		Three months ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	29,664	36,757	29,664	36,757
- Pension cost (defined contribution plan)	3,730	4,571	3,730	4,571
- Overtime, meal and transport claims	94	279	94	279
- Others	1,638	3,944	1,638	3,944
	35,126	45,551	35,126	45,551
Establishment costs				
- Depreciation of property, plant and equipment	4,365	4,443	4,365	4,443
- Depreciation of investment property	129	129	129	129
- Rental	5,760	5,436	5,760	5,436
- Others	4,462	1,460	4,462	1,460
	14,716	11,468	14,716	11,468
Marketing expenses				
- Advertisement	(388)	2,891	(388)	2,891
- Entertainment expenses	1,348	1,965	1,348	1,965
- Others	1,001	331	1,001	331
	1,961	5,187	1,961	5,187
Administration and general expenses				
- Legal and professional fees	(99)	316	(99)	316
- Communication	434	998	434	998
- Printing and stationery	224	340	224	340
- Administrative vehicle, travelling and insurance expenses	1,032	1,367	1,032	1,367
- Others	3,148	1,667	3,148	1,667
	4,739	4,688	4,739	4,688
Shared services cost #	3,173	(20,071)	3,173	(20,071)
Total overhead expenses	59,715	46,823	59,715	46,823

The allocation basis of support units cost and shared services cost was reviewed and refined on a regular basis.

A16. Writeback of/(allowance for) impairment losses on loans, advances and financing**The Group and the Bank****Writeback of/(allowance for) impairment losses on loans, advances and financing**

(a) Individual impairment allowance				
- made during the financial year	(137)	(730)	(137)	(730)
- written back during the financial year	941	528	941	528
(b) Portfolio impairment allowance				
- Writeback/ (made) during the financial year	24	(149)	24	(149)
	828	(351)	828	(351)

PART A - EXPLANATORY NOTES (CONTINUED)**A17. Derivative financial instruments and commitment and contingencies****i) Derivative financial instruments**

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

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

	The Group and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 31 March 2016			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	15,284	-	(534)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	143,050	6,096	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	280,906	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	286,100	5,295	(6,289)
Total derivative assets/(liabilities)	725,340	11,391	(6,823)
At 31 December 2015			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	17,172	-	(44)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	144,800	9,323	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	311,624	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	289,600	7,618	(8,331)
Total derivative assets/(liabilities)	763,196	16,941	(8,375)

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Derivative financial instruments and commitment and contingencies (Continued)

i) Derivative financial instruments (Continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM11,391,000 (31 December 2015: RM16,941,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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 31 March 2016, the Group and the Bank has posted cash collateral of RM144 million (31 December 2015: RM146 million) 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 discussed in the audited annual financial statements for the financial year ended 31 December 2015 and the Risk Management section of the 2015 in Annual Report of CIMB Group Holdings Berhad.

PART A

A17. Derivative financial instruments and commitment and contingencies (Continued)

ii) Commitment and contingencies

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

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

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

	The Group and the Bank	
	31 March	31 December
	2016	2015
	Principal	Principal
	amount	amount
	RM'000	RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	62,427	9,406
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	18,901	19,813
Total credit-related commitments and contingencies	81,328	29,219
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	15,284	17,172
Interest rate related contracts		
- Five years and above	143,050	144,800
Equity related contracts		
- One year to less than 5 years	280,906	311,624
Credit related contracts		
- Five years and above	286,100	289,600
Total treasury-related commitments and contingencies	725,340	763,196
	806,668	792,415

PART A - EXPLANATORY NOTES (CONTINUED)**A18. Capital Adequacy**

The capital adequacy framework applicable 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. 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 revised guidelines set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Group and Bank are computed in accordance with the BNM Capital Adequacy Framework (Basel II - Risk-Weighted Assets) which was revised on 13 October 2015. The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

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

	The Group		The Bank	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Common Equity Tier 1 Ratio	27.201%	29.747%	29.632%	31.560%
Tier 1 ratio	27.201%	29.747%	29.632%	31.560%
Total capital ratio	27.201%	29.747%	29.632%	31.560%

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

	The Group		The Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Credit risk	1,245,192	1,166,117	995,647	981,769
Market risk	173,223	86,545	172,121	85,296
Operational risk	626,989	631,580	610,792	615,721
Total risk-weighted assets	2,045,404	1,884,242	1,778,560	1,682,786

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

	The Group		The Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Common Equity Tier I capital				
Ordinary shares	100,000	100,000	100,000	100,000
Other reserves	483,249	554,758	454,218	525,727
Less : Proposed dividends	-	(66,000)	-	(66,000)
Common Equity Tier I capital before regulatory adjustments	583,249	588,758	554,218	559,727
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(16,485)	(15,278)	(16,362)	(15,155)
Deduction in excess of Tier 1 & 2 capital	(2,191)	(6,462)	(2,791)	(7,407) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,946)	(3,268)	(5,847)	(3,898)
Others	(2,294)	(2,284)	(2,191)	(2,181)
Common equity tier I capital after regulatory adjustments	556,369	560,502	527,027	531,086
Tier II capital				
Redeemable Preference Shares	6	7	6	7
Portfolio impairment allowance and regulatory reserves	2,326	159	2,326	159
Tier II capital before regulatory adjustments	2,332	166	2,332	166
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,523)	(6,628)	(5,123)	(7,573)
Total Tier II capital	-	-	-	- N1
Total capital base	556,369	560,502	527,027	531,086

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

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting

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

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

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

Definition of segments

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

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

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

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
31 March 2016						
Net interest (expense)/income	-	(441)	-	-	826	385
Non interest income	10,493	3,346	31,058	4,147	818	49,862
Income from Islamic Banking operations	140	20,210	514	(638)	300	20,526
	<u>10,633</u>	<u>23,115</u>	<u>31,572</u>	<u>3,509</u>	<u>1,944</u>	<u>70,773</u>
Overheads	(12,654)	(5,557)	(30,270)	(12,778)	-	(61,259)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(708)	(318)	(2,351)	(1,028)	-	(4,405)
<i>Depreciation of Investment Property</i>	-	-	-	(129)	-	(129)
(Loss)/profit before allowances	(2,021)	17,558	1,302	(9,269)	1,944	9,514
Write back of impairment losses on loans, advances and financing	-	-	-	-	828	828
(Allowance for)/ write back of impairment losses on other receivables	(443)	48	203	61	-	(131)
Segment results	<u>(2,464)</u>	<u>17,606</u>	<u>1,505</u>	<u>(9,208)</u>	<u>2,772</u>	<u>10,211</u>
Share of results of associates						74
Profit before taxation						<u>10,285</u>
Taxation						<u>(5,356)</u>
Net profit for the financial period						<u><u>4,929</u></u>
31 March 2016						
Segment assets	38,809	1,523,824	1,295,622	38,703	227,067	3,124,025
Unallocated assets						126,405
Total assets						<u><u>3,250,430</u></u>
Segment liabilities	17,650	1,394,063	1,137,388	12,302	94,021	2,655,424
Unallocated liabilities						6,828
Total liabilities						<u><u>2,662,252</u></u>
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	406	182	1,399	736	-	2,723
Amortisation of premium less accretion of discount	-	3	-	-	-	3

EXPLANATORY NOTES (Continued)

A19. Segment reporting (Continued)

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
31 March 2015						
Net interest (expense)/income	-	(852)	-	-	856	4
Non interest income	34,395	534	44,593	7,617	1,792	88,931
Income from Islamic Banking operations	-	3,209	671	864	37	4,781
	34,395	2,891	45,264	8,481	2,685	93,716
Overheads	(11,288)	(690)	(25,504)	(10,041)	-	(47,523)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(1,180)	(77)	(2,209)	(1,012)	-	(4,478)
<i>Depreciation of Investment Property</i>	-	-	-	(129)	-	(129)
Profit before allowances	23,107	2,201	19,760	(1,560)	2,685	46,193
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(351)	(351)
(Allowance for)/write back of impairment losses on other receivables	(613)	(2)	772	38	(1)	194
Segment results	22,494	2,199	20,532	(1,522)	2,333	46,036
Share of results of associates						256
Profit before taxation						46,292
Taxation						(17,590)
Net profit for the financial period						28,702
31 December 2015						
Segment assets	38,407	1,558,142	881,216	42,619	228,707	2,749,091
Unallocated assets						55,653
Total assets						2,804,744
Segment liabilities	3,064	1,330,950	727,971	8,394	74,410	2,144,789
Unallocated liabilities						5,187
Total liabilities						2,149,976
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	1,866	123	3,436	1,629	-	7,054

PART A - EXPLANATORY NOTES (CONTINUED)

A20. 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 Group Risk Committee and Board 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 Group 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; and

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)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 31 March 2016 and 31 December 2015

<u>The Group</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2016					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	370	370	-	-	370
- Unquoted securities	1,232	-	1,232	-	1,232
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	11,391	-	11,391	-	11,391
Total	14,430	370	12,623	1,437	14,430
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	6,823	-	6,823	-	6,823
Total	6,823	-	6,823	-	6,823

<u>The Bank</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2016					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	370	370	-	-	370
- Unquoted securities	1,232	-	1,232	-	1,232
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	11,391	-	11,391	-	11,391
Total	13,738	370	12,623	745	13,738
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	6,823	-	6,823	-	6,823
Total	6,823	-	6,823	-	6,823

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 31 March 2016 and 31 December 2015 (Continued)

<u>The Group</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	21,290	1,162	18,691	1,437	21,290
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375
<u>The Bank</u>	RM'000	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	20,598	1,162	18,691	745	20,598
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 31 March 2016 and 31 December 2015 for the Group and the Bank.

The Group	Financial Assets	Total
	Financial investments available-for-sale	RM'000
31 March 2016		
At 1 January / 31 March 2016	1,437	1,437

The Bank	Financial Assets	Total
	Financial investments available-for-sale	RM'000
31 March 2016		
At 1 January / 31 March 2016	745	745

The Group	Financial Assets	Total
	Financial investments available-for-sale	RM'000
31 December 2015		
At 1 January	1,464	1,464
Total loss recognised in other comprehensive income	(27)	(27)
At 31 December	1,437	1,437

Total loss recognised in other comprehensive income relating to assets held on 31 December 2015	(27)	(27)
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The Bank	Financial Assets	Total
	Financial investments available-for-sale	RM'000
31 December 2015		
At 1 January / 31 December 2015	745	745

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking
A21a. Unaudited Statements of Financial Position as at 31 March 2016

		The Group and the Bank	
		31 March 2016	31 December 2015
		RM'000	RM'000
Assets			
Cash and short-term funds		402,389	444,880
Islamic derivative financial instruments		11,391	16,941
Other assets		144,905	151,393
Tax recoverable		618	-
Deferred tax assets		99	88
Property, plant and equipment		310	338
Amount due from related companies		1,291	353
Total assets		561,003	613,993
Liabilities and Islamic Banking capital funds			
Deposits from customers	A21c	143,050	144,800
Islamic derivative financial instruments		6,289	8,331
Provision for taxation and Zakat		-	361
Other liabilities		9,816	6,763
Amount due to related companies		398	401
Total liabilities		159,553	160,656
Islamic Banking capital funds		55,696	55,250
Reserves		345,754	398,087
Total Islamic Banking capital funds		401,450	453,337
Total liabilities and Islamic Banking capital funds		561,003	613,993

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21b. Unaudited Statements of Income for the financial period ended 31 March 2016

	The Group and the Bank			
	1st quarter ended		Three months ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	1,474	-	1,474
Income derived from investment of shareholders' funds	20,526	5,340	20,526	5,340
Allowance for impairment losses on other receivables	(3)	(10)	(3)	(10)
Total attributable income	20,523	6,804	20,523	6,804
Income attributable to the depositors	-	(2,033)	-	(2,033)
Total net income	20,523	4,771	20,523	4,771
Personnel expenses	(208)	(150)	(208)	(150)
Other overheads and expenditures	(2,812)	(1,193)	(2,812)	(1,193)
Profit before taxation	17,503	3,428	17,503	3,428
Taxation	(3,837)	(947)	(3,837)	(947)
Profit after taxation/total comprehensive income for the period	13,666	2,481	13,666	2,481
<u>Income from Islamic operations (per page 2)</u>				
Total net income	20,523	4,771	20,523	4,771
Less : Writeback of impairment losses on other receivables	3	10	3	10
	20,526	4,781	20,526	4,781

A21c. Deposits from customers

	The Group and the Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
(i) By type of deposits		
Term deposits		
Specific investment account		
Mudharabah	143,050	144,800
(ii) Maturity structure of term deposits :		
More than five years	143,050	144,800
(iii) By type of customers		
Government and statutory bodies	54,400	54,400
Business enterprises	6,850	7,100
Individuals	78,050	79,550
Others	3,750	3,750
	143,050	144,800

PART A - EXPLANATORY NOTES (CONTINUED)

A21d. Capital Adequacy

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

	The Group and the Bank	
	31 March	31 December
	2016	2015
Common Equity Tier 1 Ratio	140.813%	129.413%
Tier 1 ratio	140.813%	129.413%
Total capital ratio	140.813%	129.413%

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

	The Group and the Bank	
	31 March	31 December
	2016	2015
	RM'000	RM'000
Credit risk	163,602	196,992
Market risk	12,709	11,864
Operational risk	99,007	90,380
Total risk-weighted assets	275,318	299,236

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

	The Group and the Bank	
	31 March	31 December
	2016	2015
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	55,696	55,250
Other reserves	332,087	398,087
Less : Proposed dividend	-	(66,000)
Common Equity Tier I capital / Total Tier I Capital	387,783	387,337
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(99)	(88)
Common equity tier I capital after regulatory adjustments / total Tier I capital	387,684	387,249
Total capital base	387,684	387,249

PART B

B1. Group Performance Review

The Group registered a pre-tax profit of RM 10.3 million for the period ended 31 March 2016, resulting in a decrease of RM36.0 million or 77.8% lower as compared to RM46.3million in 2015. The decrease in profit was attributable to lower fee and brokerage income of RM22 million and RM10.9 million respectively. This was however offset by an increase in Income from Islamic Banking operations by RM15.7.

Overheads stood at RM61.2 million, reflecting a RM13.7 million increase as compared to the previous corresponding year.

B2. Prospects for the Current Financial Year

The outlook remains challenging for the investment banking business in view of the slower global economic growth, sustained low commodities prices, volatile currency markets and sluggish market conditions. Equities markets have seen some stability but prospects remain volatile. Corporate and M&A activities are expected to stay lacklustre given the weak investor sentiment arising from uncertain market conditions.

PART B (CONTINUED)

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	The Group			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	4,929	28,702	4,929	28,702
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	4.9	28.7	4.9	28.7

	The Bank			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	3,895	27,196	3,895	27,196
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	3.9	27.2	3.9	27.2

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2016 and 31 December 2015.